
UNIT 1 PUBLIC SYSTEMS MANAGEMENT: CONCEPT, NATURE, SCOPE AND CHARACTERISTICS

Structure

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1.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Analyse the theoretical foundations of the evolution of the concept of public systems management
- Examine the nature and scope of public systems management; and
- Highlight the characteristics of public systems management.

1.1 INTRODUCTION

Public administration both as a practice and a discipline is undergoing change in view of contemporary global developments in the socio-economic arena. The current globalisation trends have led to a rethinking about the role of the State and government. Approaches to public administration are also embedded in wider conceptions of the State, the relationship between State, market and civil society. The market model of governance has been emerging since 1980s. Public administrators are now viewed by many as entrepreneurial managers whose job is to attain cost effectiveness. They are expected to be more entrepreneurial and result-focused. In this context, the concept of public systems has added a new dimension to the structure and system of working of public administration. Public systems management is a developing theme lending a new dimension to the discipline of public administration. In this Unit, an attempt is made to explore the evolution, nature, scope and characteristics of Public Systems Management (PSM).

1.2 PUBLIC SYSTEMS MANAGEMENT: CONCEPT

A system, according to Gore and Stubbe (1994), is a “combination of resources working together to convert inputs into outputs”. Every organisation comprises systems with certain goals to fulfil, converting inputs into provision of goods and services. For example, it can be personnel, finance, logistics, marketing systems and so on. Public systems management, broadly speaking, comprises several sub-systems

operating in the public arena. Each of the sub-systems aims at achieving certain prescribed goals through utilisation of resources – human, financial and material. Public systems management operates within a broad framework of rules, regulations, catering to the needs of the public and making use of public finance.

The public domain or system has certain distinct characteristics and functions to discharge and operates within a prescribed framework. Hence it cannot totally accept the private sector principles and styles of operation. As we have discussed, globalisation over the past twenty years, had a significant impact on public systems. The neo liberal views, public choice perspective have resulted in the roll back of the State from key areas, and led to quasi markets, separation of policy from execution, professional administration, etc. Public systems, still, function within the domain of State, law, and politics and pursue the public interest. Attempts to equate business and public administration, under the name of public management reform, signify conservative mistakes of not distinguishing the different logics that govern the private and public realms. Public management reforms draw inspiration from business management where decision-making autonomy is enjoyed by the managers of companies. Nevertheless, the difference between public administration and business administration, derived from the different nature of private and public organisations, needs to be made clear. There are two basic differences. First, the business organisation has definite owners and seeks profit, while the public organisation belongs to everyone and pursues the public interest. Second, the private company is governed or coordinated by the market, which falls within the scope of economic theory, while the State particularly the democratic State goes by the logic of democratic politics, which is analysed by political science and public law (Pereira, 2004, emphasis added).

Public systems management, it can be said is concerned with the designing and operation of public services and the functioning of executive government. This sort of a reform attempt of State bureaucracies seeks to make government more ‘business like’ providing a prominent role for bureaucrats as managers.

Public administration has always been entrusted with the major obligation of promoting public interest assuring equity, representation and responsiveness to the citizens. But its excessive reliance on bureaucracy, hierarchy, rules and regulations, over time, raised significant questions of its efficacy and effectiveness. Several factors such as the collapse of the USSR, increasing levels of public expenditure and taxation, dissatisfaction with the structure and functioning of bureaucracy, and the impact of globalisation have given rise to management orientation in the operations of the public systems.

In response there is now a paradigm shift in public administration tending to change the nature and character of public systems. This reform process has four components. These are:

- i) Privatisation and deregulation
- ii) Establishing market like mechanisms
- iii) Decentralisation, and
- iv) Debureaucratisation

All the above are intended to create competitive public systems premised on managerialism. There is a global trend now to introduce a series of methods and techniques in the governmental system. Public organisations have liberally borrowed different approaches from private management. A historical perspective would reveal that bureaucracies throughout the world have rarely responded effectively to

environmental challenges on their own. They have lagged behind the times. The remedies to bureaucratic ailments have been offered more by scholars of management. New Public Management is one such manifestation. The classical public administration based on Taylor's Scientific Management and Weberian model have emphasised on division of work, specialisation, rule orientation, impersonality, rationality, neutrality and anonymity in public services. These models aimed at the internality of the administrative system and ignored its externality. The rigidity of models could not suit the dynamic societal changes. Further, the conventional model of public organisation is theoretically rooted in the Wilsonian dichotomy of politics and administration. The outcomes of this dichotomy include inefficient bureaucracy, nexus between the trio-politicians, bureaucrats and pressure groups or covetous interests, alienation of citizenry from administration and mounting financial burden of administrative machinery on the State exchequer. Many studies have questioned the responsiveness and efficacy of these models and their applicability to the present globalised scenario. This led to the search for alternative models of public administration. All this resulted in significant changes in the management of public systems. Broadly, these changes aim at the entrepreneurial role of public organisations with a market orientation geared to effectiveness and economy in the functioning of public systems. This new model of administration system is being called 'new public management'. We have already discussed in detail about this in Courses 011 and 012 of this Programme.

The theoretical foundation for this change is provided by several interrelated strands of literature mainly contributed by the new right, public choice approach, property rights literature, the principal agent relationship and organisation and management orientation.

New Right Philosophy

The term 'New Right' was first assigned to a group of monetarists from Chicago University in 1970s. The new right school of thought propagated the idea of non-interference by the government in the economy as it created distortions in the market, which produced adverse outcomes. It broadly maintains that State involvement leads to increasing monopoly, expanding budgets and suppressing of entrepreneurial behaviour, limiting choice, over production of unwanted services and encouragement of waste and inefficiency. In view of this, the new right philosophy has forcefully argued in favour of a reorientation of the State as regulator and producer. Therefore, deregulation and privatisation are amongst the six - point reform agenda of the New Right. The other measures are the reduction of inflation, lower taxation, increasing role of the market in the provision of public services and institutional and constitutional reforms. The aim of these reforms is to promote competition between rival bureaucracies, reduce the influence of interest groups and corporatist institutions and impose a constitutional upper limit on public expenditure as a proportion of the gross national product.

The new right philosophy has always given predominance to the values of individual rights and choice. The protagonists of this school assigned a key role to the market in creation of economic wealth and employment.

Public Choice Approach

The proponents of public choice approach hold the bureaucracy responsible for the declining quality of public services. A basic argument of this approach is that an individual manager or a client is a utility maximiser who is always in search of increasing net benefits. This approach questions the three major orientations to the study of public administration, viz., Wilsonian politics – administration dichotomy,

Weberian bureaucracy and Herbert Simon's rationalist decision-making model. In broad terms, the policy recommendations of the public choice approach are to:

- i) Minimise the role of the State
- ii) Limit the discretionary power of politicians
- iii) Reduce public monopolies to a minimum, and
- iv) Curb the functions of government agencies.

The impact of public choice approach has been very significant on the scope of governmental activities. For example, the public choice theorists express doubts about the very basis of government. The central role of the State is being questioned. Market-like processes will take away the monopoly of decision-making authority from the hands of civil servants. The decentralised market-like arrangement is posited as an alternative to a coercive and ineffective bureaucratic hierarchy. An important organisational assumption in public choice approach is the desirability of decentralisation, democratic administration and organisational competitiveness. According to Buchanan and Tullock, decentralisation creates opportunity for the promotion of competition among governmental agencies, and in the process the individual citizen's choice increases.

The public choice approach has helped develop a new framework for governmental functioning. This approach has laid the basis for a new administrative framework, which has strongly favoured reinventing the governmental functioning according to the market concepts of competition and efficiency.

Property Rights Theory

Property rights theory provides a way of understanding the incentives for performance that exist in private sector and examining whether they can be introduced in the public sector. The owners do not have absolute control over the assets, and there are many others who have right over the revenues which include managers, employees etc. Hence there is incentive for performance, which is lacking in public sector.

The property rights literature reveals that property rights are not neutral. Variations in these arrangements have a far-reaching impact on the behaviour of employees and thus on performance. According to Dunsire, "the central argument is that private sector organisations in which right to profit are clearly defined will perform better than those in the public sector where rights are diffused and uncertain". Privatisation, which entails changes in property rights in favour of private ownership, is thus considered beneficial for the promotion of efficiency.

Principal-Agent Theory

Changes in property rights transform the relationship between the owner of the firm or organisation and management. In order to explain this phenomenon, the proponents of privatisation rely upon principal-agent theory in which owner is the principal and management is the agent. According to this approach, the principal and the agent follow different objectives. The principal desires, that the agent should act towards fulfilment of his goals. The principal however is not fully equipped with the information concerning actions and behaviour of the agent.

The principal-agent theory is based on contract as the basis of social and political life. The agent agrees to perform tasks on behalf of the principal and in return, the principal agrees to reward the agent on mutually acceptable manner. Contracting is resorted to by the principal, as, the jobs to be performed require specialised knowledge, expertise and skills. Agents in a contractual relationship, take decisions

that affect the principal and act in ways that contribute to fulfilment of principal's objectives in a maximum manner.

Organisation and Management Literature

The focus of organisation and management literature, providing a critique of the Weberian model of bureaucracy is the internal structure of the organisations. This literature promotes the culture of adoption of private sector practices in the public sector particularly in fast changing and hostile environment.

Most of the countries have made structural adjustments in their public systems to limit the role of the State, including downsizing bureaucracy, devolution of authority, cost reduction, contracting out some of the operative functions of government, developing and designing result - oriented appraisal system and commercialisation as well as market orientation of the governmental activities. The argument is that more market does not mean less government, but different government. The administration is apparently moving from rule to result orientation, from systems to enterprise, obedience to reward, inaction to action, centralisation to decentralisation and from the duties of administrators to the rights of citizens. Contemporary reforms are reorienting governance towards management philosophy. This management perspective explains the crux of the Public Systems Management.

Its three core central tendencies have been identified by some authors as under:

- Organisational restructuring in order to shift emphasis from centralised administration to decentralised management through the creation of autonomous and semi-autonomous agencies and the devolution of resources and operational decision making to front line managers
- Increasing use of market type mechanisms such as charging for services, privatisation and contracting out, whilst regulating providers and making services responsive to users/customers
- Increasing emphasis on performance-an attempt to shift the methods of doing business in the public sector away from merely complying with procedural rules towards getting results (Batley and Larbi, 2004).

1.3 PUBLIC SYSTEMS MANAGEMENT: NATURE

Over the years, different forms of political and administrative systems and methods of governance have been focusing on the ways to reconcile the interests of the citizens with that of the role of the State. The emergence of the concept of public systems management in public administration has added a new dimension to the whole issue of governance. Public systems management has been considered by many as “administration and management of both direct and indirect institutions engaged in the public policy making exercise and in delivery of public services”. It is a style of management, which emphasises output targets, limited term contracts, monetary incentives and freedom to manage. The focus of the PSM is on results, efficiency and measurement. It brings the following changes in the functioning of public organisations viz.

- i) There is a greater flexibility in tailoring the organisation to circumstance, instead of necessarily following a rigid Weberian model
- ii) The focus is on results

- iii) Greater attention is paid to strategic planning
- iv) Private sector personnel practices have been adopted such as paying more for good performance or less for poor performance.

PSM propagates managerial pursuits in governance, with a focus upon the following:

- Steering role of the government instead of direct provision
- Concern on results and outcomes
- Orientation to the needs of customers, and
- Use of market mechanisms in those activities of public sector which cannot be privatised.

In public systems management, the unique aspect is the 'public domain' or the 'publicness'. Ranson and Stewart (1994), insist on the uniqueness of public domain, which, they do not doubt, cannot be reduced to the principles of private administration. As they observe 'in the public domain any notion of management which cannot encompass the recognition of politics and conflict as constitutive of a public organisation rather than as an obstacle to it is barren'.

PSM offers a more pragmatic approach to achieve the goals of public organisation. Public system managers are to become entrepreneurs and develop innovative ways of supplying government provision through the bureaucracy and providing services through other means involving the private sector. This could be more creative and dynamic. Modern governments are giving importance to managerialism to provide efficient services to people at the lowest administrative costs. Managerialism does not mean usurping of government by technocrats, a reduction in accountability or a diminution of democracy. Instead, managerialism allows the government to provide public services in a more efficient and cost-effective way. It also provides more information to the managers to take better policy decisions. PSM attempts to be people-sensitive, efficient and cost effective in delivering public services. It has both ethical consistency and organisational flexibility to remain faithful to the achievement of the goals of public service.

1.4 PUBLIC SYSTEMS MANAGEMENT: SCOPE

Contemporary governments are attempting to be performance-oriented. Therefore, management of government needs to be deregulated. The nature of public agencies must be entrepreneurial, mission-driven, and service-oriented. Public systems managers are to be risk-takers who invite participation of other kindred organisations for partnering and reward performance. In this scenario, the scope of public systems management is confined to following areas of governance:

- Focusing on achieving results rather than primarily conforming with processes
- Introducing market principles such as competition, contracting out in the provision of goods and services
- Making public administration customer-driven to enhance service ethic and efficiency
- Assigning the role of steering activities to the government rather than rowing, relying on third parties such as non-profit organisations, other levels of government in implementation of policies
- Deregulating the government activities to make it result-oriented

- Empowering the employees to serve the customers as it promotes teamwork
- Changing the overall public administrative culture towards flexibility, innovation, entrepreneurialism, as 'opposed to' rule-bound, process orientation and focusing on inputs rather than results; and
- A new entrepreneurial, user-oriented culture is being created in public systems, with emphasis on performance measurement, autonomy to organisation and freedom to individuals.

Kettle (2002), points out certain basic concerns that the New Public Management initiatives address. These include:

Productivity

How can governments produce more services with less tax money?

Marketisation

How can governments use market – style incentives to root out the pathologies of government bureaucracy?

Service orientation

How can governments better connect with citizens to make programmes more responsive to the needs of the citizen?

Decentralisation

How can governments make programmes more responsive and effective by shifting programmes to lower levels of government or shifting responsibility within public agencies to give front line managers greater incentive and ability to respond to the needs of citizens?

Policy

How can governments improve capacity to devise and track policy?

Accountability for results

How can governments improve their ability to deliver what they promise?

PSM is intended to realise the above concerns in practice. Its scope is to project customer choice as the public choice through enhancing the effectiveness of public services based on many of the private sector principles and practices. The focus is more towards achieving managerial decentralisation of governance, performance and results orientation, and citizens'/consumers' satisfaction.

1.5 PUBLIC SYSTEMS MANAGEMENT: CHARACTERISTICS

Public Systems Management advocates increasing managerial autonomy by reducing central agency control in governance. It recognises the importance of providing the human and technological resources that managers need, to achieve their performance targets. The important characteristic of PSM is that responsibility is taken by managers for the achievement of results. Under this, the relationship between politician and manager is more fluid and is closer than before. It does not disown the essential political character of government but, at the same time, would claim a degree of autonomy in terms of both input handling and results production. Another important characteristic feature is recognition of the need for direct accountability of the manager to the public or the consumer. There is thus a client focus and greater responsiveness to outside groups and individuals in public systems management. It has the following characteristics that tend to mend the traditional ways of organising

government:

- i) It is concerned with the delivery of high quality services that citizens value.
- ii) It considers citizens as active consumers and serious attempts are made to find out their expectations and needs.
- iii) It provides greater flexibility in working conditions such as contractual appointments, work place bargaining etc and is permitted to make use of more expertise and employee creativity.
- iv) It creates conditions for more positive and productive managerial leadership. To create such conditions, it simplifies organisational structures and flattens hierarchies.
- v) It develops rigorous performance measurement of individuals and organisations.
- vi) It is receptive to competition and adopts an open minded attitude towards management of public organisations.
- vii) It adopts collaborative and net-working approach to work with public, private, voluntary sectors in solving community problems and providing public services.
- viii) It advocates decentralisation of authority embracing participatory management model.
- ix) It prefers market mechanisms to bureaucratic mechanisms.
- x) It takes steps to prevent administrative problems rather than cure them after they arise.

Public systems management is characterised by new State institutions, administrative culture and management strategies. It does not undermine the importance of State bureaucracy. On the contrary, it assigns an important strategic role to it. The public systems are characterised by :

High levels of transparency, accountability instead of mere adherence to procedures, rules, etc.

Extensive use of information technology for all operations.

Decentralisation of activities, contracting, outsourcing with State exercising control over strategic areas.

A new role assigned to civil servants, exercising technical competence, managerial skills along with policy making capacities.

A new work culture in public systems and organisations with incentive systems, performance evaluation, pay differentials etc.

In brief, PSM adopts explicit market orientation and relies on private sector practices. PSM seeks to blend managerial pragmatism and political conviction. It promises professionalism, impartiality, high ethical standards, and the reduction of corruption along with improved performance.

1.6 CONCLUSION

Remarkable changes have taken place in the 80s and the 90s as governments in the Western developed countries sought to adapt themselves to new technology, new

societal demands and keen competition. This has led to a search for a new kind of orientation in public administration permeating all its systems and sub-systems. Rigid, rule-bound and hierarchic public administration does not suit the needs of a dynamic situation demanding speedy action. In this perspective, many of the flexible organisational designs and practices pioneered by the private sector have been introduced in the public system with suitable modifications. Public systems management today is thus being refashioned to underemphasise the traditional Weberian rule-boundedness and the focus is now more on results and cost effectiveness.

PSM considers citizens as active consumers and adopts collaborative approach to work with public, private and civil society organisations in solving community problems and providing public services. In fine, PSM seeks to make public service delivery efficient, effective and economical with the adoption of many of the management concepts and techniques of the private sector.

1.7 KEY CONCEPTS

Civil Society

It refers to self organisation of citizens. It is the collective of social organisations, which enjoy autonomy from the state and pursue special interests. Civil society includes network of groups that include financial, private, charitable, social service, development and professional organisations.

Debureaucratisation

It implies reducing the bureaucratism prevalent in organisations. It is done through removal of monopolies, reducing the exercise of power and authority from a few bureaucrats or politicians in government. This is also achieved through promotion of participation of various forms of citizens' organisations in the country's governance.

Deregulation

It is the process of lessening the monopolies of few in any sector of the economy by opening those sectors to other players also. The reforms ushered in India since 1990s, has thrown open certain sectors of the economy such as banking, telecommunications, civil aviation etc. to competition to provide better service at lower prices and greater choice. These sectors have been given more autonomy free from stringent rules and regulations.

Neo-liberalism

This thinking gained prominence from mid 1950s in Britain. which advocated free market. It gave significance to supremacy of market mechanisms, maximisation of individual liberty and freedom, roll back of State. It propagated diminishing the role of welfare State as it was said to affect the potential of free market.

Property Rights Theory

It offers a way of understanding the way incentives for performance function in private sector. According to this, in an organisation, owners do not have complete control of their assets, as employees, creditors etc. also contribute to the firm's functioning. They also have certain rights especially a certain amount of revenue from the company's assets. Hence managers, employees, have share in the profits of the company or enterprises in the form of bonus, increase in pay etc. Hence, incentives play a key role in enhancing the performance of company.

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1.9 ACTIVITIES

1. Prepare a brief note explaining the changes that have taken place in the west during 1980's and their impact on the discipline of public administration.
2. Write a note on structural adjustment initiatives undertaken in any one of the countries of Organisation for Economic Cooperation and Development (OECD) or any developing country and assess their influence over its administrative system.

UNIT 2 DISTINCTIVENESS OF PUBLIC SYSTEMS MANAGEMENT

Structure

- 2.0 Learning Outcome
- 2.1 Introduction
- 2.2 Traditional Public Administration Model
- 2.3 Changing Nature of Public Service
- 2.4 Bureaucratic System and Public Systems Management: Distinction
- 2.5 Conclusion
- 2.6 Key Concepts
- 2.7 References and Further Reading
- 2.8 Activities

2.0 LEARNING OUTCOME

After going through this Unit, you should be able to:

- Comprehend the basic principles of traditional public administration model and its limitations
- Examine the changing character of public service
- Highlight the differences between bureaucratic system and public systems management; and
- Appreciate the importance of public systems management

2.1 INTRODUCTION

In the discipline of public administration, the issue of governance has emerged as one of the key areas of discussion in recent times. This is because of the increasing reliance on the market in the delivery of public services. It has also resulted in reforming administrative institutions specifically bureaucracy and enhancing the role of non-government organisations in the delivery of public services. The World Development Report 1999/2000 also advocated the ideology of pragmatism and the complementary roles of government, market and civil society in development. As a result, public services are being ‘managed’ rather than ‘administered’. Administration lays emphasis more on internal structural dynamics and rules and regulations than on the achievement of results, which is considered most important in ‘management’. In practice, the roles and functions of ‘management’ differ from ‘administration’.

The new system of public service management is result-focused. The transition from the old to the new style of providing services has altered the role of the government emphasising collaboration and enablement rather than hierarchy and control. The new system is referred to variously as “new governance”, “third-party government”, “government by proxy” and “indirect government”. Public systems management, hence, is acquiring a distinctive character. In this Unit, an attempt has been made to discuss the reactions to traditional public administration model and emphasise the

distinctiveness of public systems management, superseding the traditional bureaucratic model.

2.2 TRADITIONAL PUBLIC ADMINISTRATION MODEL

The theoretical principles of traditional public administrative model have been influenced by Woodrow Wilson, Max Weber and Taylor's Scientific Management thought and organisation theory. According to Mohit Bhattacharya (2001), this model has the following basic principles governing the structure of administration:

- a) The tasks of public institutions are to be in the hands of the administrators. Politics and administration are two different kinds of activities and their functionaries are different. Administration gets initiated after the initial push emanates from politics.
- b) Administration is based on written documents.
- c) The tasks are organised on a continuous, rule-governed basis.
- d) The rules that regulate work may be technical or legal.
- e) The tasks are divided into functionally distinct parts, each furnished with requisite authority and sanctions.
- f) Offices and tasks are arranged hierarchically; the rights of control and compliance being specified. There is preference for centralisation.
- g) The resources of the organisation are quite distinct from those of the members as private individuals.
- h) The office functionaries cannot appropriate their office for private aims.
- i) In performing the assigned tasks, the public employees are to accept their vocational role to fulfill their obligations with a sense of duty; and
- j) The guiding philosophy in the management of public sector is that of public interest.

This model places emphasis on structures, work division, power differentiation, centralisation and public-private distinction. The whole model is mechanistic, rigid and impersonal. The basis for this model is Weberian bureaucratic theory. The Weberian paradigm has dominated public administration since its inception despite varied criticisms against it. Bureaucratic hierarchy and centralisation of authority has long been a subject of criticism in organisational literature. In the present context of rapid social change and in development activities, traditional model has become dysfunctional in the delivery of efficient public services. This analytical framework has been criticised by public policy and public management perspectives. The public policy perspective concentrates on the policy process (a constant stream of actions and activities) rather than on formal institutions. This approach has the intention of emphasising:

- The political context in which public administration operates
- The organisational and personal networks involved in the formulation and delivery of policies
- The success, failure and desirability of actual policies, linking implementation mechanisms to results; and

- The central concept of the 'State', essential to an understanding of the relationship between the administrative and political systems and between politics, economy and society.

The public management perspective has been shaped by neo-classical economic principles. It has critically questioned the size, roles and structures of public sector, including those in the developing countries (Minogue, 1998).

Under the changed circumstances, the traditional model of public administration based on sheltered bureaucracy is no longer viable to provide efficient public services. There are various options available for the delivery of public goods and services. In the changed environment, governments operate indirectly as "enablers" rather than direct providers of public services allowing the market and non-government agencies to operate directly in a wide range of social activities. Governments have been adopting contracting out and privatisation methods to provide public services. In the opinion of Osborne and Gaebler (1992), "a government chained to the treadmill of revenue collection and service delivery is too busy administering to have the time to govern". The basic traditional norms of public service values such as neutrality, impartiality, accountability, responsiveness and equality are being replaced by pro-market values like competitiveness, efficiency, quality, productivity and profitability in the functioning of public systems.

2.3 CHANGING NATURE OF PUBLIC SERVICE

In the 1980s, new right thinkers and public choice theorists have criticised the pre eminence of the State and government in the delivery of public services. The concepts of welfare state and public interest were challenged. They advocated a greater role for the market and lesser role for the State and government. Concepts such as efficacy of State v/s market, increasing managerial orientation in governmental activities, and promotion of privatisation as a panacea for several socio-economic problems gained popularity in public administration theory. The future is projected in terms of a smaller role for government, an enlarged role for the market and the non-government organisations and more public-private partnerships in the delivery of public services. This trend of thought is best evident in the remark of the United States Comptroller General David Walker "the government is on a 'burning platform' and the status quo way of doing business is unacceptable". This perception that the old ways are no longer up to the new tasks has prompted new actors using new instruments of civic action to emerge to meet citizen needs. The transformation from command to market-oriented orientation in governance has been a global phenomenon. To make public systems more productive and competitive and, at the same time, receptive to global pressures in a resource-scarce world, there have been many reforms recipes such as de-bureaucratisation, downsizing, disinvestment, marketisation, liberalisation and privatisation. These have brought discernible changes in the structure, strategies and spirit of the public systems. Bringing about improvement in the quality of services being provided, maintaining efficiency and curbing public expenditure are the key guiding factors in the reform process. These reform measures are the result of a broad realisation that the rigid bureaucratic system has proved inefficient and ineffective in delivering public services to the satisfaction of citizens. Today, empowering citizens and making them active participants in public service delivery and management is an important feature of public systems management.

Today's 'governance' environment is characterised by complex techno-economic changes. This fast paced change poses new challenges for public service management. Important among many vital external changes are corporate globalism,

cybertechnology, changing values and management philosophies that have greatly affected the delivery and management of the public services. Likewise, changes in the internal environment such as increased sector mobility, privatisation and devolution require rethinking of public services management. The dynamic changes in the external and internal environments impel the need for professional managers who possess technical, ethical and leadership competencies to meet the complex governance challenges of the twenty first century. Each of these competencies is needed in all sectors viz., government agencies, non-profit organisations and private sector. The work place of today's public service professional is in constant flux causing, on the one hand apprehensions and uncertainty, and on the other providing opportunities and challenges. Leicht and Fennel (2001), identify six key characteristics of today's work place viz., (a) flatter organisational hierarchies; (b) more temporary working; (c) wide use of subcontracting and outsourcing; (d) massive downsizing of permanent workers; (e) a post-union bargaining environment; and (f) virtual organisations. These changes certainly affect the way public servants work.

The blurring of boundaries between government, private and non-profit sectors has given public service a broader meaning. Now, public service no longer refers exclusively to tasks performed by government, it involves working with NGOs and private sector as well. Public service is considered "the people establishment" that delivers services to citizens, promotes collective interests and accepts resulting obligations.

The defining characteristics of the old public service are a product of industrial era government. Those who comprised the old public service were government employees carrying out functions in centralised, hierarchical bureaucracies according to routine standard operating procedures. Their discretion was limited by their position in the vertical chain of command and they were accountable to their superiors. Elected officials set public policy, defined the public interest, and monitored program management. Authority flowed from the top to bottom, services were provided directly to citizens, control or regulation was government centered, staff roles were clear and skills were specialised. Civil service protection was granted to permanent employees whose pay and benefits came directly from government.

The new public service has a different set of characteristics more suitable to a post-industrial, service-based economy. Today vertical hierarchy is giving way to horizontal networks, bureaucracies are diminishing and shared leadership structures are emerging. The public interest is identified and pursued as a collaborative process based on dialogue with relevant stakeholders. The discretion of empowered administrative officials is present but limited and they remain accountable to the citizens through elected political leaders and administrative oversight. Employee job boundaries are flexible and skill sets are versatile. The transition from the old to the new style of providing public services has altered the role of the public sector, emphasising collaboration and enablement rather than hierarchy and control. The managerial challenges in the light of these changes are substantial, but they are both similar and different from those of earlier periods. Many of the dominant values from earlier era, which include, efficiency, economy, fairness, and performance continue to be important together with renewed emphasis on values associated with citizenship, public interest, ethics, transparency and broad democratic values of accountability, equity, and responsiveness.

The transition from command and control decision-making based on hierarchical authority structures to indirect web-like relationships in the new era requires a new set of managerial skills. The gradual transition from the old to the new public service alters the role of government, but politics and professionalism have to continue to be focal concerns of both the old and the new public service. It will, however, be wrong

to assume that bureaucratic administration is waning. The professionalism and effectiveness of bureaucracy exist along with managerial administration.

Now public systems have become quality conscious. They lay increasing emphasis on result orientation through rigorous performance-oriented mechanisms. They are accessible, transparent and accountable to citizens in public service delivery. In government, many works previously handled by the bureaucracy are now being entrusted to the private agencies on a contract basis. In traditional public administration model, civil servants recruited on merit basis were working on permanent tenure. Now under public systems management these ideas do not hold true. Concepts like efficiency and efficacy have undergone change in the evaluation process introducing differential pay structure for the same work. Equal pay for equal work is no more working, though it is a constitutional obligation. It has brought concepts like 'slimming of bureaucracy' and work is measured in the context of cost effectiveness. Low cost coupled with output is now a yardstick in the delivery of public services. The blurring of boundaries between public and private sectors is also ushering in change in public bureaucracies. They are expected to discharge the roles of not just administrators, but also as leaders and entrepreneurs.

Public systems management, in the changed context, gives primacy to

- Distinguishing policy from execution
- Productivity through getting more services from lesser revenues
- Marketisation by replacing traditional bureaucratic structures, mechanisms and processes with market strategies
- Service-orientation: Assigning priority to the needs of customers
- Decentralisation by devolving service delivery responsibilities to lower levels and local governments
- Accountability for results focusing on outputs and outcomes, instead of mere inputs, processes and structures

Despite powerful influence coming from managerialism, public systems management continues to be distinct. It caters to the tasks of public domain characterised by distinct public service values. In developing countries, certain areas such as education, public health, and food security continue to be dominated by public service. In public systems management, no doubt, the effort is to strike a balance between complex and competing goals such as efficiency, effectiveness, quality, equity and responsiveness. Public systems management is in the throes of change and the public service personnel are expected to discharge new types of functions demanding new managerial and financial skills.

In India, the approach paper to the Tenth Five Year plan (2002-07) has identified three critical challenges to civil services reforms: 1) Ensuring long-term affordability of the civil services, 2) Ensuring procedure for rewarding and promoting merit, disciplining malfunction and misconduct, and strengthening accountability and performance quality, 3) Reshaping the bureaucracy so that it performs its core public functions and develops new ways of provision of critical economic and social services. A new work culture needs to be evolved at all levels.

Jain (2003), suggests public service reforms which include: a) a more strategic or result-oriented (efficiency, effectiveness and service quality) attitude toward decision making, b) Replacement of highly centralised organisational structures with decentralised management environment integrating with the new local government institutions, where decisions on resource allocation and service delivery are taken

close to the points of delivery, c) Flexibility to explore alternative to direct public provision which might provide more cost effective policy outcomes, d) Focusing attention on the matching of authority and responsibility as a key to improving performance, including mechanisms of explicit performance contracting, e) Creating of competitive environments within and between public services organisations, f) Strengthening of strategic capacity at the centre to steer government to respond to external changes and diverse interests quickly, flexibly and at least costs, g) Greater accountability and transparency through requirements to report on results and their full costs; and h) Service wise budgeting and management systems to support and encourage these changes.

2.4 BUREAUCRATIC SYSTEM AND PUBLIC SYSTEMS MANAGEMENT: DISTINCTION

The inadequacies of the traditional public administration model to meet the demands of new public services delivery have led to New Public Management (NPM) approach as a citizen – centric administrative reform that has emerged in countries across the world during the eighties and nineties of the last century. The approach has become a new paradigm of public administration. According to David Osborne and Ted Gaebler, the essence of the new public management has called for cultural shift away from bureaucratic government towards an entrepreneurial government. NPM is an expression that has been used since the beginning of the 1980s to describe a new way to study and manage public organisations and their various systems and to advocate application of business management practices to government operations.

Unlike the traditional public administration model that has earned notoriety in terms of images of rules, regulations and lethargic decision-making processes, the very word “management” implies decisiveness, a dynamic mindset and a bias for action. The thrust of NPM is to introduce competition or market logic into the management of public organisations. The Organisation for Economic Cooperation and Development (1991) which has taken the initiative of introducing managerialism in public service delivery claims that most countries are following ‘two broad avenues’ to improve production and delivery of publicly provided goods and services. The first avenue intends to raise the production performance of organisations to:

- Improve the management of human resources including staff development, recruitment of qualified talent and pay for performance
- Involve staff more in decision making and management
- Relax administrative controls while imposing strict performance targets
- Use of information technology
- Improve feed back from clients and stress service quality
- Bring supply and demand decisions together

The avenue intends to focus on the internal functioning of the organisation, providing incentives for individual, measuring performance and improving the relationship with clients. It is concerned with how the public organisation is managed.

The second avenue is to make greater use of the private sector to promote a dependent, efficient, competitive and open public procurement system for contracting out, production of publicly provided goods and services and contracting in

intermediate goods and services and end monopoly or other protection for suppliers. The focus of these measures is on ‘what’ the organisation manages i.e. its processes.

The managerial orientation has brought the following changes in traditional public administration:

- A shift of general emphasis from policy to management with administrators becoming fully cost conscious for every action taken
- Clusters rather than the pyramids as the preferred model for the design of administrative systems
- In place of planning and hierarchical execution of decisions, a dichotomy has been made between core policy activities and adoptive operational services
- Process oriented administration gives way to an output oriented administration
- Flexible provision of individualised products instead of collective provision
- Emphasis on cost-cutting rather than spending
- The purpose of ownership is seen as efficient management rather than exclusive possession

In simple, NPM has changed the focus of government from process to results. The implementation and success of NPM is possible only if there is a cultural and behavioural shift in the management of government away from bureaucratic government toward entrepreneurial government. NPM objectives are operationalised through public systems management. In this perspective, public system managers are to cast off their old role as administrators and become more entrepreneurial, result-focused and market-based. The following table depicts the differences between traditional bureaucratic system and public systems management in undertaking governmental functions.

	Bureaucratic System	Public Systems Management
1	Public service is considered an exclusive task performed by the government	Public service is considered as a collaborative exercise involving government, NGOs and private firms, etc.
2	Citizen avoiding and secrecy in governmental business	Citizen-friendly, transparent and accountable
3	Public-private distinction	Public-private partnership
4	Rigid, rule-bound and hierarchic model	Flexible organisational design and practices model
5	Process accountability	Result accountability
6	Anonymous bureaucracy	Accountable bureaucracy
7	Structure-oriented	People-oriented
8	Emphasis on rationality in decision making process	Emphasis on bounded rationality in decision-making process
9	Adoption of centralised strategy	Adoption of decentralised strategy
10	Authoritative approach	Participatory approach
11	Politics – administration dichotomy	Politics-administration confluence
12	Focus on structures and processes	Focus on performance and results

The above table clearly reveals how PSM is distinct from traditional bureaucratic system in performing governmental functions. The operational model of new public management has ushered in revolutionary change in the management of public affairs, a new entrepreneurial, and user-oriented culture. Since public administration in the present times has become complex, PSM needs to work with broad based networks to provide efficient public services to citizens.

The current developments have no doubt exposed the over protected traditional public administration to the new requirements of 'management'. In the process, useful information regarding unscrupulous practices adopted in managing public systems leading to wastage of public money has also surfaced. PSM has, however, to be responsive to the felt needs of citizens particularly in a developing country like India. In most of the developing countries, PSM is still at a formative stage. The discussion on the relevance of new public management can be concluded with the words of Bhattacharya (1999), "New public management, with all its frailties has been able to generate useful and fundamental revision of the missions and identity of administration and public administration".

2.5 CONCLUSION

Traditional public administration which was based on Weberian bureaucracy emphasising on structure, work division, centralisation of authority has become largely dysfunctional for successful management of public affairs in the context of rapid socio-economic and technical changes and, of course, the globalisation trend. As a result, new public management approach has emerged as an alternative to traditional public administration to ensure effective, efficient and citizen/customer-friendly provision of public services. This approach adopts managerialism and public-private collaborative approach to governance. It is operationalised through the adoption and strengthening of public systems management. PSM, oriented towards result-orientation and quality consciousness, has inducted entrepreneurial, and user-oriented culture in the management of public systems. At the same time, it needs cautioning that public systems management has its own intrinsic logic and values, and hence, need not be wholly sold out to private sector principles and practices.

2.6 KEY CONCEPTS

Disinvestment

It implies offering a part of equity held by the government in public sector enterprises to mutual funds, financial institutions and employees. The New Industrial Policy Resolution of 1991, in India, introduced disinvestment with a view to improving the performance of public sector enterprises. Disinvestment is said to broaden the equity, improve managerial performance and enhance the availability of resources for public sector enterprises and yield resources for exchequer. It attempts to bring about change in the transfer of ownership of public sector enterprises.

Food Security

It is considered as a situation where people have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. (The State of Food Insecurity, 2001)

Liberalisation

It is a policy of promoting competition, limiting the role of government to enable market economy function efficiently. It encompasses several measures including deregulation and privatisation. The various policy measures introduced in India since 1991 aim at liberalisation. The idea is to expand private markets by removing barriers to global movement of goods, services and capital.

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2.8 ACTIVITIES

1. Select any one of the government department or public organisation managed by central or state government and prepare a report on the new process, methods and practices initiated after 1990 to deliver public services. The report also can cover perceptions of functionaries and clientele on reform initiatives undertaken in the department /organisation.
2. Conduct a survey to examine the perceptions of general public on administrative reforms initiated by the central or state governments after 1990s. The study specifically should cover the government policies pertaining to disinvestment, reduction of subsidies, imposing user charges and attitude of the public bureaucracy etc.

UNIT 3 PUBLIC SYSTEMS MANAGEMENT: CONSTITUTIONAL CONTEXT

Structure

- 3.0 Learning Outcome
- 3.1 Introduction
- 3.2 Constitutional Environment of Public Systems
- 3.3 Constitutional Authorities and Commissions
 - 3.3.1 Comptroller and Auditor General
 - 3.3.2 Finance Commission
 - 3.3.3 Election Commission
 - 3.3.4 Union Public Service Commission
 - 3.3.5 Attorney General of India
 - 3.3.6 National Commission for Scheduled Castes
 - 3.3.7 National Commission for Scheduled Tribes
 - 3.3.8 The Official Language Commission
 - 3.3.9 Commission for Linguistic Minorities
 - 3.3.10 Administrative Tribunals
 - 3.3.11 The Civil Services
- 3.4 Other Important Commissions
 - 3.4.1 National Commission for Women
 - 3.4.2 National Commission for Backward Classes
 - 3.4.3 National Human Rights Commission and State Human Rights Commissions
- 3.5 Conclusion
- 3.6 Key Concepts
- 3.7 References and Further Reading
- 3.8 Activities

3.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Appreciate the importance of contextual relevance of public systems management
- Explain the Constitutional environment of public systems management in India; and
- Discuss the different authorities and commissions created under the Indian Constitution that are playing an important role in public systems management.

3.1 INTRODUCTION

Public administration, as Fred Riggs so forcefully argued, is influenced by its environment. Every system operates in a given environment and has a contextual

setting in accordance with which different policy issues and problems at hand are translated into action, implemented and evaluated. The nature of State, the type of polity, the role of various governmental and non-governmental agencies and actors, culture, ethics and values etc., have an important bearing on the functioning and performance of public systems. In other words, all these variables and forces are components of the contextual set up of the public systems management. Social, economic, political, technological and constitutional factors are features of a contextual set up within which public systems operate. Policies are formulated and implemented taking cognisance of these factors. Therefore, public systems management cannot ignore these contextual factors and forces.

Units 3 to 6 of this Course shall discuss the contextual setting of public systems management in India. These units analyse the constitutional, political, socio-economic and technological factors that have been influencing the management of public systems. The focus of discussion of the present Unit is confined to analysing the Constitutional environment of public systems management in India.

3.2 CONSTITUTIONAL ENVIRONMENT OF PUBLIC SYSTEMS

Modern governments are Constitutional governments. The Constitution is the basic law of the land. It not only establishes institutions of government but also lays down the goals of the State. Modern Constitutions are very elaborate documents, which go much beyond the description of three branches of government viz., the executive, the legislature and the judiciary. Public systems function under the Constitutional framework and derive powers from it. But it has been observed that the legal and Constitutional framework under which the public systems of a country function does not give a total picture of actual reality of the functions of these systems. However, it is important to have an adequate understanding of the main Constitutional provisions relating to operations of public systems and also provisions pertaining to various authorities and commissions provided for in the Constitution that strive to achieve Constitutional goals and objectives. The Constitutional principles, institutions and bodies determine and vitally influence the environment of public systems management.

Governance, in its political sense means the exercise of legal power and authority vested in the institutions and bodies of the Constitution to carry out the avowed goals and purposes of the State. The system of governance in India is in accordance with some of the basic objectives having been laid down by the planners in the light of the Constitution of the country. In the context of these objectives, public systems have to be managed. The main thrust of these systems has been on self-reliance, economic growth, industrialisation, modernisation and social justice. The Indian Constitution is not merely a document dealing with responsibilities and powers of the union and the states, it lays down the basic philosophy of governance and provides a kind of direction to administer the country. The following features of the Indian Constitution, broadly determine the environment in which public systems are to perform the activities:

- Preamble
- Parliamentary Democracy
- Federation with a Strong Centre

- Fundamental Rights and Duties
- Directive Principles of State Policy
- Independent Judiciary
- Judicial Review

Preamble

The Preamble is an introductory statement regarding the overarching philosophy of constitutional governance. It specifies the source of authority, the system of government, the objectives to be attained by the political and administrative systems and the date of the adoption and enactment of the Constitution. It declares India as a “Sovereign, Socialist, Secular, Democratic Republic” and to secure to all its citizens, Justice, Liberty, Equality and Fraternity. It contains lofty ideals serving as the beacon and the polestar for guiding the nation’s governance. In the *Keshavananda Bharati* case, the Supreme Court declared the preamble as part of the Constitution.

Parliamentary Democracy

The Indian model of political system is a creative representation of the values of modern liberal democracy. The most significant development in India’s Constitutional history is the consolidation of a parliamentary form of government, which broadly corresponds with the westminster model. In this system of government, the executive is an integral part of Parliament and is responsible to it.

Federation with Strong Centre

The Constitution describes India as a “Union of States”, however, the system of government is federal. Although the word ‘federation’ is nowhere used in the Constitution, all the basic structural features of a federal government are incorporated in the Constitution.

The nature of federalism in a country is based on the requirements of that country. The conditions in which the federal system evolved in India necessitated a strong centre. The Indian federal system may be described as a new experiment in the area of federalism for ensuring national unity and growth at one end and regional autonomy at the other.

Fundamental Rights and Duties

Fundamental rights and fundamental duties are incorporated under Part III and Part IV of the Constitution respectively. The former was included originally from the inception of the Constitution, while the latter i.e., fundamental duties have been included as a part of the 42nd Amendment Act of 1976. Fundamental duties are non-justiciable. Part III of the Constitution relating to the fundamental rights contains 24 Articles i.e., from Article 12 to Article 35 of the Constitution. These rights can be classified into six groups:

- 1) Right to Equality
- 2) Right to Particular Freedoms
- 3) Right against Exploitation
- 4) Right to Freedom of Religion

- 5) Cultural and Educational Rights
- 6) Right to Constitutional Remedies

The above rights, however, are not absolute. The State can impose reasonable restrictions on these rights. During national emergencies enforcement of these rights can be suspended.

Directive Principles of State Policy

Part IV of the Constitution contains various articles (36 to 51) related to Directive Principles of State Policy. The articles indicate the responsibilities of State in promoting the rights and benefits of the individuals and also in translating the basic values of the Constitution in real life. To illustrate, some of the Directive Principles entrust the State to:

- a) Promote the welfare of the people and secure a just social order;
- b) Ensure equal justice and free legal aid to the poor;
- c) Take steps to organise village panchayats and to endow them with such powers as may be necessary to enable them to function as units of self-governments;
- d) Make efforts to secure a uniform civil code throughout the territory of India etc.

The above directives are in the nature of directions to the legislature and executive wings of government to be observed while formulating laws and policies. Most of them aim at the establishment of economic and social democracy, which is pledged for in the Preamble.

The Directive Principles are not enforceable by courts. They are moral precepts and the courts are increasingly taking these principles into consideration while interpreting the Constitution.

Independent Judiciary

India has a single integrated system of courts for both union and states. At the apex of the entire system is the Supreme Court of India. Below the Supreme Court are the High Courts and the Subordinate courts. The President of India appoints the judges of the Supreme Court and High Courts, but in order to ensure their independence, the terms and conditions of their service are regulated by the Constitution.

Judicial Review

Judicial review implies the powers possessed by the courts to pronounce upon the Constitutional validity of the acts of public authorities, both executive and legislative. The expression 'judicial review' does not figure in the Constitution but has been derived by the judiciary through various provisions. In India, judiciary has the power to interpret the Constitution and to determine the relationship of the different organs of the Constitution.

Other important features of Constitution include single citizenship, bicameral legislature, special provisions for minorities, scheduled castes and tribes. Elaborate provisions for dealing with emergency conditions arising due to unforeseen exigencies are also incorporated. Constitutional status is also accorded to certain commissions like the Public Service commissions and the Election commission.

The Indian Constitution has been amended nearly 80 times in fifty years. In the post-independence period, though many amendments to the Constitution were made, these did not change its basic structure or its ideological characteristics. In the present coalition era of Indian democracy, amendment to the Constitution has become a very complex and difficult exercise.

3.3 CONSTITUTIONAL AUTHORITIES AND COMMISSIONS

The Constitution of India has different provisions, for creation of various authorities and commissions. These institutions and bodies have been playing an important role in public systems management. The Constitution contains provisions to enable them to function independently and impartially and to remain uninfluenced by the executive. These institutions display in their behaviour and functioning complete objectivity and independence. The Constitution of India enumerates the following authorities and commissions:

- 1) The Comptroller and Auditor General (Articles 148-157)
- 2) The Election Commission (Articles 324).
- 3) The Union Public Service Commission (Article 315-323)
- 4) The Attorney General of India (Article 76)
- 5) National Commission for Scheduled Castes (Article 338)
- 6) National Commission for Scheduled Tribes (Article 338 A)
- 7) Commission for Linguistic Minorities in India (Article 350 B)
- 8) The Finance Commission (Article 280-1).
- 9) The Official Language Commission (Article 344).
- 10) The Committee of Parliament to Examine the Report of the Language Commission (Article 344(4)).
- 11) The State Public Service Commission (Articles 315-323)
- 23) The Advocate-General for the State (Article 165).
- 24) Administrative Tribunals.
- 25) State Finance Commission
- 26) The Civil Services

Some of these are functioning independently both at central and state government level, while others are common to both the levels of government. These are:

- a) The Comptroller and Auditor General of India
- b) The Election Commission and
- c) The Finance Commission.

The other institutions and bodies belong either to the centre or to the states. The bodies which are functioning under the central government are:

- a) Union Public Service Commission
- b) The Attorney General of India

- c) National Commission for Scheduled Castes
- d) National Commission for Schedule Tribes
- e) The Official Language Commission
- f) The Committee of Parliament to examine the Report of the Official language Commission; and
- g) Commission for Linguistic Minorities.

There are only two bodies within the exclusive sphere of the states, namely, the State Public Service Commission and the Advocate General for the state. Many of these authorities and commissions are of a standing nature while some are set up periodically. The Authorities like the Comptroller and Auditor General, Union Public Service Commission, Attorney-General of India, the Special Officer for Scheduled Castes and Scheduled Tribes, Special Officer for Linguistic Minorities, the State Public Service Commission and Advocate General for the State are standing in nature. The Finance Commission, the Official Language Commission and the Committee of Parliament to examine the Report of the Official Language Commission are set up from time to time. It is also to be observed that some of the Constitutional authorities have plural membership, while others have single membership. In addition there are certain commissions created by Acts of Parliament such as, National and State Human Rights Commissions etc. The following sub-sections shall discuss some of the Constitutional authorities and institutions.

3.3.1 Comptroller and Auditor General

The Comptroller and Auditor General (C&AG) occupies a unique place in Indian democracy. It was created by the Constitution Act, 1950. It is a Constitutional authority responsible to conduct the audit of the financial transactions of the union and state governments and union territories.

The President appoints the C&AG by warrant under his hand and seal. He / she takes an oath to uphold the Constitution and laws and to discharge the duties without fear or favour, affection or ill will before assuming office. The term of office is six years or until he /she attains the age of 65 years whichever is earlier. The C&AG can be removed from office only on two grounds, viz., proved misbehaviour or incapacity. The removal procedure is very complex and serves as an effective safeguard against executive interference. The Constitution guarantees that the salary and conditions of service shall not be changed to his / her disadvantage after the appointment. The salary and allowances of the C&AG shall be charged on the Consolidated Fund of India.

The duties and powers of the Comptroller and Auditor General of India are prescribed by an Act of the Parliament called the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. With the separation of accounts from audit in certain departments of union government, the Comptroller and Auditor General has ceased to be responsible for maintaining the accounts of certain departments, since separate accounts offices were in existence for them. In 1976, the Government of India took accounting functions under its own administrative ministry / department with the result that separation of accounts from audit in central government became complete. The C&AG performs the following audit functions:

- Audit all transactions of the union and of the states relating to Contingency Fund, and Public Accounts.

- Audit all trading, manufacturing, profit and loss accounts and balance sheets and other subsidiary accounts kept in any department of the union or of a state; and in each case to report on the expenditure, transactions or accounts so audited.
- Audit receipts and expenditure of bodies or authorities substantially financed from union or state revenues.
- Audit accounts of any other bodies or authorities by request.

In connection with the discharge of the audit duties, the Comptroller and Auditor General can inspect any office of accounts under the control of the union or a state, including treasuries and offices responsible for keeping initial or subsidiary accounts. In the performance of the duties, he / she is assisted by the Indian Audit and Accounts Department. C&AG acts as a friend, philosopher and guide to Public Accounts Committee in the discharge of its functions.

The Constitution of India has prescribed the procedure to be followed by the C&AG for presentation of audit reports. In regard to the union government accounts, C&AG shall submit audit report to the President. The audit report on the accounts of the state government shall be submitted to the Governor of the State. In turn, President / Governor are to lay these audit reports before the Parliament / state legislature respectively.

The C&AG is neither an officer of Parliament nor a functionary of the government. It is one of the most important Constitutional positions established for the purpose of securing the highest standards of financial integrity in government. Article 148 of the Constitution contains various provisions, the objective of which is to ensure the independence of the Comptroller and Auditor General of India. Some of the salient features of this Article are:

- 1) He / she can be removed from office only by an order of the President passed after an address by each house of Parliament, supported by a majority of the total membership of that House and by a majority of not less than two-thirds of the members of that House present and voting, and would be presented to the President in the same session for such removal.
- 2) The terms and conditions of the service have been made secure and cannot be varied to his disadvantage, after his appointment.
- 3) It also lays down that the C&AG will not be eligible for further appointment either under the Government of India or under the Government of any state after he has ceased to hold his office.
- 4) The administrative expenditure of the office of the C&AG has been a charge on the Consolidated Fund of India.

The sum and substance of all these provisions is that the C&AG is an officer of Constitution and is supposed to work for it without fear or favour.

3.3.2 Finance Commission

Article 280 of the Constitution provides for the setting up of a Finance Commission by the President every five years. So far twelve Finance Commissions have been appointed. The Commission is composed of one Chairman and four other members. The Chairman is appointed from amongst persons having experience in public affairs.

The remaining members are selected from judiciary, accounts, administration and economics.

Under the Constitution, the basis for sharing of divisible taxes by the centre and the states and the principles governing grants-in-aid to the states have to be decided by the Commission every five years. The President can refer to the Commission any other matter in the interest of sound finance.

The Commission recommends to the President the basis for distribution of the net proceeds of taxes between the centre and the states. It also recommends the principles, which should govern the 'grants-in-aid' to be extended to the states out of the Consolidated Fund of India. The Commission suggests amounts to be paid to the States of Assam, Bihar, Orissa and West Bengal in lieu of the assignment of system of export duty on jute products. The Finance Commission's recommendations together with an explanatory memorandum as to the action taken by the government on them are laid before each house of Parliament.

The formation of the Finance Commission is a necessary requirement for maintaining the financial balance between the centre and the states. The Finance Commission is an instrument to correct regional imbalances. It has been playing a vital role as a Centre-State coordinating agency. Though the Constitution nowhere lays down that the recommendations of the Commission are binding on the government, the union government is apt to accept its recommendations.

The 73rd and 74th Constitutional Amendment Acts have provided for the establishment of State Finance Commission to recommend revenue sharing between the state government and the local bodies. The State Finance Commission is appointed every five years. Its report is required to be considered by the Finance Commission functioning at the central level.

3.3.3 Election Commission

The Constitution provides for an independent Election Commission to ensure free and fair elections to the Parliament, State legislatures and the Offices of President and Vice President. This Commission is unique in the sense that since its inception (except from 16th October, 1989 to January 1, 1990) it has remained only as a one-member body consisting of the Chief Election Commissioner and since 1993 the Commission has become a three-member body. It is a Constitutional body established in pursuance of Article 324. The President may appoint the Election Commission consisting of a Chief Election Commissioner and such other Commissioners. Earlier the tenure was five years, which has been extended now to six years or till the day he/she attains the age of 65 years; whichever is earlier. The tenure of Chief Election Commissioner can be cut down on account of resignation or removal by the President on the grounds of proved misbehaviour or incapacity on the recommendation of the Parliament. Any other Election Commissioner shall not be removed from office except on the recommendations of the Chief Election Commissioner.

The service conditions and tenure of the Election Commissioner are subject to the provisions laid down in a law made by the Parliament. They cannot be changed to their disadvantage during their term of office.

The functions of the Election Commission are to:

- i) Prepare electoral roll for the elections and suitably revise them after every census and before every general elections to the union and state legislature.
- ii) Supervise the election machinery throughout the country so that elections are held in free and fair manner.
- iii) Appoint and nominate staff for conducting the elections from time to time and making arrangements of necessary election material.
- iv) Notify the dates and schedules of elections so that nomination papers are filed and properly scrutinised before the elections take place.
- v) Appoint officers for enquiring into disputes relating to electoral arrangements.
- vi) Request President of India or the Governor of a state for staff necessary for conducting the elections.
- vii) Cancel polls if mass scale rigging or other irregularities are committed.
- viii) Play the role of a tribunal for settling matters as giving recognition to a political party or allotting a symbol for the election purposes.
- ix) Advise the President or the Governor as the case may be, on a matter relating to the disqualification of a legislator.
- x) Declare the election results and appoint election tribunals for deciding election disputes.
- xi) Issue a code of conduct to be observed by all parties and people at the time of elections.

The Election Commission on the whole has observed impartiality and exhibited efficiency in the discharge of its onerous duties. However, its success is very much dependent on the healthy cooperation of the political parties as well as the party in power.

The 73rd and 74th Constitutional Amendment Acts have provided for the establishment of Election Commission at State level to conduct elections for rural and urban local bodies in the states.

3.3.4 Union Public Service Commission

The idea of having a Public Service Commission in India was first mooted along with the Montford Reforms of 1919. The Government of India Act 1919, proposed as a safeguard against political influence the constitution of a Public Service Commission entrusted with the task of recruitment to the all India services.

A Royal Commission on Superior Civil Services in India under the chairmanship of Lord Lee was appointed in 1923. The Commission urged the establishment of the statutory Public Service Commission to maintain superior standards of recruitment by regulating the exercise of patronage. The British Government accepted the recommendations of the Lee Commission. The Public Service Commission in India was set up in 1926. The first Commission consisted of four members in addition to the chairman appointed by the Secretary of State in Council.

The Government of India Act 1935 also provided for the setting up of a Public Service Commission for the federation and a Public Service Commission for each of the provinces, though two or more provinces could agree to have a Joint Public Service Commission. With this Act coming into effect in 1937, the Public Service

Commission was renamed as the Federal Public Service Commission. With the enactment of the Constitution of India in 26th January, 1950, the Federal Public Service Commission came to be known as the Union Public Service Commission. Article 315 of the Constitution provides that there shall be a Public Service Commission for the union and a Public Service Commission for each state. Two or more states may agree that there shall be one Public Service Commission for that group of states if a resolution to that effect is passed by the Legislature. Then Parliament may by law provide for the appointment of a Joint State Public Service Commission to serve the needs of those states. Article 316 empowers the President of India to appoint the chairman and other members of the Commission. However, the Constitution did not prescribe the size of the membership of the Commission. Normally, the Union Public Service Commission (UPSC) consists of 6 to 8 members.

The number of members constituting the UPSC or a Joint Public Commission and the conditions of their service are determined by the President of India and in the case of the State Public Service Commission by the Governor of the state concerned. The Constitution also determined that one half of the members of the Commission should be persons who have held office under the Government of India or of a state at least for ten years.

The chairman and members of the UPSC hold office for a term of six years or until they attain the age of 65 years whichever is earlier. The Constitution has left the freedom to the President to prescribe the conditions of service of the members of the UPSC, such as salary, travelling allowances, and leave rules etc. The conditions of service shall not be changed to his/her disadvantage after his appointment. The expenses of the Union and State Public Service Commission including salaries, allowances and pensions payable to the members shall be charged on the Consolidated Fund of India.

Elaborate legal provisions are made to secure the independence of the members of the Commission. A member may be terminated if he resigns from his office in writing to the President and the President removes him from office. The President may remove a member from office if he is adjudged insolvent, or engages in any paid employment outside the duties of his office or is in the opinion of the President infirm in mind or body. He cannot be removed from office on any other ground except if the Supreme Court finds him guilty of proven misbehaviour on a reference made to it by the President.

It is the duty of the UPSC to present annually to the President a report, as to the work done by the Commission. On receipt of such report, the President places a copy of it together with a memorandum explaining the cases, if any, where the advice of the Commission was not accepted on the table of the Parliament. In such cases, the reasons for non-acceptance should be stated. The UPSC has a secretariat headed by a Secretary to assist the Commission in performing its responsibilities.

3.3.5 Attorney General of India

The Attorney General, formerly known as Advocate General, is the highest Law Officer of the Government of India. He is appointed by the President of India, who can also terminate his appointment. His emoluments and conditions of service are determined by the President. The Constitution states that he must possess the same qualifications that are necessary for a Judge of the Supreme Court. In other words, he must be a citizen of India. He must have served as a Judge of some High Court for at least five years or as an advocate in some High Court for not less than ten years or

that he must be a distinguished Jurist. He can quit his office by tendering resignation to the President. He is allowed to enjoy all the privileges and immunities permissible to a Member of Parliament.

The Attorney General has the right to take part in the proceedings of Parliament without the right to vote. When he is called in the house, he occupies a seat on the government benches. In the discharge of his duties, he has the right of audience in all Courts in India. The Attorney General is assisted by a Solicitor-General and two Additional Solicitors-General.

The Attorney General's main function is to advise the central government upon those legal matters as may be referred to him and to carry out duties of legal character assigned to him. He also discharges such other duties of a legal character as are assigned to him by the President from time to time. He performs the following functions:

- 1) He appears on behalf of the government in all cases including suits and appeals, before the Supreme Court or any High Court in which the Government is a party. He may be asked to appear before the Court on behalf of the Parliament or its presiding officer.
- 2) He is required to appear and represent the point of view of Government of India in matters of references made by the President to the Supreme Court for having its advisory opinion.
- 3) He has been authorised the right of audience in all Courts of India and Commission of Enquiry.
- 4) While appearing before the Supreme Court, he has precedence over all other advocates.
- 5) He may be invited by the speaker to speak in the House in order to give his opinion on matters of legal and constitutional importance. The members of the House may seek clarifications from him in the House but cannot cross examine him.
- 6) The Speaker may also obtain the opinion of the Attorney General on matters of legal and constitutional importance though that opinion is not binding upon the Speaker.
- 7) He has to advise on the competence of the Parliament to pass laws without impinging the guaranteed Fundamental Rights and without transgressing the legislative field demarcated for the states under the federal system.

The above functions and powers reveal that he is the Principal Adviser to the Government of India in the matters of legal and constitutional importance.

3.3.6 National Commission for Scheduled Castes

The Commissioner for Scheduled Castes and Scheduled Tribes set up under Article 338 of the Constitution was replaced in 1990 by the National Commission for Scheduled Castes and Scheduled Tribes. Later, the 89th Constitutional Amendment Act 2003, provided for separate National Commission for Scheduled Castes and Scheduled Tribes. The National Commission for Scheduled Castes (Article 338) is a multi-member body, appointed by the President under his hand and seal. It

investigates and monitors all matters relating to the safeguards provided for the scheduled castes under the Constitution or any other law and makes recommendations for their socio-economic development. The National Commission submits an annual report to Parliament.

3.3.7 National Commission for Scheduled Tribes

The National Commission for Scheduled Tribes (Article 338 A) is a multi-member body, appointed by the President under his hand and seal. It investigates and monitors all matters relating to the safeguards provided for the scheduled tribes under the Constitution or any other law and makes recommendations for their socio-economic development. The National Commission submits an annual report to Parliament.

3.3.8 The Official Language Commission

The Constitution makes a provision for setting up of a Commission on Official Languages. The President of India was empowered to appoint such a Commission, five years after the commencement of the Constitution and thereafter at the expiration of ten years from such commencement. The Commission is composed of a Chairman and such members representing the different languages specified in the Eighth Schedule. The President appoints the Chairman and members.

The Official Language Commission exercises the following functions. The Commission is to recommend to the President:

- a) The progress of the use of the Hindi language for the official purposes of the Union.
- b) The restriction on the use of the English language for all or any of the Official purposes of the Union.
- c) The form of numerals to be used for any one or more specified purposes of the Union.
- d) Any other matter referred to the Commission by the President as regards the Official language of the Union and the language for the Commission between the Union and a State or between one State and another and their use.

The recommendations of the Commission are examined by another Constitutional authority called the Committee of Parliament to Examine the Report of the Language Commission. After having considered the report, the President issues directions in accordance with the whole or any part of that report.

3.3.9 Commission for Linguistic Minorities

Article 350B of the Constitution, incorporated in 1956, provides: "There shall be a Special officer for Linguistic Minorities to be appointed by the President". The Special Officer investigates all matters relating to the safeguards provided for linguistic minorities under the Constitution and reports to the President upon such matters at such intervals as the President may direct.

3.3.10 Administrative Tribunals

The Constitution was amended in 1976 to provide for the establishment of administrative tribunals to adjudicate disputes and complaints with respect to recruitment and conditions of service of public personnel. The Central Administrative Tribunal was first set up in 1985. Its functions are to attend to disputes concerning recruitment and conditions of service of members of the all-India services and central services. The Central Administrative Tribunal is a multi-member body having membership drawn from both judicial and administrative backgrounds.

3.3.11 The Civil Services

The Constitution of India provides for the all India cadre of civil services. There are three types of All-India Services namely Indian Administrative Service, Indian Police Service and Indian Forest Service. The officers of the services are recruited on an all-India basis with common qualifications and uniform scales of pay. The Constitution also authorises the Parliament to regulate by law the recruitment and the conditions of services of persons appointed to the services. Like other federal polities, the centre and the constituent states, under the Indian Constitution have their separate public services to administer their respective matters. There are central services to administer union subjects such as defence, income tax, railway etc. The officers of these services are exclusively with the union government. Similarly states have their own separate and independent services.

3.4 OTHER IMPORTANT COMMISSIONS

In addition to Constitutional authorities and commissions, which we have discussed in the preceding section, there are other important commissions, which are not constitutional. They have been created by Act of Parliament. We shall be discussing three of those commissions below:

3.4.1 National Commission for Women

The National Commission for Women Act, 1990, established the National Commission for Women in 1992. It has six members including a member-secretary headed by a chairperson. All the members, including the chairperson, are women. The body exercises many functions. It undertakes the examination of legal safeguards for women under the Constitution and other laws, and makes recommendations for their effective implementation. It inspects jails, remand homes, etc., where women are kept under custody and suggests remedial action. Besides, it advises on the planning process of socio-economic development of women and evaluates the progress made.

3.4.2 National Commission for Backward Classes

Indian Parliament had passed the National Commission for Backward Classes Act in 1993 to set up a permanent body at the Centre to entertain, examine and recommend upon requests for inclusion and complaints of over-inclusion and under-inclusion in the list of other backward classes(OBCs) in accordance with the directions of the Supreme Court. The National Commission for Backward Classes has been in existence since August 1993.

All the Constitutional commissions and authorities share a few common characteristics mentioned below:

- 1) The President of India appoints the members.

- 2) Many of these functionaries and bodies are placed under an obligation to send their reports to the Government. The reports are required to be laid before each House of Parliament or before the state Legislature as the case may be. However, it is to be noted that functionaries like the Attorney-General of India, the Election Commission, the Advocate-General for the state, do not submit any report on their activities.

The Constitution has itself prescribed the procedure for removal of members. This procedure has been made deliberately difficult so that it cannot be used frivolously.

3.4.3 National Human Rights Commission and State Human Rights Commissions

Human rights are basic to a human being's existence, which allows him/her the freedom to lead a dignified and secure life of her/his choice. These include civil, political, economic, social and cultural rights. The Indian Constitution ensures protection of human rights wherein under Article 32, the individual has the right to move the Supreme Court for the enforcement of an individual's human rights. In 1993, the World Conference on Human Rights at Vienna, reaffirmed that it is the duty of all states, regardless of their political, economic and cultural systems to promote and protect all human rights and fundamental freedom. In tune with this, in 1993, the Indian government passed the Human Rights Protection Act.

In 1993, the Government had set up the National Human Rights Commission (NHRC) as an autonomous body to protect the human rights Act of 1993. The NHRC has eight members, a chairperson (a former chief justice of India), a present or former judge of the Supreme Court, a present or former chief justice of a High Court, two members from among those knowledgeable in the area of human rights, and the chairpersons of the National Commission for Women, National Commission for SCs and STs, and the National Commission on Minorities. There is a Secretary General who shall be the Chief Executive Officer of the Commission and shall exercise such powers and discharge such functions as delegated from time to time.

As per the act, the following functions shall be performed by the NHRC:

Inquire, suo moto or on a petition presented to it by a victim or any person on his behalf, into complaint of

- Violation of human rights or abetment thereof or
- Negligence in the prevention of such violation, by a public servant
- Intervene in any proceeding involving any allegation of violation of human rights pending before a court with the approval of such court
- Visit, under intimation to the State Government, any jail or any other institution under the control of the State Government, where persons are detained or lodged for purposes of treatment, reformation or protection to study the living conditions of the inmates and make recommendations thereon.
- Review the safeguards provided by or under the Constitution of India or any law for the time being in force for the protection of human rights and recommend measures for their effective implementation

- Review the factors, including acts of terrorism that inhibit the enjoyment of human rights and recommend appropriate remedial measures.
- Study treaties and other international instruments on human rights and make recommendations for their effective implementation.
- Spread human rights literacy among various sections of society and promote awareness of the safeguards available for the protection of these rights through publications, the media, seminars and other available means.
- Encourage the efforts of non-governmental organisations and institutions working in the field of human rights
- Such other functions as it may consider necessary for the protection of human rights in India.

State Human Rights Commissions (SHRCs) have been set up in the states of Assam, Kerala, Manipur, Rajasthan, West Bengal, Himachal Pradesh, Madhya Pradesh, Orissa, Tamil Nadu, Chattisgarh, Jammu & Kashmir, Maharashtra, Punjab and Uttar Pradesh.

3.5 CONCLUSION

Constitutionalism is one of the most important landmarks in the governance of post-independent India. The liberal democratic Constitution of India as the basic law of the land has made specific provisions to secure for the citizens of the country, social, political and economic justice, liberty, equality, dignity of individuals, and to ensure unity and integrity of the nation. To achieve these constitutional objectives, the Constitution itself has created some important authorities and Commissions. The Constitutional provisions and the authorities and commissions determine the scope and activities of the public systems, and public systems management in India has to operate within the constitutional framework and on the basis of the principles enshrined in the Constitution.

3.6 KEY CONCEPTS

Consolidated Fund of India

It is the fund which consists of all revenues received by the government, loans raised by it and receipts from recoveries of loans granted by it. All government expenditure is incurred from the Consolidated Fund and no amount can be withdrawn from the fund without authorisation from the Parliament.

Contingency Fund

The contingency fund is utilised to meet urgent unforeseen expenditure pending authorisation from the Parliament. Any expenditure incurred from the fund, when the Parliament is not in session, is obtained subsequently and the amount spent from the fund is recouped.

Judicial Review

Judicial review implies the power of the judiciary i.e. courts to examine the legality and constitutionality of administrative acts of officials, executive orders and legislative enactments. It is a method of exercising judicial control. Judicial review is subject to constitutional provisions and respective acts that deal with administrative decisions in particular matters.

Public Account

It comprises money from other transactions of the government such as Provident Fund, small savings collections, other deposits etc.

Westminster Model

This model is generally identified with British form of government. Its key characteristics include parliamentary sovereignty, accountability through free and fair elections, strong cabinet government, collective responsibility, central government dominance, ministerial responsibility and neutral civil service.

3.7 REFERENCES AND FURTHER READING

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3.8 ACTIVITIES

- 1 Undertake a case study on any one of the Constitutional bodies or institutions to evaluate its activities. For the purpose of study, collect the relevant information from the sources of books, news papers, magazines, articles published in various journals, reports if any, about the structure, composition, powers, functions, role and evaluation of a particular institution or body. Suggest measures to strengthen the institution.
2. Prepare a brief report on any one of the National Commissions on Women / Backward Classes /Scheduled Castes and Scheduled Tribes etc, pertaining to its need, origin, structure, composition, powers and functions etc. The report also should analyse the role as a special agency how it is contributing for the development of target group.

UNIT 4 PUBLIC SYSTEMS MANAGEMENT: POLITICAL CONTEXT

Structure

- 4.0 Learning Outcome
- 4.1 Introduction
- 4.2 Political Environment
- 4.3 Roll back of the State
- 4.4 Role of Regulatory State
- 4.5 Rise of New Managerialism and Competitive Environment
- 4.6 Citizens' Rights
- 4.7 Conclusion
- 4.8 Key Concepts
- 4.9 References and Further Reading
- 4.10 Activities

4.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Comprehend the dynamic nature of political environment of public systems management in India
- Highlight the emerging ideas about the roll back of the State and explain the role of the regulatory State; and
- Discuss the impact of managerial reforms that are undertaken to enhance the efficiency of public systems management.

4.1 INTRODUCTION

The public systems management of a country is embedded in its prevailing social, cultural, economic and political situation. It is essential, in this context, to understand also the dynamic nature and role of the State functioning within the framework of a Constitution with the help of vital apparatuses of governance. In this Unit, an attempt is made to discuss public systems management in the context of prevailing political environment with special reference to India.

4.2 POLITICAL ENVIRONMENT

The public systems – the bureaucracy, parastatal bodies, local government institutions and other bodies functioning in public interest – are all managed within the broader framework of a political system. It is, therefore, natural that the changes in political environment affect the public systems management of a country.

After independence, India adopted Parliamentary form of democracy as an institutional model of governance. In this system of governance, the executive is

responsible to the legislature. Another important feature of the Indian political system is federalism. Although, the word 'federation' is nowhere mentioned in the Constitution, all the structural features of a federal government are present and operative in India.

Indian system of government has a combination of two classical models: the British tradition of parliamentary sovereignty and conventions and the American principles of supremacy of a written Constitution, and the judicial review. India has thus a parliamentary federalism based on both parliamentary practices and federal principles.

The liberal democratic federal State of India has endeavoured to develop the country through efficient management of the public systems. The major political developments of the last fifty years can be summed up as : (a) loosening of centralism and corresponding growth of regional power – more assertive states demanding increasing autonomy in terms of powers and resources and favouring 'real' federalisation of the political system (b) gradual dismantling of a long-practiced single-party dominance system, (c) rise of plethora of regional parties creating in the process more and more pressures on the centre from the periphery, (d) fragmentation of the Indian party system relying on different kinds of loyalties such as personal, caste and ethnicity, and regional interests, (e) coalition politics both at the centre and the states with its consequent bargaining culture and fluidity of inter-party relationships, (f) criminalisation and communalisation of politics and robbing it of its 'secular' character; and (g) steady decline in 'democratic ethics' – politics being more a 'power' seeking game than a people's welfare-maximising process. At the same time, on the positive side, there has been a broadening of the political base by bringing in the 'gender' dimension (increasing women's participation at the local level); and by 'empowering' the poor and the socially marginalised.

Coalition or minority politics owing to the plurality of Indian society and regional diversities resulting into multi party system has come to stay in the political governance of India. As a result, smaller parties and regional parties are playing a significant role in governance. Due to compulsions of circumstances arising out of coalition politics, the constituent states do not remain mere instruments of the Union. Chakrabarty (2003), has rightly pointed out that in India, a process of legislative federalism has begun in which the upper chamber, representing the units of the federal government is as powerful as the lower chamber. The Rajya Sabha will be not only an effective forum for the regions; its role in the legislative process will also be significant and substantial. The rejection of the Prevention of Terrorism Ordinance (POTO) in early 2002 is an example showing that the Rajya Sabha had asserted its independence by rejecting the ordinance, which had already been endorsed by the Lok Sabha. The coalition politics is also creating a threat to parliamentary system in the sense of a seeming breakdown of 'consensual politics' of the past. For instance, Indian parliament had approved the Union budget 2004-05, without any discussion on the taxation proposals due to the stand off between the ruling alliance and the opposition National Democratic Alliance. Indian Parliament had seen an unprecedented situation when the President's address, the Railway budget, the Demands for Grants and Finance Bill were passed without any discussion.

India's political – administrative structure has undergone tremendous changes to adapt to changing circumstances like globalisation, liberalisation and privatisation. Parliament continues to remain supreme though the constituent states have become more powerful than before. Under the changed circumstances, there is a clear shift of emphasis from the westminster model to federal traditions. Federalism has generated pressures for decentralisation of powers and functions of governments from national to lower levels paving the way for competitive federalism on the one hand and for

intergovernmental cooperation to regulate or resolve conflicts and externalities that such competition creates on the other. The 73rd and 74th Constitutional Amendment Acts of 1992 illustrate this trend.

The expansion of political participation in the last two decades has placed the disadvantaged and marginalised groups at the centre of the political system and governance at all levels. The processes and strategies of political empowerment of disadvantaged groups are also showing impact on the political environment of the country.

Indian democracy has been facing challenges since 1990s due to the emergence of a new phase in Indian politics. The challenges of globalisation and economic reforms on the one hand, and identity politics on the other, have tended to exert contrary pressures on the State, pulling it in opposite directions. The economic reforms envisage a gradual curtailment of the role of the State, whereas the identity politics seeks to reinvent the State altogether, to give it a renewed primacy as an agent of radical social reforms. As a result, the Indian State and the modes of governance in the country are undergoing a marked change.

Another significant phenomenon that has considerable relevance for the present discussion is a steady erosion of bureaucratic professionalism especially at the higher levels. Politicisation of bureaucracy is responsible for this to a great extent. While some consider civil servants as victims of politicisation due to frequent transfers and interference by politicians in their functioning, others feel the increasing nexus between politicians and bureaucrats for promotion of their personal gains. We find, bureaucracy compromising neutrality, integrity, anonymity for securing plum positions and related favours. The recent case of a former District Magistrate of Patna amassing and diverting huge funds meant for flood relief to a fictitious firm indicates the depth of the problem.

There are also instances of honest, competent civil servants getting frequently transferred, and posted to such positions which demotivates and prevents them from performing functions effectively. The Prime Minister also expressed serious concern over the issue of short tenures in his recent meeting with 354 District Magistrates wherein he indicated that transfers should not be on the basis of political reasons and there is a need for fixed tenure.

What is of utmost concern is the increasing politicisation of the bureaucracy – almost a regular trend towards bureaucracy-politician nexus working more for private interest than public interest. Hence in recent times considerable attention is being paid towards introducing reforms in civil service. Structural remedies are being sought by bringing changes in the recruitment processes and other kindred measures such as well designed training programmes etc. Professionalism needs to be built and sustained in the civil service functioning. The role of political and permanent executives in the governance process needs to be clearly redefined. The political executive, no doubt, enjoys supremacy in the democracy, but it has to be within certain boundaries along with requisite autonomy to the civil service.

There have been several attempts to bring about civil service reforms by focusing on key aspects. The Government of India had set up a Committee headed by P.C.Hota in February, 2004 to examine the whole gamut of civil service reform in India. The Committee was to suggest among other things, ways and means to make the civil service responsive, citizen friendly, accountable, ethical and to protect the members of the services from wrongful pressures exerted by political executives, business and other vested interests.

To remedy the situation, the Committee has suggested the introduction of tenure posting in all posts from Cabinet Secretary to District Magistrate. The issue of political interference was dealt with and the Committee recommended the constitution of independent commissions in each state to protect police officers from mala fide transfer/suspension order. It also recommended amendments to Article 311 to provide for summary removal of corrupt officers by an order of the President or Governor

Public systems management should understand the dynamics of the political system within which it lives and functions. It has additionally to reorient itself to cope with the forces of globalisation and international competition. The Indian politico-administrative system, which is based on democratic participation, federal arrangements of governance, secularism and social accommodation has to respond positively both to domestic demands and the needs of a globalising world.

4.3 ROLL BACK OF THE STATE

The State has the authority to frame laws for the purpose of governance. Traditionally governance has stood for the forms of political system and the manner in which power is exercised in utilising country's economic and social resources for development. It also deals with the capacity of government to design, formulate and implement policies, and to discharge governmental functions.

Currently, the State and existing modes of governance in India are facing challenges from two sources: One, the process of globalisation and its domestic face-economic reforms leading to liberalisation and loosening of the grip of the State on the economy and two, the emergence of a new discourse of civil society evident in the increasing role played by the non-governmental organisations, community-based organisations, and even spontaneous grassroots people's movements aspiring to take on many of the developmental functions which had until this time been in the domain of the State, and interrogating the State in respect of its taken-for-granted sphere of rule.

Since the early 1980s, two different kinds of orientations in social and political ideology have been noticed throughout the world. On one side, there is pressure for rolling back the State for achieving economic efficiency and on the other there are increasing demands for greater social and political action to empower the socio-economically vulnerable marginalised sections of society and to protect their interests.

The last two decades have witnessed the transformation of economies from command to market-orientation. It has brought the notion that the traditional State model has failed to evolve and implement effective policies, programmes and services to the satisfaction of citizens. The response, therefore, has been in terms of a series of reforms that have been initiated and directed towards bringing about a change in the organisation and management of the public systems and institutions. Improvement in the quality of services being provided, maintaining efficiency and curbing public expenditure have been the key guiding factors in the reform process. Concepts like efficacy of State vs. market, increasing managerial orientation in governmental activities and promotion of privatisation as a panacea for several administrative problems have gained popularity in public systems management.

The process of retreat of State as a producer of goods and services involves exercise of several options in a variety of areas. As a producer of commercial goods and services, the major option exercised by the government has been to permit entry of private sector in activities that were earlier reserved for public ownership. This option does not necessarily involve retreat of State in absolute terms. Currently, except for

sectors such as defence, entry of the private sector in most sectors is permitted, and in fact, encouraged in India. These include oil exploration, power production, telecom services, etc., The change was operationalised through a series of Statements on Industrial Policy. Second, exit of public enterprises in terms of closure, is technically permitted under the aegis of Sick Industrial Companies Act, which was amended to bring public enterprises within its jurisdiction. Third, exit of workers in public enterprises has been enabled and encouraged through adoption of voluntary retirement schemes and creation of National Renewal Fund. Fourth, some public enterprises have been corporatised (that is converted into companies under Companies Act), and in many public enterprises, private equity holders were brought in. The public enterprise sector which was invariably a 100 per cent government-owned earlier, became one in which there were some enterprises with diversified ownership, although in many cases, majority ownership continues with government. Fifth, significant autonomy in functioning of public enterprises has been announced and some attempts have also been made in this direction. Sixth, in a few cases, government took up the financial restructuring of enterprises to enable these enterprises to compete with private enterprises and meet the threat of imports under a liberalised trade regime. Seventh, compared to the past, a hard budget constraint has been imposed on the public enterprises. Eighth, preferential treatment to public enterprises through exclusivity or price preference in purchases or sales within public sector has been formally dispensed with. Ninth, privatisation involving transfer of majority ownership to private sector and change of control has been conspicuous by its absence.

It has been suggested that style of governance tends to change in response to new kind of politics emerging under changed domestic circumstances in a country. Alternatively, change in governance style can take place because of the rise of a strong private sector and the emergence and growth of a vibrant civil society. In India, effective governance in days to come is likely to take shape in the form of a joint endeavour of the government organisations, NGOs, civil society, private sector and other institutions.

The recent years have seen an increasing tendency for the governments to handover developmental tasks to non-governmental organisations for implementation. Geoff Woods developed the concept of “Franchise State” in which he describes NGO as public service contractor for the State. When the State transfers the implementation of development programmes from its own departments to NGOs, this does not necessarily imply a rolling back of the State. Rather the State now draws upon the expertise offered by NGOs as public service contractors. The main role of the redefined State should be sustainable human development with contributions from NGOs, civil societies, and the private sector. It is to be observed that the role of State has not ended in the new liberal political environment; only its nature seems to be changing.

4.4 ROLE OF REGULATORY STATE

State's role in economic activity can be broadly classified into that of Producer-State, i.e. producer of commercial goods and services; Regulatory-State, involving setting and enforcing of rules that govern, encourage or discourage economic activities of market participants; Facilitator-State, involving provision of public goods such as police, judiciary, street lighting; and Welfare State, ensuring provision of a wide variety of merit goods such as education and health.

While there were attempts to reduce the role of State as a 'producer', correspondingly, there has been deregulation in some and expansion of State in other areas as a regulator. Dismantling of industrial licensing and liberalisation of trade are the best examples of retreat of a regulatory State. But, in many other areas, there has been expansion. For example, in telecommunication, in the areas of ports and electricity, national level regulatory authorities under appropriate statutes have been established. Similar initiatives are being considered in some other sectors also. The regulatory authorities are expected to exercise independence from the ministries or a public or private enterprise concerned and provide a framework for entry and operating conditions, especially tariff, in a way that would ensure assurances and protections to investors and consumers, whose interests often conflict in a monopoly like situation.

Though at a macro-level there has been deregulation, it is often argued that there are still a plethora of regulatory clearances that are required, thus undermining the full impact of deregulation. The process of expanding regulatory role is sometimes described as incomplete, if not inadequate, on the ground that the constitution of regulatory authorities is not necessarily apolitical or designed to counter political cycles; that they are being undermined by ministries concerned either on account of narrow interests of public enterprises or to serve what the ministry perceives to be larger public interest and that the regulatory authorities are inadequately provided for, in regard to physical, financial or human resources, to perform their tasks, efficiently and effectively. However, it is undeniable that a basic framework of a more transparent, accountable and, expanded role of State as a regulator has been put in place in many crucial sectors. More important, there may be many other areas, in particular, an overall competition policy, and customer-protection, setting minimum acceptable levels of standards in services sector, restrictive practices adopted by trade unions affecting consumer interests etc. that need to be pursued further.

India, as a Welfare State is considered as a major service provider, regulator and operator of services. But with experience it was gradually realised that in practice infrastructure services provided by the State were of poor quality with inadequate coverage and at unreasonably higher costs. Governments in many developed countries began to recognise and allow private sector involvement in infrastructure services so as to enhance efficiency and to reduce the strain on public finance. As a result, public sector participation increased tremendously during 1990s in all sectors of the economy and in all regions. In the post-1990 era of global economic liberalisation, India decided to allow the private sector to supply and improve the efficiency of quite a few services that had earlier been in the public sector. To minimise government involvement, regulatory bodies are being formed in different sectors, viz finance, infrastructure, etc. These institutions are entrusted with wide-ranging duties and powers related to the provision of infrastructure facilities and services to all citizens. The objective of regulatory framework is to avoid unhealthy competition and to ensure reasonable price of services and products to the citizens. Regulatory bodies have an important task to create a suitable condition for public-private partnership besides attracting additional financial resources for economic growth.

Regulatory framework needs to be evolved cautiously and carefully so as to provide a level- playing field to all stakeholders, efficient services at low cost to consumers, more jobs and overall better quality of life to everyone. The main objective is to generate public confidence in the regulatory process. The regulators are required to function in quasi judicial, impartial and transparent manner. Therefore, a sensible and well-functioning regulatory mechanism with prudent norms is need of the hour.

4.5 RISE OF NEW MANAGERIALISM AND COMPETITIVE ENVIRONMENT

The 1980s and early 1990s have seen the emergence of a new managerial approach in public administration in response to the inadequacies of the traditional public administration mode.

The managerial approach argues that instead of regulating administrative action by rules and hierarchical authority, the countries need to follow two broad approaches for the improvement of public systems efficiency. The first is to enhance the production performance of public systems and second to make a greater use of information technology in public service delivery. The main elements involved in the managerial model are:

- i) Improving human resources including performance pay
- ii) Involving staff in decision-making
- iii) Relaxing controls, but imposing performance targets
- iv) Using information technology
- v) Providing service to clients
- vi) Imposing user charges
- vii) Contracting out; and
- viii) Deregulating monopolies.

Modern governments have reinvented the administration making them more entrepreneurial, and business like. This requires discarding obsolete initiatives, willingness to do more with less and eagerness to absorb new ideas. Governments ought to become 'competitive' in character, accepting willingly competition with the private sector and among government agencies. The reforms in India are intended for encouraging competition in public systems, increasing the level of performance and minimising costs. Efficiency of public sector has become the key issue in the reforms discourse. Injecting competition into service delivery to bring about change through market-based incentives is a strategy to improve the efficiency of public systems. Under the impact of market-oriented government, citizen as a consumer and customer receives recognition, which invests him/her with the power to force efficiency on the suppliers of public services as well as hold those who are the unresponsive. The factors like information technology, rise of consumer expectations have contributed to the rise of entrepreneurial government identified with increased competition in public service delivery. Governments promote competition between diverse providers of goods and services. Even healthy competition between public and private systems is encouraged to improve quality of performance and accelerate the pace of work. In India, a wide range of changes have been initiated in the direction of increasing space for private sector and market mechanisms. Significant responsibilities which hitherto lay in State jurisdiction have been transferred to private or non-governmental sectors to inject competition in public service delivery. The third world countries including India, have introduced managerial reforms, as a part of aid conditionalities imposed by the World Bank and the International Monetary Fund.

The Structural Adjustment and Stabilisation Programme in India in 1991 aimed at reduced budgetary support to public sector enterprises, disinvestment, corporatisation and outsourcing of certain activities, with the government concentrating on core activities. There have also been the introduction of user charges, and reduction of subsidies to public services like health and education. To provide responsive and

citizen-friendly administration, attempts have been made to introduce citizens' charters, strengthen redressal grievance machinery, and initiate e-governance measures in various public service delivery mechanisms. In this context, the managers of public systems are needed to be receptive to competition and have open-minded attitude to meet their performance targets.

Empowering consumers rather than serving them is the objective of market-centred reforms. The reforms should bring efficiency and effectiveness among public systems and make them people-centric, decentralised, and participatory and development-oriented.

4.6 CITIZENS' RIGHTS

The first component relates to managerial approach that aims at delivery of high quality services that citizens value. The fundamental requirement of public system is citizens' orientation. It involves adherence to declared standards of performance, sharing of information, openness and a system of providing choice and consultation to the citizens. In simple terms, greater transparency in various aspects of public systems management is the need of the hour.

In democratic governance, people are expected to participate in governmental process. Access to information is a precondition for effective peoples' participation. In India, steps such as legislation on Right to Information, introduction of citizens' charter, strengthening of existing grievance redressal machinery at all levels, empowering citizens especially the weaker sections, closer interaction of citizens' groups, consumer associations and local social groups have already been ensured to enable the identification of problems and ensure prompt action. Thus, in India a consensus has emerged on achieving the goals of accountability, right to information and improved performance and public systems integrity.

The last decade has seen a great deal of activity over Right to Information (RTI). The RTI legislation has been enacted in as many as nine states-Rajasthan, Maharashtra, Karnataka, Tamil Nadu, Goa, Delhi, Madhya Pradesh, Assam and Jammu and Kashmir. In some states, RTI is in operation at the Panchayat level or in some government departments. This legislation has been recently enacted at the Central government level. We shall be discussing this in detail in Unit 21 of this Course.

India's grassroots experience in invoking RTI to strengthen democratic institutions and improve governance has attracted global attention. The work of Mazdoor Kisan Shakti Sangathan (MKSS) in the villages of Rajasthan has been particularly inspiring in this context. Villagers use RTI to obtain official records like bills, vouchers and muster rolls from the Panchayat or block office. They compare the records with development work at the actual site or with the experience of workers employed at the rural employment or drought relief works. This participatory exercise enables villagers to gauge the extent to which development relief funds have been diverted. This is followed by a public hearing in which all the records and on-site reports are placed before villagers, officials, media persons and a panel of respected persons. Right to information law not only exposes corruption, but also encourages people to actively participate in development process. This strengthening of grassroots democracy is perhaps a more significant contribution than the reduction of financial irregularities. The RTI law has been widely used in Delhi and Rajasthan to expose corruption in the public distribution system. An effective RTI should be seen as a prerequisite of a mature, genuine, and participative democracy.

The citizens' charter programme was initiated in 1991 to make the services offered by the various public systems responsive to the needs of the users. The central and state governments have commenced a phased introduction of citizens' charters in various ministries and their attached and subordinate offices to draw, publish and work towards clear set of service standards. In addition, public systems have been taking measures such as setting up of customer care centres to provide information, establishing computerised web-based multi-utility centres and a wide variety of services to citizens pertaining to payment of bills, filing of returns, down loading and submission of applications etc., to make service delivery efficient, accountable and citizen-friendly. In an era of managerial governance, empowering the citizens assumes crucial significance.

It is important to note that India has no dearth of Constitutional and legal statements of rights of citizens and responsibilities of State. What is required is an effective policy in the right direction. In this context, Dolly Arora(2000) has rightly pointed out that reforming the public systems for citizens' empowerment through citizens' charter is only a symbolic and superficial exercise in so far as it ignores the complexities of politico-economic scenario and its implications. In a country where nearly 38 percent of population cannot even read or write, mere documentation exercise in the form of citizens' charter will make no difference to the capacity of people to either demand or get their rightful claims on public services.

4.7 CONCLUSION

Public systems and political environment are closely related and both influence each other. India has a liberal democratic political system. The system of governance in India is based on the parliamentary form of democracy in which the executive is responsible to the legislature. Federalism is another feature of Indian political system. Coalition or minority politics accompanied by multi-party system owing to the plurality of Indian society and regional diversities has come to stay in the political governance of India.

India's political system has undergone tremendous changes since the 1980s in response to changing circumstances like globalisation, liberalisation and privatisation. Public systems management should understand the dynamics of the political system and enhance its capacity to cope with the forces of globalisation and international competition. And at the same time, its ultimate responsibility to live up to people's expectations and needs in a democracy need to be always kept in mind.

4.8 KEY CONCEPTS

Prevention of Terrorism Ordinance (POTO)

This ordinance was promulgated in 2001. It makes provisions for prevention of and dealing with terrorist activities and for matters connected with it.

Structural Adjustment and Stabilisation Policy (SA&SP)

During 1980s and 1990s, a need was felt for bringing about structural changes in many countries to enable market forces play a key role. This comprises the reform measures promoted by IMF, World Bank, US Congress etc which aimed to address the economic crisis especially by the Latin America countries. This strategy intended to stabilise the economy, through some structural measures in trade, financial areas, through privatisation and deregulation of domestic markets. The reforms aimed at

correcting imbalance in the balance of payments, government budgets, money supply, letting markets work etc.

User Charges

These are charges imposed for providing services or sale of products in connection with government activities. These are paid by citizens for consumption of goods and services and do not include fees for capital costs. User fees are charged to improve resources allocation in public sector in some countries.

4.9 REFERENCES AND FURTHER READING

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4.10 ACTIVITIES

1. Identify Non-governmental organisations (NGOs) existing in your area and prepare a brief report on any one of the NGOs. The report should explain its origin, goals and objectives, role and activities undertaken in implementing developmental programmes.
2. Ascertain information from your academic counsellor pertaining to regulatory bodies /authorities established in different sectors and prepare a brief report on one of the regulatory bodies. The report need to express its structure, objectives, functions and perceptions of people on its relevance and functioning.

UNIT 5 PUBLIC SYSTEMS MANAGEMENT: SOCIO-ECONOMIC CONTEXT

Structure

- 5.0 Learning Outcome
- 5.1 Introduction
- 5.2 Social Context
- 5.3 Economic Context
- 5.4 Changing Nature of State and Economy
- 5.5 Conclusion
- 5.6 Key Concepts
- 5.7 References and Further Reading
- 5.8 Activities

5.0 LEARNING OUTCOME

After reading this Unit, you should be able to:

- Explain the various social factors that determine the environment of public systems
- Know the economic environment of public systems management; and
- Appreciate the changing nature of State and economy in India.

5.1 INTRODUCTION

A comprehensive understanding of the socio-economic context of a country is necessary to understand the functioning of its public systems. The latter are embedded in the country's socio-cultural and economic sub-systems. For the creation of an effective public systems management and to maintain its operational efficiency, one must know the socio-cultural and economic environment in which the public systems exist. So far as India's public management system is concerned, it is thus necessary to carefully analyse the country's socio-economic factors that set the background and profoundly influence the structure and operation of the management system. An attempt is made in this Unit to identify and analyse the critical socio-economic factors that vitally affect the organisation and working of public systems management in India.

5.2 SOCIAL CONTEXT

The entire gamut of the society interacts with the public systems, which in turn impact on the society. The culture of a society is a historically evolved 'way of collective living' embracing all aspects of social life: rites and rituals, habits and attitudes, art and architecture, and more importantly, a set of durable social values and norms that structure and influence the style and subtle nuances of collective living. A country's political life, constitutional laws, and administrative rules and regulations and relations are greatly influenced by its societal traditions, culture and values.

Obviously, therefore, a suitable social culture plays an important role in the sound management (or otherwise) of any public system. In the Indian situation, public systems management needs thus to be related to India's societal context with special reference to the roles of religion, caste, and women, family, and rural urban interface.

Religion

India is a country of continental dimensions. It has a multi-ethnic society. It believes in the principle of unity in diversity. Equal respect for all religions is a positive aspect of Indian society. But the emergence of communal parties and organisations has often contributed to mounting tensions disturbing the peace and tranquility of the nation. Occasional eruptions of communal disharmony test the strength of the public systems in maintaining law and order and social harmony among the religious groups. A great amount of administrative energy is spent to check undesirable communal activities in some parts of the country.

Caste

India has historically evolved as a pluralistic society vertically clustered into myriad castes and sub-castes. Caste system is the most important feature of Indian social life. Caste regulates the social behaviour of the people. It has been a dominant factor in Indian society from centuries. After independence, this factor has assumed an important political role. In many states, it has permeated politics and elections, formation of political parties, and even public appointments and general administrative affairs.

India is committed to economic and social development of the disadvantaged sections of the society. As a result, a policy of positive discrimination is enshrined in the Constitution. The Constitution has provided special protection to scheduled castes and scheduled tribes. These reservations, which are constitutionally provided for the initial period of ten years, get routinely extended. New groups of people are brought under the reservation umbrella and the percentage is also getting raised. Caste consciousness and caste mobilisation have been on the increase under democracy since the 1990s. The managers of public systems are exposed to forces drawing sustenance from caste, community, religion, language etc. Indian society still remains feudal and the majority of employees of public systems come from this feudal background.

Most recent studies of caste look at it as a dynamic force, which though weakened over the last five decades of developmental experience in certain respects, has grown stronger in some others. The forms of its manifestation have indeed changed. Today caste is talked about not so much as an aspect of socio-cultural life as in terms of the politico-administrative context.

Language

India is characterised by linguistic diversity. It is varied with over 1600 languages and dialects. Three fourths of the population in India speak languages which descend from Sanskrit. These include Assamese, Bengali, Gujarati, Hindi, Kashmiri, Marathi, Oriya, Punjabi, Sindhi and Urdu. All these languages enjoy official status. Nearly one fourth of the Indians speak languages belonging to the Dravidian family which comprise Kannada, Malayalam, Tamil and Telugu. According to statistics, there are additional languages grouped in several clusters that account for less than 5 per cent of the population. The Eighth Schedule of the Indian Constitution (Articles 344 (1) and 351), provide for twenty two languages. Linguistic diversity in India has far reaching political repercussions, in formation of the different states and emergence of regional political parties.

Joint Family System

In all societies family is the basic unit. Joint family system was considered to be one of the three pillars of the Indian social structure, the other two pillars being caste and self-sufficient village community. In this system, the head of the family is usually the father or the eldest male member. Every member of the family is expected to obey the head of the family. Every one of the joint family members is subordinate to the larger interests of the family group. Each one is expected to maintain the tradition and honour of the family.

When ideas of individualism began to affect Indian society, the joint family system was criticised as it tended to deprive the individual of his/her liberty. The characteristics of the joint family system in the social life have an impact on the public systems also. As a member of joint family, the interests of joint family, rather than the interests of the organisation may at times guide the actions of public systems employees. The membership of the caste group and social obligations to his / her own kith and kin may affect the objective functioning of the manager. These primordial loyalties pose a challenge to the impartial working of the public systems. At the same time, the culture of sharing and caring so common in a joint family system does have beneficial effect on the collective functioning of an organisation.

Women

Women have always been highly respected in the social and economic activities of the society. Generally, their position in family has been determined by their marital status. All of them are dependent on the head of the family, the father-in-law, the husband and the son.

Women at present are demanding their emancipation and agitating for more opportunities for independent functioning. The government has passed laws prohibiting social evils such as child marriage, sati and dowry. But in practice the law has not been properly implemented in most of the cases. It is the responsibility of the State to provide economic independence to women by providing equal opportunities in public employment. The percentage of women employment is not at all in proportion to their population. A number of womens organisations are working for the liberation of the women to realise their role in the society and in the productive process. However, their efforts are not producing the results expected. Therefore, the State and its administration have to play a key role to create conducive environment towards the all round development of women. Many development schemes have been formulated to improve the economic condition of women and there is a conscious attempt on increasing the share of women in public appointments.

In the recent past, there has been an improvement in the status of women in governance and they are occupying various key positions in the management of public systems. The capabilities, inherent talents and capacities of women are contributing much to improve the efficiency of public systems. The empowerment of women is assuming increasing significance about which we shall be discussing in Unit 24 of this Course.

Growing Violence

Growing violence has affected social environment as well as the activities of public systems. This growing violence includes not only inter-communal, inter-caste, inter-language conflicts but it has taken other forms, for example demand for separate states, violence in industrial strikes, terrorist activities etc. These undesirable happenings offer critical challenges to the working of the public systems. In this

context, public systems have to act as instruments of social change. The root causes of social violence need to be carefully studied and appropriate steps taken to meet them. Another important point to be noted in our system of governance is an increasing trend toward citizen alienation. Active participation of citizens and attending to their complaints and grievances are yet to gain significance in our public systems management. Human aspect is still a missing attribute in the management of our public systems.

Rural-Urban Interface

In India not only the rural-urban distinction, but also rural-urban dualism persists. There are sharp regional variations in the levels of socio-economic development. The importance of purposeful relationships between the rural hinterland and the urban areas need hardly any emphasis. The Rural-urban Relationship Committee (1966) quoted that, “it must be realised that the human being is basically and ultimately at the center of the stage and any parceling out of human groups on the basis of their place of occupation would be improper”. The action, reaction and the interaction of the rural and urban communities can be identified at the social, economic and administrative levels. The impact of technology and tremendous advances in communication has made the distance between the rural and urban areas very much narrower. The contacts between the town and the village are on the increase. It is necessary now to weave together and integrate the development of both urban and rural areas.

Poverty, large-scale unemployment, massive population growth, rampant corruption and wastage of public funds are other social problems that have been adversely affecting our public systems. India today possesses about 2.4 percent of the total land area, but has to support about 16.85 percent of the world population. India's population according to the census of 2001(provisional) was 102.70 crore. Economic development has made great strides no doubt, at the same time; however, the country faces even now glaring disparity between the rich and the poor. The poor are four fifths of the population. The top 20 percent of the population take nearly half of the Gross National Product, whereas the bottom 20 per cent is left with only seven percent. Women empowerment and gender justice remain distinct goals in the society. There are many disconcerting features also causing concern for public systems management in the country, important among which are deteriorating law and order situation in many parts of the country, criminalisation of politics, politicisation of the administrative machinery, and occasional financial scams and scandals. Concern has been expressed in different quarters about falling standards, norms and values, and a general leadership crisis. The distortions of the Indian socio-economic systems have given rise to social and political movements, insurgency, ethnic upsurge and agrarian social conflicts and the problems of law and order. Despite the policy of reservations, the socio-economic status of scheduled castes, scheduled tribes and other backward classes, has not improved appreciably. All these social conditions have been impinging on the working of the public systems and pressurising them for the changed roles in tune with the new demands and aspirations rising from the socio-economic environment.

The approach paper of India's Tenth Five year Plan emphasises that the “economic prosperity measured in terms of per capita GDP does not always ensure enrichment in quality of life as reflected for instance, in the social indicators on health, longevity, literacy and environmental sustainability etc. Development has to give due regard to equity and social justice. The role of government is now largely becoming that of “facilitator” and ‘regulator” of development”. The government has now realised the need to release latent energies and stimulate private initiatives in various facets of our

development process. Now, development has to be the collective effort of individuals, NGOs, private sector and the public sector.

In this changing scenario, public systems need to evolve a collaborative environment for achieving developmental goals. They have to play a major developmental role in the social sector like health care, education and upliftment of the disadvantaged sections of people. They have to work not only towards productivity and growth but also for social justice and equity. Public systems management needs to adopt public-private participatory approach for successful achievement of developmental results. Public systems have to work towards bringing about a perceptible change in economic development, distributive justice and social equity.

5.3 ECONOMIC CONTEXT

Economic factors affect the nature, organisation and functioning of public systems. The economic life of a country is regulated by its legal and administrative system. Economic factors and public systems act and react on each other. The economic features are country specific and historical in nature.

Historically speaking India has always been predominantly an agrarian society. Even today majority of the population is dependent on agriculture. Despite considerable economic growth through planned development, poverty, unemployment, scarcity of resources continue to bedevil the Indian economy. The rapidly growing population has partly wiped out the economic gains achieved by the planning process. The following are the broad features of the economic system in India within which the public systems operate.

Agriculture-based Economy

The share of agriculture in national income is often taken as an indicator of economic development. In fact, development of agriculture is a vital pre-condition of sectoral diversification and hence of development itself.

India lives in its villages. A very large section of the people live on land and agriculture. India's economy is mainly agricultural economy dominated by small scale peasant production. To a large extent, it depends on rainfall, favourable climatic conditions and some irrigational facilities that are being augmented on planned basis.

Indian agriculture has been the source of supply of raw materials to many leading industries. In recent years, the importance of food processing industries is being increasingly recognised both for generation of income and employment.

Poverty

Poverty can be defined as a social phenomenon in which a section of the people is unable to meet even the basic necessities of life. The Human Development Report 2001 has computed human poverty index on the basis of certain indices for 90 developing countries. India's rank in terms of this index is 55. The Ministry of Urban Development and Poverty Alleviation has estimated that 260.3 million people both in rural and urban areas of the country in 1999-2000 are in poverty.

Unemployment

Most of the unemployment in India is structural in nature. During the 1961-2001 period, population in this country had grown at an alarming rate of around 2.15 percent per annum and with it the number of people coming to the labour market in search of jobs has also increased rapidly, whereas employment opportunities did not increase correspondingly due to slow economic growth. Hence, there has been an

increase in the volume of unemployment from one plan period to another. The Tenth Five Year Plan hopes that the targeted 8.0 percent per annum increase in GDP during the plan period will solve the unemployment problem in India.

Industrial Policy Resolution

The concept of “industrial policy” is comprehensive as it covers all those procedures, principles, policies, rules and regulations, which guide the industrial undertakings of a country and shape the pattern of industrialisation. It incorporates fiscal and monetary policies, tariff policy, labour policy and reflects government’s attitude not only towards external assistance but also the public and private sectors.

The Industrial Policy Resolution of 1948 contemplated a mixed economy, reserving a sphere for the private sector and another for the public sector. The government started liberalising the industrial policy in 1970s and 1980s. The most drastic liberalisation was carried out in 1991 when a new industrial policy was announced. The main aim of new policy has been to unshackle the Indian industrial economy from the cobwebs of unnecessary bureaucratic control, to introduce liberalisation with a view to integrating the Indian economy with the world economy, removing restrictions on direct foreign investment as also freeing the domestic entrepreneur from the restrictions of Monopolies and Restricted Trade Practices (MRTP).

The basic objectives of industrial policy resolutions are to achieve rapid industrialisation, balanced development of different regions, prevention of concentration of wealth, expansion of cottage, village and small-scale industries.

Mixed Economy

In the economic sphere, the State is to direct its policy to secure a better distribution of ownership and control of the material resources of the community to prevent concentration of wealth in the hands of the few. Though the State pledged the establishment of socialistic pattern of society, it is not prepared to eliminate the system of private enterprise. India has mixed economic system in which private and public sectors co-exist with clear demarcation of spheres of activity. The predominant role assigned to the State consequently led to phenomenal expansion of the administrative system, which is expected to attend to manifold functions being shouldered by the public sector.

The recent decades have seen an increasing trend towards a reduced role for the government in all countries. In India also the role of the government in economic development has shifted to giving more space to the private sector. The fact is that role of the government has become basically promotional. Expansion of market concepts in the public sector is taking place to limit the role of the public administrative system. These concepts include privatisation, downsizing of bureaucracy, entrepreneurialism, reinvention, enterprise operation, quality management and customer service. They seek to separate politics from administration allowing to manage according to cost-benefit economic rationality. The efforts at privatisation and contracting out of services have been showing results. These are not only reducing the administrative and financial burden of the government but also enhancing the efficiency and productivity in the public sector.

In this context one has to understand the difference between the government and the corporate sector. Government is accountable to the people at various levels. Its functioning comes up for scrutiny in Parliament, State Legislature, Zilla Parishads, Municipal Councils and their committees as also in the media. The government is also held accountable by courts. Similar kinds of institutional accountability and transparency are largely missing in the corporate sector.

Corruption

Public bureaucracy in India has been steadily losing the trust and confidence of common citizens. The bureaucratic values are not community-centred or citizen-serving but largely based on careerism. The service orientation is rather poor and authoritarian traits are dominant. The considerable discretionary authority vested in the bureaucracy paves the way for corruption and political interference. There is a widespread concern now about how to restore and maintain bureaucratic integrity and make bureaucracy more productive and citizen-oriented.

Corruption in India is triangular involving the politicians, the businesspersons and the civil servants. It flourishes because of two elements prevalent in our culture of governance. The first is the lack of transparency in administration. The second element is delay. Therefore, public systems have to be re-oriented to use information technology extensively to bring in transparency and to mount an attack on red tape and delay in service delivery.

Transparency International's Global Corruption Report-2005, points out the rampant corruption in the construction sector of the economy. The scale of corruption is magnified by the size and scope of the sector, which ranges from transport, infrastructure and power stations to domestic housing. As for India, it has been noted that corruption has resulted in poor construction and infrastructure management causing wastage of money (The Hindu, 2005).

The traditional model of administration in public systems is normally assigned multiple and conflicting tasks. Provision of public services, irrespective of citizen's satisfaction, has been the aim of the traditional model. In contrast, the new public management practices based on administrative reforms have placed the citizen at the center of public service management. The administrative reforms emphasise on citizen-orientation and quality of service. The new public management aims to promote the synergy of public- private sector by the adoption of private sector models of management in the public sector. There is a demand that the government should, wherever possible, be operated like a business. It means that it should be cost efficient in relation to its tasks, and be competitive, entrepreneurial and customer-friendly. Therefore, today's public systems must be flexible, consultative, outcome-focused and proactive in encouraging creativity and supporting innovation from the bottom to top.

5.4 CHANGING NATURE OF STATE AND ECONOMY

There has been a remarkable change in recent years in State dominated development paradigm. Almost all developing countries have moved towards a more market-determined strategy of development. In India, the market model of governance has been holding the center-stage since the eighties. The changing concept of development, globalisation and the growth of new technologies are some important factors influencing and changing the perception of the role of the State. The State's role in economic activity can be broadly classified into that of producer-state, regulatory-state, facilitator-state, welfare state and franchise-state. In the functional approach, the process of altering the boundaries between State and market are tracked with reference to each of the five functions mentioned. In a globalising world, the retreat of the State or at least a diminishing of its pre-eminence is inevitable. Liberalisation and globalisation advocate reduction of government functions or less government intervention, rolling back of the State from the sphere of production and productive investments and a significant curtailment of the level of social expenditure and substantial marketisation of government functions and public services. Under the

impact of market – based economy, State is reinvented for maximisation of profits and competition, export - led industrialisation, encouraging foreign investment and technology and shifting away from the earlier concept of State-led development.

The approach paper to the Tenth Five Year Plan of the Government of India says, “in many respects, development policy in future must take a break from the past. The government has over the years taken on itself too many responsibilities with the result that it not only marginalised individual initiative but also succeeded in imposing severe strains on its financial and administrative capabilities”. Government is climbing down from the commanding heights of economy and is allowing the private sector to play a prominent role in the economic development of the country. In the prevailing circumstances entry of the private sector in development arena earlier reserved for the public sector is a welcome development. In the name of economic liberalisation, some policy changes have taken place to make room for the private sector to enter all sectors of development. Now, development has become a collaborative effort of a number of institutions, and government has sought to lighten its burden selectively by sharing the same with the private players and non-government organisations. Public systems in India have to live with these changes and need to develop participatory work culture for better developmental results.

In the 1950s and 1960s, the dominant view in the literature on development economics was that the government had an important role to play and that it should undertake activities that would compensate for “market failure”. Market failure was perceived as inability of markets to optimally allocate resources overtime, that is, for investment because of the short-sighted nature of markets. However, nearly five decades of development experience have revealed that there can be “government failure” as well. The regulatory State in many countries has resulted not only in economic losses due to misallocation of resources arising from faulty investment decisions but also in diversion of resources to rent-seeking activities because of the very regulations that are imposed. In fact, development experience of the last four decades shows that there can be both “government failure” and “market failure”. The critical issue is not so much about the presence or absence of State intervention, but the extent and quality of that intervention.

The nature of State intervention as well as its impact has varied from country to country. While in the case of some countries as a consequence of intervention, development got accelerated, in some others, intervention had resulted in the State becoming primarily a regulatory one with little impact on development. Therefore, much depends upon the nature of the State and the forces operating behind it. The nature of State intervention in any country has, therefore, to take into account not only the objective conditions but also the historical experiences relating to the effectiveness of State intervention. Bhaduri and Deepak Nayyar (1996), have identified three kinds of major state interventions in the market viz., (a) functional, (b) institutional, and (c) strategic. Functional interventions seek to remedy market failures in so far as prices give the wrong signals. Institutional interventions seek to govern the market by setting rules of the game for players in the market. Strategic interventions seek to guide the market, as these are interlinked across activities or sectors in an attempt to attain broader, long-term objectives of development. In other words, state-regulated market and market regulated enterprise have to be goal oriented. The State must not withdraw from the basic responsibilities of social welfare programmes, like food security, job guarantees, health care and education of the deprived and vulnerable masses and the creation of infrastructure. Markets have to be made people-friendly in India through effective management of public systems. The need of the hour is radical reorientation of the public systems management in India at all levels.. They need to be restructured in such a way as to achieve growth with social

justice within a democratic political framework in association with multiple role players such as the market and the private sector, the NGOs and the people at large.

5.5 CONCLUSION

A close relationship exists between the public systems management and the 'environment' within which it operates. Public systems' behaviour is influenced by the values cherished by the society. The socio-economic conditions not only influence the functioning of public systems but also give a new shape to their structure and system of working. The structural and behavioural patterns of public systems, the methods of recruitment and retention of employees, the reward system, the financial capabilities and management practices, accountability to the public and over all ethics and philosophy of public systems are all under close scrutiny today. It is widely acknowledged that the public systems are in need of re-structuring and re-orienting in tune with the changing socio-economic scenario of the country and its globalised location. The basic traditional norms and values of the public systems such as neutrality, impartiality, accountability, responsiveness, and equality are undergoing change, and there is a growing realisation today that newer values such as competitiveness, efficiency, quality, productivity and profitability in the functioning of public systems need to be inducted to enhance the coping ability of the public systems in an increasingly complex era on both domestic and international fronts .

5.6 KEY CONCEPTS

Gross National Product

It is a measure of a country's economic performance. It is calculated by adding to the Gross Domestic Product the income earned by residents from investments abroad, less the corresponding income sent home by foreigners who are living in the country.

Transparency

This implies doing away with secrecy with regard to decision making and making easy access of information to people relating to government activities except those relating to matters of national security, defence etc.

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5.8 ACTIVITIES

1. Select any one of the public offices like post office, bank, MRO office, municipal office or any other offices of state, central, autonomous institutions having more than 25 employees and collect information about social background of the employees – religion, caste composition, family background, gender composition etc. The empirical study should analyse the social dynamics of administrative system of a public office.
2. Select any one of the developmental works or any other works in your area performing under public-private partnership or contracting out for empirical study. The study should analyse the various facets of its working and also ascertain public perception on its performance.

UNIT 6 NEW TECHNOLOGIES AND PUBLIC SYSTEMS MANAGEMENT

Structure

- 6.0 Learning Outcome
- 6.1 Introduction
- 6.2 Information and Communication Technology and Good Governance
- 6.3 Network Society
- 6.4 Role of New Technologies in Public Systems Management
 - 6.4.1 Electronic Governance
 - 6.4.2 Digital Governance
- 6.5 Role of Information and Communication Technology in Public Policy
- 6.6 Role of Information and Communication Technology in Public Service Delivery
- 6.7 Information and Communication Technology Initiatives: Case Studies
 - 6.7.1 Sachivalaya Vahini
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 - 6.7.3 e-panchayat
 - 6.7.4 Malaysian e-government Project
- 6.8 Problems in Application of New Technologies
- 6.9 Conclusion
- 6.10 Key Concepts
- 6.11 References and Further Reading
- 6.12 Activities

6.0 LEARNING OUTCOME

After reading this unit, you should be able to:

- Appreciate the importance of Information and Communication Technology (ICT) in the context of good governance
- Understand the concept of network society
- Explain the role of new technologies in public systems management
- Highlight the role of ICT in public policy and public service delivery
- Examine a few case studies to know the application of ICT-enabled initiatives and their impact on public systems management; and
- Identify the problems in application of new technologies.

6.1 INTRODUCTION

The twenty first century is regarded as information era. Information has the potential to influence every aspect of our lives at the individual as well as societal levels. In the

present competitive environment, information is being treated as the most important resource. Information facilitates sharing, exchanging, retaining as well as properly managing the knowledge output. It is the lifeblood of public governance. Information and Communication Technologies (ICTs) are being seen as having the potential to contribute towards sustainable growth in all countries. The major objectives of ICT are to bring efficiency, responsiveness, openness and participation in public governance. The focus of this Unit is to discuss the role of new technologies and their impact on public systems management.

6.2 INFORMATION AND COMMUNICATION TECHNOLOGY AND GOOD GOVERNANCE

The human society is undergoing a rapid change due to phenomenal growth of information and application of information technology. One of the significant features of globalisation is the signal role played by Information and Communication Technology (ICT). Information and Communication Technology denotes computing and telecommunication technologies that provide automated means of handling information with the object of improving public system methods of operation. In the context of globalisation, ICT is all about sharing global knowledge, access, participation and governance in the information age. ICT is creating the 'knowledge society' where information circulates to millions of people around the world creating a global consumer society for goods and all kinds of information and services. ICT helps to promote good governance by

- i) Enhancing efficiency in delivery of public goods and services
- ii) Increasing transparency, information dissemination, and accountability
- iii) Facilitating accurate decision making; and
- iv) Structuring public participation for public services management.

The third world countries including India have introduced 'good governance' and managerial reforms in the interest of improved public service management as also in fulfillment of the aid conditionalities imposed by the World Bank and IMF. Good governance has two major goals. The first is making administration accountable and citizen-friendly. The second is ensuring transparency and right to information. ICT acts as an important instrument to achieve the goals of good governance. ICT is widely being used in India as a strategy to realise the goals of good governance as well as to improve the processes of governance at all levels. Effective use of ICT is becoming synonymous with good governance. A major stumbling block in the governance process could be overcome through information sharing and better communication amongst the concerned stakeholders. ICT could play a positive role to achieve this objective. A novel feature of ICT is its accent on public-private partnerships in facilitating governance. It also provides ample opportunities for continuous monitoring and control of the production and delivery systems and easy communication with the people and other stakeholders related to the processes of public systems management. ICT is a technique to ensure accountability of the public systems management to the citizens. In order to transform public systems into positive and responsive social institutions, there is a need to explore new technologies for better governance. New technologies facilitate good governance in terms of capacity building to respond more effectively to the needs of the people. They also facilitate better interface between people and government, and more transparency in the operation of public systems. The initiatives launched in the form of ICT-enabled services ensure to improve quality and delivery of public services. Therefore, there is

a need to draw up a clear strategy to redesign public systems' processes and select appropriate technology solutions to provide good governance.

6.3 NETWORK SOCIETY

Human societies have transformed from one stage to another based on technological innovations. The influx of information technology is changing the industrial society to an information society. The internet is changing the present information society to a global society. The significant indicators of the information society are:

- Utilisation and exploitation of information for development
- Right access to right information at the right time
- Introduction of computers and telecommunication technologies in dealing with information
- Information as a strategic resource base rather than mere capital
- Growth of infrastructure for information technology applications; and
- Shift in occupational structure from manufacturing to information-based activities.

Modern societies are network societies. Technological innovations coupled with globalisation seem to be ushering in a new network age. The concept of network is central to the processes of globalisation. Network technology has created 'virtual reality' wherein a person can work or even do shopping from the residence on-line. The technological developments have resulted in unprecedented benefits in the dissemination of information and building a network society. The future lies in a network of computers spanning the globe. Networks facilitate the dissemination of information, thereby increasing learning opportunities through easy access and allow ideas to travel speedily from place to place for use by a large number of user-families.

Public administration being a multi-actor phenomenon, networks are natural to it. . Public governance is part of multiple networks – organisational, human and electronic, that are working to generate policies, services and knowledge. They have become an important feature of modern public policy and decision-making and administrative management. Network transcends organisational and national borders and challenges many of the traditional structures and processes of public systems management. A large number of problems of modern governments such as delay, corruption and red tape can be minimised, if not eradicated altogether, by technology-based networking which would also ensure transparency and accessibility of information to citizens.

The information revolution and its most penetrating product, the 'Internet', have produced a new territory called borderless cyberspace. A survey conducted in 2002 revealed that there are more than 38 million websites on the Internet. Google, one of the most popular search engines stated that there are more than two billion web pages. Much of this information is free, open and accessible to those who can afford it. The internet stimulates the activities of individuals and private institutions by removing the barriers of time and space reducing the costs of transborder communication. Development gateway, I connect, 'yahoo' digital groups are some examples of cross-country virtual networking groups sharing information and knowledge on different facets of development from cross country experiences.

The Government of India and other states are moving in a big way for creating websites or home pages that give information about policies and programmes. These

websites are created by the National Informatics Centre. The governments, both at the centre and in many of the states have set up internet kiosks, which are often franchised, to private operators. These kiosks use internet to provide information relating to various subjects like college admissions, prices of agricultural products, irrigation, weather forecasts etc., even in regional languages. In India, public policy seems to be moving steadily towards the spread of a vast network of call centres and information technology- enabled services in the country. The World Economic Forum (WEF) Report 2002 stated that while the internet was increasingly becoming popular in India, there were only 4.5 million internet users and 43 internet service providers. The disadvantaged sections of the society do not have access to internet services. The Government of India is taking steps to establish 'Internet Dhabas' in rural blocks to promote internet services in rural and remote areas by facilitating internet access to disadvantaged sections. It needs cautioning, however, that mere launching of interactive websites with all necessary information about government ministries and departments is no panacea for many of the basic sufferings of the citizens such as poverty, illiteracy, ill health and malnutrition, homelessness and social oppression.

6.4 ROLE OF NEW TECHNOLOGIES IN PUBLIC SYSTEMS MANAGEMENT

Information technology, global pressures and institutions and the need for internal efficiency and productivity in the domestic sphere are all changing the character of the State and the nature of public administration. The third world countries have introduced major reforms in their public systems to comply with the global pressures as well as to respond to internal domestic demands. These reforms primarily focus on the following:

- Improving service delivery to people
- Empowering people through dissemination of information
- Increasing transparency in government and business transactions
- Creating competitive environment by establishing synergy between public and private sectors, and
- Enhancing the administrative capacity and organisational efficiency of governmental systems through the application of information technology.

The above reform measures are introduced under the garb of New Public Management (NPM). In the NPM regime, public systems have been shifting from process- to result-oriented performance with increasing focus on outcome than inputs. Good governance and NPM are mutually supportive reforms towards the realisation of more efficient public system functioning.

In the developing countries, the application of Information and Communication Technology (ICT) is intended to attain increased responsiveness of public systems towards the citizens. The major objectives of ICT initiatives are to bring efficiency, responsiveness, openness and participation in governance. As it has been aptly pointed out, the significance of ICT applications in fostering governance lies in :

- Providing decision inputs to administration for improved planning, implementation and monitoring of development programmes
- Improving citizen-administration interface and public service delivery
- Empowering citizens to access information and knowledge

- Fostering transparency in service delivery and information sharing
- Highlighting key issues such as project justification, multiple service centers, and sustainable training in planning and implementing ICT applications
- Encouraging public debate on development issues
- Enhancing the accountability of governance mechanisms
- Sustaining the development of human resource towards the use of ICT; and
- Involving the grass roots groups and associations in development.

In India, steps have been already initiated for the development of ICT in several spheres. The Information Technology (IT) Act, 2000 has been a prominent initiative with a potential to regulate cyberspace and define offences and penalties against various types of cyber crimes. The Government of India has also constituted a National Task Force on IT and a Software Development Committee on Improving Efficiency in Government. The Ministry of Communication and Information Technology and Centre for e-governance are playing an important role for the development of ICT initiatives. The Government of India and many state governments have taken commendable initiatives in ICT. Creation of infrastructure, maintenance and upgradation of systems, management of partnership arrangements with technology providers, building trust among the public on the reliability of systems, making them accessible to large numbers, addressing the needs of multi-lingual users, subsidising the costs, building competencies among staff and users are some of the important concerns of ICT. There is evidence to suggest that new technologies in the areas of information and communication are greatly influencing public systems management in India. (The Indian Journal of Public Administration, 2004).

6.4.1 Electronic Governance

In the past few decades, ICT has been increasingly used to improve government services. This kind of technology application to public system management is called e-governance. It is a form of governance comprising the processes and structures involved in the delivery of electronic services to the public. The aim, ultimately, is to simplify procedures, enable people's participation and bring about improvement in governance through mail, telecommunication and the internet. Various manifestations of e-governance initiatives are using IT tools as (i) E-Mail, (ii) Internet web sites publishing, (iii) On-line interactive transactions, (iv) Wireless Application Protocol (WAP) application and publishing, (v) Short Messaging Service (SMS) connectivity, (vi) Internet development and usage, (vii) Promotion of citizen access. Electronic governance is the latest trend in the governance process all over the world.

Electronic governance refers to public systems' use of technology particularly web-based internet applications to enhance the access to and delivery of public services to citizens, employees and other public entities and stakeholders. It is an IT driven public and development administrative system. With the use of ICT, e-government projects have worked out a multimedia network of government agencies, citizens and businesses to facilitate a collaborative and efficient administrative environment and improved delivery of government services. This collaboration and commitment will assure efficient and high quality administrative services to citizens, streamline government's internal processes to improve quality of services, reduce costs and increase citizen participation in public systems management. The scope of ICT implementation in public systems can thus result in:

- Improvement of efficiency and effectiveness of the executive functions of government, including delivery of public services.
- Greater transparency of government to citizens and business, permitting greater access to the information generated or collected by the government.
- Fundamental changes and improvement in relations between citizens and the State thereby strengthening the democratic process, and
- Better interactions and relationships amongst different wings of the same government, state or local governments within a country and countries whose governments are web-enabled.

Electronic governance goes far beyond mere simple computerisation of stand alone back office operations in government offices. It implies a drastic change in the way the government operates, and this means a new and redefined set of responsibilities for the executive, the legislature and the judiciary.

Initially, the e-governance activity starts with providing information services by the government departments to the public in terms of state websites. These websites provide information about the department concerned, its aims, objectives, citizens' charters, organisational details, facilities available and services provided to the public along with the fees payable, etc. In view of developments in information technology, the websites of government departments attempt at providing more advanced services such as dynamic information as also specific transactions. The government departments are now better equipped to interact with citizens and provide services over the internet. Thus, the citizens are enabled access to government documents, file taxes, make payments as utility bills, obtain or renew licenses and make bookings and reservations for utilising public services. The preliminary indications are that e-governance increases efficiency, speed, effectiveness and citizen satisfaction.

In India e-governance initiatives are being undertaken both by the central and various state governments. The advent of many e-government projects and their eager acceptance by the public underline the need for governments to more vigorously implement ICT to improve service delivery to the public. It provides an opportunity to reinvent government. The reduced costs of data communications and electronic storage as well as wide area inter-operability through standard networking protocols offer the benefits of integrated government. Apart from lowering the costs of administration, the issue of shrinking resources and the continued pressure to do more with less can also be addressed through ICT. The implementation of ICT initiatives allows for the reduced use of human resources while providing greater service capability and quality with less human error and high delivery speed. It ultimately leads to the establishment of streamlined, flexible and citizen-focused public systems.

6.4.2 Digital Governance

Electronic governance can be introduced in multifarious ways and models. Digital governance is one of the models of e-governance. Digital governance system uses internet as a means by which people and government get connected. This model is at the initial stage now in most developing countries. Prabhu (2004), has highlighted six generic models of digital governance in developing countries:

- Broadcasting / Wider Dissemination Model:** The model is based on dissemination of information relevant to better governance that is already in the public domain into wider public domain through the use of ICT and convergent media. The rationale behind the model is that a more informed citizenry is able to understand better the governance mechanisms and is more empowered to make informed choices and exercise its rights and

responsibilities. This model opened up an alternative channel for people to access information as well as validate locally available information from external sources. The government departments have been adopting this model to disseminate information to the public in general. After the advent and popularity of internet, almost all government departments have been maintaining websites providing information to the public.

- ii) **Critical Flow Model:** This model is based on channeling information of critical value to a targeted audience or spreading it in the wider public domain through the use of ICT and convergent media. The strength of this model is the inherent characteristic of ICT that makes the notion of distance and time redundant. This model is more focused in terms of its information content and intended users.
- iii) **Comparative Analysis Model:** The model is based on exploring information available in the public or private domain and comparing it with the actual known information, sets to derive strategic learning and arguments. The strength of this model lies in the boundless capacity of ICT to store information in a retrievable manner and transmit it almost instantaneously across all geographical and hierarchical barriers. Developing countries can effectively use this model to their advantage as ICT opens access to global and local knowledge products at a relatively low cost.
- iv) **Mobilisation and Lobbying Model:** It is one of the most frequently used digital governance models and has often come to the aid of civil society organisations in developing countries to impact international decision-making processes. The model is based on planned, directed, strategic flow of information to build strong virtual allies to strengthen action in the real world. The strength of this model is in the diversity of its virtual community, and the ideas, expertise and resources accumulated through virtual forms of networking. The model is able to effectively overcome the geographical, institutional and bureaucratic barriers to shape concerted action. Another important feature of this model is that it enhances the scope of participation of individuals and communities in policy issues and debates. This model could be effectively used by the government to encourage public debates and to gauge public opinion on a particular issue as a part of good governance strategy.
- v) **Interactive-Service Model:** This model utilises the potential of ICT and leverages it for greater participation, efficiency and transparency in the functioning of government as well as savings in time and costs relating to decision-making. The model makes possible various services offered by the government to be directly accessible to citizens. It creates an interactive government-to-citizen-to-government channel in various functions. This model adopts the following methods for interactive purpose:
 - a. Establishing an interactive communication channel with policy-makers such as video conferencing and online dialoguing.
 - b. Conducting public debates / opinion polls on issues of wider concern before formulation of policies and legislative frameworks.
 - c. Filling of grievance petitions, feedback and reports by citizens with the concerned governmental body.
 - d. Performing governance functions online such as revenue collection, filing of taxes, governmental procurement, payment transfers, etc.

- vi) **e-governance Maturity Model:** The model is based on the fact that speed, openness and ubiquity and some of the major capabilities of ICTs can be leveraged for generating transparency, responsiveness and accountability in the system on the one hand and empowering the common citizen by providing faster access to right information at the right time on the other. This model is based on a service-oriented approach. Public administration is seen as a professional activity. Efficient delivery of services to the internal and external users is emphasised as a key performance indicator of the government departments.

The model proposes some levels of maturity, depending on the effectiveness with which the e-governance efforts would be initiated, implemented or successfully completed. The model also provides for identification of key focus areas that need to be concentrated for attaining a specific maturity level.

The digital governance models exhibit several variations dependent on the local situation and the governance functions carried out through these models. These models bring about a radical transformation in the existing forms of governance as they change the nature of citizen-governance relationship and bring in new agents and mechanisms to influence the governance processes.

6.5 ROLE OF INFORMATION AND COMMUNICATION TECHNOLOGY IN PUBLIC POLICY

Public policy is an important mechanism for transforming a social system. The application of ICT provides comprehensive database, which helps policy makers to design, formulate and evaluate policies. It facilitates the strategic planning process, which helps government to clearly lay down the objectives, goals, programmes and projects.

Globally, new public management has emerged as a revolutionary wave, which has introduced a series of methods and techniques in the governmental system. This wave began in the early 1980s. The objective of the wave is to make the public policies efficient, effective and economical through the use of ICTs. The new public management reforms focus on privatisation, marketisation, contracting out, deregulation, de-bureaucratisation, downsizing and so forth. All reform efforts are intended towards building effective governance systems. In this reform era, governance is a synergy between various key players, i.e., State, civil society and market. In this context, the task of public policy formulation and implementation has assumed the nature of cooperative endeavour of governmental organisations, State institutions and social groups. The present governance system has a multi-actor and multi-level character. Therefore, technology is a very important aid to the complex processes involved in public policy exercise. It will help in bringing objectivity in monitoring the policy implementation and carryout impact assessment. The government has now realised that without active participation of beneficiaries directly in public policy planning, scheduling policy implementation and deciding the mode of implementation, it is not possible to implement public policies in an effective manner or reshape policies through a feedback mechanism. New technologies play a vital role in all the stages of public policy formulation and implementation. In addition, technology helps to enhance participatory approach towards public policy formulation and implementation. New technologies such as telecommunications, computers, optical fibers, communication satellites and the internet, which increasingly depend upon the collection and storage and processing of information generation and its use, will contribute to achieving objectivity and rationality in public policy initiatives. The

application of ICT will be helpful in public policy making and implementation in the following areas:

- There is a greater scope to influence policy – makers and members of civil society through collective opinion, direct participation, involvement in public debates and use of advocacy tools.
- Policy-makers become more aware of the public opinion and can effectively involve them in policy-making mechanisms. They realise that their actions are under the scrutiny of many more watchdog organisations. Information also becomes difficult to obliterate.
- Information becomes difficult to be capitalised by a few for political gains at the expense of ignorance of citizens.
- They open up avenues for flow of information both vertically and laterally to encompass a wider foundation of the civil society. The right to voice and expression get gradually embedded among people through digital means.

However, it may be noted that the application of ICT in public policy exercise requires information egalitarianism and a well-established democratic system. The ICT-enabled initiatives in public policy formulation and implementation will directly connect people with policy makers and implementing officials, and in turn, it will make the government more responsible and accountable to the citizens. In Andhra Pradesh, the women in villages form self-help groups popularly called DW CRA groups to mobilise and utilise micro-credit for small local projects. Many of these groups have been successful to set up their own banks, which use ICT to a significant level. The application of ICT in civil society groups and organisations is also slowly but steadily catching up.

6.6 ROLE OF INFORMATION AND COMMUNICATION TECHNOLOGY IN PUBLIC SERVICE DELIVERY

Traditionally, some of the services have been provided by the government through establishing booths and counters, as well as channels such as the post office for payment of utility bills and others. Service delivery is a core component of any government's obligation to citizens. Today citizens are demanding more efficient and responsive services from the government. In other words citizens now demand the same standards of service delivery from the government as from the private sector with significant emphasis on high quality services. As a result, governments around the world are becoming more and more pressured to reinvent themselves and produce innovative solutions in delivering public services. With the advent of ICT, there is now a greater need for governments to draw on these mechanisms to provide more efficient and responsive services to the public.

The quest to improve service delivery through the use of ICT in governments typically focuses on four main dimensions as under:

- 1) **Government-to-citizens (G2C):** This focuses primarily on developing user-friendly one stop centers of service for easy access to high quality government services and information.
- 2) **Government-to-business (G2B):** This aims to facilitate and enhance the capability of business transactions between the government and the private sector by improving communications and connectivity between the two parties.

- 3) **Government-to-government (G2G):** This is an intergovernmental effort that aims to improve communication and effectiveness of services between central, state and local governments in the running of day to day administration.
- 4) **Inter government:** This aims to leverage ICT to reduce costs and improve the quality of administration and management within government organisations.

The above dimensions have led many governments to take on major transformation processes that maximise the utilisation of information and communication technologies through e-government initiatives. Government will use effective and varied delivery channels to reach the target user groups. By delivering the services through multi-channels such as interactive and digital T.V., interactive voice response, public kiosks and mobile phones, government seeks to ensure that services can be accessed at any time and from any place without being constrained by any factor. Of all the types of delivery channels available, the internet is currently by far the most ideal platform for e-government. Innovations are also being introduced in many e-government projects around the world to further enhance communication of government-to-citizen and government-to-business. This includes wide usage of mobile phones through SMS, WAP or GPRS allowing subscribers to access the world wide-web on their phones.

The traditional channels of service delivery continue to play an important role in bridging and complementing electronic channels for transactions since they cater especially to those who are unfamiliar with technology or electronic transactions. With the availability of the different channels of service delivery, it is of prime importance that governments create awareness and educate the public on how to use these channels. Through proper citizens' education, they can get to know the changes that governments are promoting and reap the benefits of ICT in the provision of information and services.

The next section of the Unit provides practical experiences gained in designing and implementing e-governance projects in various facets of administration that are operating at union and state government levels.

6.7 INFORMATION AND COMMUNICATION TECHNOLOGY INITIATIVES: CASE STUDIES

This section presents four case studies – three Indian case studies and one international case study to understand the application of ICT – enabled initiatives and their impact on public systems management. The case studies relate to secretariat administration, judiciary, local government and service delivery.

6.7.1 Sachivalaya Vahini

This case study highlights the application of software packages to improve the functioning of state secretariat in Karnataka.

Secretariat is the apex policy-making body in state government. It is a key decision-making authority at the state level. Therefore, it needs to be managed efficiently for achieving the desired objectives. The secretariat has to deal with a large number of departments, organisations and individuals. It involves enormous amount of communication, besides holding, maintaining and processing of large volumes of data files or other formats. In Karnataka State Secretariat, all the files were created and maintained manually prior to introduction of Sachivalaya Vahini. As a result, the progress of work at Secretariat was very slow and inefficient.

National Informatics Centre (NIC), Karnataka State Unit, Bangalore, designed, developed and implemented tailored software package in all the 40 departments of the Secretariat, under the name of “Sachivalaya Vahini”. The objective of the scheme is to promote e-governance by facilitating the policy and decision-making process. It was also intended to introduce the concept of Information and Knowledge Management making use of large network. The Directorate of Information Technology (DIT), Government of Karnataka, Bangalore set up Secretariat LAN (Local Area Network), the fibre optic Internet which connects more than 1000 computers spread across 40 Secretariat departments catering to the needs of 6000 employees of the Secretariat. The various components of Sachivalaya Vahini are:

- ***Patra – the Letter Monitoring System (LMS):*** This is a software package for managing the large number of letters received in any department of the Secretariat. The letters can be scanned and moved from desk to desk and even across departments for action to be taken, till the letters are filed or disposed of. Records of dispatched letters can also be maintained.
- ***Kadatha –File Monitoring System (FMS):*** This is a decision support system aiming at monitoring, tracking and helping in the speedy disposal of files, thereby increasing the efficiency of the workforce. Electronic files can be moved from desk to desk and even across the departments.
- ***Mokaddame - Court Case Monitoring System (CCMS):*** This package is to monitor the court cases in which government is the respondent or petitioner. This system efficiently manages case details, court orders and cases put up for hearing on a particular day.
- ***Aayayaya – Budget Monitoring System (BMS):*** This module aims to arrive at the budget estimate and to monitor the proposals, once the budgeted amount is allocated to the department. Government allocates funds to departments under various heads of accounts to implement development schemes. All the actions in the process are computerised, monitored and required queries and reports can be generated.
- ***Sibbandi – Personnel Information System (PIS):*** This package captures all the details of the employees as recorded in the service register. All the details of the secretariat employees as recorded in the service register are captured through this system. As and when, transfer, deputation, promotion, retirement etc., occur, details can be updated and necessary orders can be generated. A secretariat employee can apply online for any type of leave and sanction is sent through email.
- ***Customer Support System (CSS):-*** Through this system any complaints by customers regarding hardware, network, application, software system, etc., can be lodged, and the system will help monitor the complaints by giving online information. This is to facilitate customers in lodging complaints, as Secretariat LAN is a large network and users are bound to encounter problems. Through CSS, complaints received from the users can be recorded and immediate action can be taken.

All the above software applications are integrated with one another so that one application can access the data of another application. National Informatics Centre has trained more than 6000 Secretariat staff of all levels on the application packages. Sachivalaya Vahini software packages have contributed to the improvement of the processes of administration in Karnataka State Secretariat.

6.7.2 e-judiciary

India has an independent judiciary. Indian judiciary comprises the Supreme Court at the apex level, followed by the High Courts, District Courts, the Sub-District / Session Courts and the lower Judiciary. The National Informatics Centre (NIC) has played a unique role in developing e-judiciary applications at various levels of the judiciary in the country. e-judiciary is a term used to indicate IT applications in judiciary. In this case study, some of the successful e-judiciary applications have been explained.

In India, a project named COURTIS (Court Information System) was launched in 1990 for the benefit of the entire legal community. This project was commissioned for streamlining registries of various courts. Subsequently, all the High courts have been computerised and web-enabled both locally and nationally through NICNET. The following applications have been successfully implemented at the Supreme Court level and also in the 18 High Courts in the country.

- **Case Status:** This web site provides Supreme Court's pending and disposed case status information to litigants /advocates on the internet. Case-status gives the latest information with respect to the status of a case which could stand as disposed / adjourned, lower court details, party and advocate names, waiting position etc. Pending case status can be accessed through case number, title, advocate names and lower court details. The litigants can maintain their own case files by downloading all orders pertaining to a case. An advocate can download all his/her cases pending and disposed of, and maintain his/her own cases database.
- **Judgement Information System(JUDIS):** This is the Judgement Information System on CD-ROM consisting of complete texts of all reported judgements of the Supreme Court of India from 1950 to 2000. The judgements of 2001 onwards are available on the Internet. NIC Services Incorporated (NICSI) is marketing JUDIS CD on a membership basis. The judgements are available on the website within 24 hours of their delivery in the court. The judgements of Delhi High Court since 1999, the High Court of Andhra Pradesh since 1999, the High Court of Jammu and Kashmir since 2001 and the High Court of Orissa since 1985 are available on the Web
- **Causelists on Internet:** Cause lists are schedules of cases to be heard by the courts the following day. These lists of Supreme Court and all High Courts are available on NIC web servers. Prior to this package, the courts used to take a lot of time for generation and supply of the cause lists to the advocates at their offices or residences. This process costs each High Court lakhs of rupees every year. By making the cause lists available on the internet, no High Court is incurring any expenditure for this purpose. This software application has received huge response from the advocates and litigant public.
- **Daily Orders on Internet:** The daily orders of Supreme Court and the Delhi High Court are available on the internet. As soon as the orders are signed by the Judges, they are made available on the internet. This is the easiest way for litigants to get a copy of the latest order delivered in the court from their residences /offices. The free text based search enables the user to access relevant orders of the court on the same subject. It also helps the users in accessing orders without knowing the case number, or party name.

The end result of e-judiciary applications has been convenience, improvement and speed of legal services for everybody associated with the judicial system – the judges, advocates, the litigants, the media, and the law students and scholars.

6.7.3 e-panchayat

The Government of Andhra Pradesh has introduced e-panchayat software in Ramachandrapuram Gram Panchayat, Medak district, as a part of its e-governance initiatives. The software is web enabled and citizen-centric. The e-panchayat has been designed taking into consideration all the information and knowledge management requirements in a Gram Panchayat. The software product is conceptualised, designed and developed by the National Informatics Centre, Hyderabad. The functions of village Secretariat and village Secretary besides the elected representatives of the Gram panchayat are all considered in this package. The Panchayati Raj (constitutional amendment) Act 1992, of the Government of India and the success stories of the Gram panchayats in various states in the country have been taken into consideration while developing e-panchayat. Thus e-panchayat fits well into the information systems at Gram Panchayat level. The pilot e-panchayat Project of Andhra Pradesh comprises nearly 30 main modules, and nearly 150 sub-modules in line with the 30 sectoral functions of the gram panchayats.

The e-panchayat has already been operationalised in several pilot villages in Andhra Pradesh. It aims to cover all information requirements of the village panchayat administration. A rollout plan for implementation at the national level is being taken up.

6.7.4 Malaysian e-government Project

Electronic-government initiatives are focused on harnessing information technology and multimedia towards greater productivity and service excellence. This case study provides some insights into the Malaysian experiences in implementing ICT to improve the government's service delivery.

The objective of Malaysian e-government project is, first and foremost, to reinvent the government by redefining the relationships between government and citizens, business and within the government itself. This has been done through improved connectivity and communications between all parties.

In Malaysia, with the advent of the Multimedia Support Corridor (MSC), the public service has been able to leverage the potential for revolutionising service delivery through seamless and integrated government via its e-government flagship applications. The Malaysian e-government initiative is set up to catalyse the MSC through a number of pilot projects that have resulted in smart partnerships between local and international consortia working together with the government in developing leading edge e-government solutions. Through this structure, a first wave of e-government pilot projects has been implemented. These include e-services, e-procurement, Electronic Labour Exchange (ELX), Generic Office Environment (GOE), Human Resource Management Information System (HRMIS) and Project Monitoring System (PMS). This case study will focus on the e-services.

e-services

e-services is a capability that enables citizens and businesses to conduct transactions through a one-stop service window and provides easier access to government agencies such as the Road Transport Department, the Ministry of Health and the utility

companies. Citizens are provided with a choice of multiple delivery channels with 24 hours access that is available anywhere at their convenience; citizens are no longer limited to conducting these transactions at agency branches and utility offices. In addition, the use of ICT allows for multiple language capabilities for each access device and the services offered are tailored to be more user-friendly, multimedia-based and responsive in addressing the needs of such segments of the population as the elderly, the ICT disadvantaged and physically disabled persons. The implementation of the project has resulted in significant improvements in service delivery, including the provision of free services for summons and utility bill enquiries. The ease of access to these services has also encouraged users to be more regular and responsive in paying bills.

Malaysian e-government initiatives have brought dramatic improvements in services, and more services are being offered online. There is greater access to more convenient, responsive, higher quality and potentially less expensive services. The e-government initiatives have also brought, within the government, the new relationship signals, improved information flows and communication and better coordination of resources. The launch of e-government project in Malaysia is due to its aggressiveness in encouraging wider ownership of personal computers, tax deductions and providing IT facilities in rural areas such as the internet. The ICT infrastructure readiness of the country is an important factor for the success of e-government projects in Malaysia. A UN report on ICT infrastructure statistics has shown that, in most cases, Malaysia's infrastructure measures are above the Asian regional means.

6.8 PROBLEMS IN APPLICATION OF NEW TECHNOLOGIES

New technologies, it should be clear by now, bring advantages like cost effectiveness in operations, new forms of market access, competitiveness of product of service, ability to adopt to change and introduce new products and services. Though there are several advantages of ICT, critics are questioning the relevance of increased emphasis of ICT-based development in a country like India where more than 50% population is illiterate. According to OECD Public Management Service Report(1988), ICT has not done much to promote democratic rules of frequency and quality of participation or enhance transparency of policy-making. The information resource is not available to or shared by all the stakeholders. The World Economic Forum Report 2002 stated that India has only 1.65 percent of total population accessing the internet and internet impact covers only 6 percent of population. This penetration is comparatively low as compared to countries in the Asian region. For example Hong kong has 56.5 percent, South Korea 54.3 percent, Taiwan 51.3 percent, and Singapore 51.2 percent.

The disadvantaged sections of the society do not have access to ICT. The ICT precipitates disparities between the rich and the poor, the governors and the governed leading to a discriminatory 'digital divide'. Digital divide basically refers to lack of access of poor people and rural people to internet. To bridge this digital divide, steps would have to be taken to introduce delivery of services like tele-medicine, tele-education, tele-marketing and e-commerce to the rural areas. Also, in many cases, the reluctance on the part of government functionaries or lack of will to share the information with citizens /beneficiaries defeats the aims of ICT. Some of the major problems of widening the application of ICT in India have been succinctly summarised by Dhameja and Medury (2004).

These are, inadequate infrastructure, language barriers, ineffective and absence of right mind set of government officials, lack of capacity building exercises, absence of effective grievance mechanisms, non-availability of information, and differences in

the utilisation of information. ICT infrastructure readiness of the country is also of prime importance. This may be measured through the following factors:

- 1) The internet penetration rate in the country – problems may exist if a large percentage of the population is computer illiterate and / or has no access to the internet. In addition, government should take into consideration the difficulties faced by people with disabilities or language barriers when accessing websites.
- 2) The number of households that have personal computers. This indicates the level of IT literacy and penetration in the country.
- 3) The availability of telephone lines and mobile telephones coverage. This reflects the level of usage of other channels of service delivery.

The success of new technological initiatives hinges on how and when the governments in India at all levels decide to address the requirements of the downtrodden and the marginalised sections who constitute a large section of India's population. The country must create conducive atmosphere for the promotion of ICT initiatives and be receptive to the benefits and changes they bring forth. India being the world's largest home of scientists and engineers and the fourth biggest hub of IT specialists should now make huge strides in building up the capacity to innovate, adapt and regulate technology for serving the needs of the millions. ICT in the government machinery will go a long way in improving the quality of life of people. ICT revolution has become an essential ingredient of effective public system management in this era of accelerated democratisation and global competition.

6.9 CONCLUSION

Modern societies are network societies. The concept of network is central to processes of globalisation. Among the many developments and challenges facing governments today, perhaps the most important is the challenge that arises from the increasing influence of ICT. The major objectives of ICT initiatives are to bring efficiency, responsiveness, openness and participation in governance. Various manifestations of ICT initiatives are revolutionising the governance process. They are playing an important role in public policy and public delivery systems to provide citizen-friendly administration. A developing society like India has been facing a number of problems in the field of application of ICT and the politico-administrative atmosphere is also not quite conducive to promotion of ICT initiatives. In India, the success of new technological initiatives would, to a great extent depends on when and how the governments at different levels decide to address the requirements of the downtrodden and the marginalised sections of the population who constitute a large portion of India's population. At the same time, it is being realised that the ICT revolution has become an imperative necessity for effective management of public systems.

6.10 KEY CONCEPTS

Development of Women and Children in Rural Areas Programmes (DWCRA): This was launched in India in 1982 as part of Integrated Rural Development Programme. Its aims are to empower rural women living below the poverty line (BPL) by way of organising them to create sustainable income generating activities through self employment. It aims at economic and social development with focus on health, education, sanitation etc. It emphasises on group activity, encouraging regular savings, and income generating schemes.

Digital Governance

It refers to governance processes in which Information and Communication Technology (ICT) plays a significant role. It ensures active participation of citizens in decision making processes and their accessing public services. Digital governance uses ICT to bring about changes in the delivery and standards of public services and the ways of interaction and participation of citizen in governance.

General Pocket Radio Service (GPRS)

It is a new non voice value added service that allows information to be sent and received across a mobile telephone network. It facilitates instant connection whereby information can be sent or received, immediately as the need arises subject to radio coverage.

Information Society

It is a society in which low cost information and ICT are in general use. It emphasises on investment in human and social capital and considers knowledge and creativity as the key factors.

Knowledge Society

It is a society in which people have open and timely access to information and knowledge. This is utilised for informed decision making and transformation to quality life.

Strategic Planning

Strategic planning is long term planning of the organisation. It involves a clear statement of organisation's mission, strategic goals and objectives, which are key to the organisation, identifying the different stakeholders and developing strategies to achieve them.

Wireless Application Protocol (WAP)

It is a facility that allows users to access information instantly through wireless devices such as mobile phones, pagers etc.

6.11 REFERENCES AND FURTHER READING

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6.12 ACTIVITIES

1. Select any one of the public organisations and analyse the effectiveness of new technological applications adopted by it in dissemination of information to citizens and also the effectiveness of public service delivery.
2. Prepare a report on a government department which is using website as an information device. The study can cover public perceptions about the service.

UNIT 7 CONCEPT OF GOVERNANCE: AN INTRODUCTION

Structure

- 7.0 Learning Outcome
- 7.1 Introduction
- 7.2 Concept of Governance
- 7.3 Interpretations of International Organisations
- 7.4 Governance: Contextual Uses
- 7.5 Forms of Governance
- 7.6 Models of Governance
- 7.7 Concept of Governance: An Appraisal
- 7.8 Conclusion
- 7.9 Key Concepts
- 7.10 References and Further Reading
- 7.11 Activities

7.0 LEARNING OUTCOME

After going through this Unit, you should be able to:

- Explain the concept of governance
- Examine its contextual uses and forms
- Highlight the models of governance; and
- Make an appraisal of the concept of governance

7.1 INTRODUCTION

Governance has become a prominent area of discussion in present times. Governance now not only occupies centre stage in the development discourse but is also considered as the crucial element to be incorporated in the development strategy. Governance as a theoretical construct, separate from the theory of State, is not only in an inchoate stage, but its formulation also differs among scholars depending upon ideological convictions.

Public administration as a major constituent of State has always been an instrument to accomplish welfare goals and objectives. Over the past two decades, the impact of

globalisation, rise of market forces, increase in expectations of citizens, have widened the process of governing. Instead of government being the sole agency to discharge the tasks of governance, need for participative and consultative modes of governing has become strong. This along with gradual blurring of distinction between public and private sectors, has given rise to the concept of governance and over time gained a wider connotation. We shall attempt to examine the concept of governance, its contextual uses, forms and models in this Unit.

7.2 CONCEPT OF GOVERNANCE

The concept of governance has been in use at least since the fourteenth century. It was used in France during that period that implied 'seat of government'. It started with a range of meanings, from the act or manner of governing its office or power, which made it synonymous with government, to being virtuous or wise in one's general behaviour.

Governance, in simple terms, means "the process of decision-making and the process by which decisions are implemented (or not implemented)". The Concise Oxford Dictionary defines it as an "act or manner of governing" and "the office or function of governing". Governance has also become a term used to describe a particular set of changes. It signifies a set of elusive but potentially deeply significant shifts in the way in which government seeks to govern (Pierre and Peters, 2000).

Governance refers to a process of exercise of authority to govern people or regulate public affairs. In the simplest terms, governance relates to the effective management of the affairs of a country at all levels, guaranteeing its territorial integrity, and securing the safety and overall welfare of people.

It was Harland Cleveland (1972) who first used the word 'governance' as an alternative to public administration. He was of the opinion that what people want is 'less government and more governance'. He identified governance with a cluster of concepts. According to him, "the organisations that get things done will no longer be hierarchical pyramids with most of the real control at the top. They will be systems – interlaced webs of tension in which control is loose, power diffused and centers of decision plural. "Decision-making" will become an increasingly intricate process of multilateral brokerage both inside and outside the organisation, which thinks it has the responsibility for making, or at least announcing the decision. Because organisations will be horizontal, the way they are governed is likely to be more collegial, consensual and consultative. The bigger the problems to be tackled, the more real power is diffused and the larger the number of persons who can exercise it – if they work at all".

In conceptualisation, divergent views either represent governance as a narrowly defined phenomenon in the form of activities of only the executive branch of the State i.e. the government or as one where the State comprising the legislature, executive and the judiciary are the parts that constitute the whole without the positive, synergistic relation with the private sector and civil society. Governance introduces the private sector, the civil society including the local government system as participants in the process of governing through changes in their subsidiary roles and direct involvement in areas hitherto kept exclusively in the public domain.

Governance signifies a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed. According to Rhodes (1997), 'governance signifies a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed'. Governance denotes the development of ways of coordinating economic activity that transcend the limitations of both hierarchy and markets. It highlights the role of the State in 'steering' action within complex social systems (Kooiman, 2000).

Since conceptualisation is the basis of theoretical formulation and influences policy making in a significant way, it is important to define governance in its broader sense and to identify the institutions and the loci of power that exercise legitimate authority. Thus, governance can be interpreted as the undertaking of activities, management of resources, organisation of citizens, communities, local government bodies, business organisations and the branches of the State (legislature, executive and judiciary) through social, political, administrative and economic arrangements that meet the daily needs of the people and ensures sustainable development. According to this view, "institutionalisation of rule of law including coercive measures required to enforce laws and rules for protection of lives and property and development activities of the government for promotion of common welfare are the foundation as well as the super structure of governance while spontaneous activities of people acting out of their free will reinforce both when they are allowed to flourish" (Hye, 2001). Through the conventional constituents of State namely, parliament, judiciary and executive, government may encompass this diverse area of governance at some particular point of time, changes often take place subsequently, that make a combination of these constituents of the State and other actors, collaborative partners in governance with clear cut and sometimes overlapping jurisdictions.

Earlier the term governance was used which broadly implied government, which is not appropriate in present times. Governance means more than maintaining law and order. In other words, we can say that it is a participative system in which those who are called upon to govern on behalf of the people are motivated with a will to giving their best, serving and doing good to the people, solving their problems and making their lives more livable, satisfying and enjoyable.

7.3 INTERPRETATIONS OF INTERNATIONAL ORGANISATIONS

In the late eighties and early nineties, the concept of governance has received added importance in the hands of multilateral and bilateral aid-giving agencies that used it as a pre-condition for providing aid. In this context, in 1989, the World Bank gave the lead followed by OECD, UNDP, and the UNESCO.

World Bank

It was the first international organisation to use the term and defined it in following words:

“... the manner in which power is exercised in the management of a country’s economic and social resources for government. Governance, in general, has three distinct aspects (a) the form of a political regime (parliamentary or presidential, military or civilian, and authoritarian or democratic); (b) the processes by which authority is exercised in the management of a country’s economic and social resources; and (c) the capacity of governments to design, formulate, and implement policies, and, in general, to discharge governmental functions. The terms usually describe conditions in a country as a whole”.

OECD

The concept of governance denotes “the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development”. The Organisation for Economic Cooperation and Development (OECD) lays down the key components of governance as follows:

- a) Legitimacy of government
- b) Accountability of political and official elements of government
- c) Competence of governments to make policy and deliver services; and
- d) Respect for human rights and the rule of law.

UNDP

The United Nations Development Programme (1997) has viewed governance as “the exercise of economic, political and administrative authority to manage a nation’s affairs at all levels. It is the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences”. UNDP has laid down following characteristics of good governance viz., participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability and strategic vision.

UNESCO

UNESCO (1997) defines governance as ... “a process whereby citizens’ needs and interests are articulated for the positive social and economic development of the entire society and in the light of a perceived common good. Governance means more than government: it refers to a political process that encompasses the whole society and contributes to the making of citizens, active contributors to the social contract that binds them together. Their sense of political efficacy is one of the indicators of democratic governance”.

7.4 GOVERNANCE: CONTEXTUAL USES

In the preceding sections we have acquainted you with the concept of governance and its several interpretations. The concept of Governance is used in several contexts. Rhodes (*op cit*) has highlighted the following:

Governance as the Minimal State

In this sense, Governance redefines the extent and form of public intervention and the use of markets and quasi-markets to deliver 'public' services. The extent of any change is a matter of dispute. Indisputably, as regards U.K, the size of government was reduced by privatisation and cuts in the size of the civil service. However, public expenditure remained roughly constant as a proportion of Gross Domestic Product (GDP); public employment fell only slightly in local government and the National Health Service; and regulation replaced ownership as the preferred form of public intervention with the government creating ten major regulatory bodies.

Governance as Corporate Governance

In this use, Governance refers to "the system by which organisations are directed and controlled" (Cadbury Report, 1992). Thus the governance role is not concerned with running the business of the company, per se, but with giving overall directions to the enterprise, with overseeing and controlling the executive actions of management and with satisfying legitimate expectations for accountability and regulation by the interests beyond the corporate boundaries... All companies need governing as well as managing (Tricker, 1984).

In this use, governance has a narrow meaning. The concerns of corporate governance are echoed when discussing accountability in the 'new public management' and 'good governance'. In this use, private sector management practice has an important influence on the public sector.

Governance as New Public Management (NPM)

In its third use, Governance is related to the new public management. New public management, initially, had two meanings. In its first meaning it means managerialism, i.e., introducing private sector management methods to the public sector. In its second sense, it refers to new institutional economics, i.e., introducing incentive structures (such as market competition) into public service provision. Managerialism was the dominant strand in Britain before 1988 and after that new institutional economics became more prominent.

New Public Management is relevant to the discussion of governance because steering is central to the analysis of public management and steering is a synonym for governance. Osborne and Gaebler, (1992) for example, distinguish between 'policy decisions (steering) and service delivery (rowing)'. They argue that bureaucracy is a bankrupt tool for rowing. Hence, they propose entrepreneurial government based on certain principles, viz., competition between service providers, empowering citizens, focusing on outcomes, decentralisation of authority, catalysing all sectors, putting energies into earning money, missions and goals, etc.

NPM and entrepreneurial government share a concern with competition, markets, customers and outcomes. Governance calls for more steering, providing impetus to other forces, rather than rowing. The emphasis has thus been placed on 'enabling' rather than 'providing'.

Governance as 'Good Governance'

This use of governance became popular after the World Bank (1992) popularised the phrase ‘good governance’. For the World Bank, governance is ‘the exercise of political power to manage a nation’s affairs’. The bank came to realise that good governance is central to creating and sustaining an environment, which fosters strong and equitable development, and it is an essential complement to sound economic policies.

Leftwich (1993) identifies three strands of good governance: systemic, political and administrative. The systemic use of governance is broader than government covering the ‘distribution of both internal and external political and economic power’. The political use of governance refers to ‘a state enjoying both legitimacy and authority, derived from a democratic mandate’. The administrative use refers to ‘an efficient, open, accountable and audited public service, which has the bureaucratic competence to help, design and implement appropriate policies and manage the public sector’.

The good governance agenda advocates freedom of information, a strong legal system and efficient administration to help the underprivileged sections’ claim to equality; but these have been most successful when backed up by strong political mobilisation through social movements or political parties with a clear cut mission. Good governance means bringing about goodness in all the three sectors: government, civil society and corporate world including transnational corporations. Good governance is a tryst with trust, a commitment of the people for the people, a social contract for the greatest good, the collective conscience of the community (Mishra, 2003).

Governance as a Socio-cybernetic System

Governance, according to Kooiman (1993), is the pattern or structure that emerges in a socio-political system as a ‘common’ result or outcome of the interacting intervention efforts of all involved actors. This pattern cannot be reduced to one actor or group of actors in particular.

In other words, policy outcomes are not the product of actions by central government. The government may pass a law but subsequently it interacts with local government, health authorities, the voluntary sector, the private sector and, in turn, they interact with one another. Kooiman distinguishes between the process of governing (or goal-directed interventions) and governance, which is the result (or the total effects) of social-political-administrative interventions and interactions. There is order in the policy area, but it is not imposed from high but emerges from the negotiations of the several affected parties. Thus, all the actors in a particular policy area need one another. Each can contribute relevant knowledge or other resources. No one has all the relevant knowledge or resources to make the policy work (Rhodes, *op cit*).

The socio-cybernetic approach views governance as the result of interactive social-political forms of governing. The approach highlights the limits to governing by a central actor and claims there is no longer a single sovereign authority. Rather, there is a multiplicity of actors specific to each policy area; interdependence among these social-political-administrative actors; shared goals; blurred boundaries between public, private and voluntary sectors; and multiplying and new forms of action, intervention and control (*Ibid*).

Governance as Self-organising Networks

This use sees governance as a broader term than government with services provided by a combination of government, the private sector and the voluntary agencies. For example, the British Government creates agencies, bypasses local government, uses special-purpose bodies to deliver services, and encourages public-private partnerships; so, 'networks' become increasingly prominent among British governing structures.

Networks are a widespread form of social co-ordination, and managing inter-organisational links is just as important for private sector management. According to Powell (1991), networks are 'a distinctive form of coordinating economic activity'. Similarly, Larson (1992) explores 'network structures in entrepreneurial settings; concluding that 'the network form of governance' highlights 'reputation, trust, reciprocity and mutual interdependence'.

In other words, a network is autonomous and self-governing. Autonomous systems have a much larger degree of freedom of self-governance. Deregulation, government withdrawal and steering at a distance ... are all notions of less direct government regulation and control, which lead to more autonomy and self-governance for social institutions (Kickert, 1993).

For instance, the Bhagidari (Partnership) Project initiated in 2000 by the Delhi government is an example of networking amongst several stakeholders. It is a partnership between government and its various agencies including Municipal Corporation, Police, Water Supply Board, Electricity Board, and the Resident Welfare Associations. Their representatives, at periodic intervals meet and discuss problems being faced by citizens and attempt to determine ways of resolving them.

From the above discussion, it becomes clear that governance has too many meanings to be useful. As such, it becomes difficult to provide a single definition of governance. According to Rhodes, it incorporates most notably the minimal state, a socio-cybernetic system and self-organising networks. On the basis of above uses, he summarises the characteristics of governance as:

- a) Interdependence between organisations. Governance is broader than government, covering non-state actors; changing the boundaries of the State meant the boundaries between public, private and voluntary sectors became shifting and opaque.
- b) Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes.
- c) Game-like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by network participants.
- d) A significant degree of autonomy from the State. Networks are not accountable to the State; they are self-organising. Although the State does not occupy a sovereign position, it can indirectly and imperfectly steer networks.

7.5 FORMS OF GOVERNANCE

In the preceding sections, we have examined the different interpretations and conceptual uses of governance. Similarly, there are various forms of governance more important among which are political, economic and social.

Political

Due to the global political and economic shifts, the nation states' capacity to govern has been limited. There is a general feeling that there is a 'hollowing out' of the State. This has resulted in shifting of the power outwards to international financial markets, to global companies to be able to move capital and other resources from one site of investment to another, and to supra-national entities such as the World Bank or European Union. Power has also percolated downwards to the sub-national level of regions and cities. As a result of these changes, a series of reforms have taken place resulting in reduction in the size of the machinery of government and its fragmentation.

New strategies based on informal influence, enabling and regulation have grown in importance. However, this does not necessarily mean a decline in the role of the State. Forms of control through hierarchical, institutional channels continue alongside new forms of governance. Besides, the changing role of the State can be understood as an adaptation to its environment rather than a diminution of its power. Pierre and Peters (2000), for example, adopt an explicitly 'State-centre' approach which emphasises the reconfiguration of State power. They view governance as a process in which the State continues to play a leading role.

Economic

A central theme in the governance literature is the idea that markets, hierarchies and networks form alternative strategies of coordination. Different modes of governance, including those based on markets, hierarchies and network, are likely to coexist, with different institutional combinations in specific nations, but with networks becoming increasingly significant (Newman, 2001).

The neo-liberal political/economic regime of the 1980s and 1990s partly dismantled the conception of the State as a direct service provider. The introduction of market mechanisms has led to a more fragmented and dispersed pattern of service delivery and regulation that required new forms of coordination. As a result of privatisation, contracting out, quasi-markets, the removal of functions from local authorities, the separation between the policy and delivery functions in the civil service with the setting up of executive agencies, governments had to develop new forms of control. These types of control included framework documents, contracts, targets, performance indicators, service standards, contracts and customer charters (*ibid*). While governments could still set the parameters of action (through funding regimes) and had the monopoly on certain forms of power (such as legislation), they increased their dependence on a range of bodies across the private, public and voluntary sectors.

Even at the local level similar changes took place. Network based patterns of interaction had become increasingly important, leading to the conclusion that local government had been transformed into a system of local governance involving a plurality of organisations across the public, private and voluntary sectors.

Economic governance requires removal of market distortions, setting appropriate service standards, ensuring fair competition amongst the players and a level playing field, protecting the interests of all concerned key stakeholders.

Social

Another form of analysis of governance is responding to complexity, diversity and dynamic changes in society. Kooiman and Van Vliet (1993), link governance to the need for an interactive form of governing. The purpose of governance in our societies can be described as coping with the problems but also the opportunities of complex, diverse and fragmented societies. Complexity, dynamics and diversity has led to a shrinking external autonomy of the nation state combined with the shrinking internal dominance vis-à-vis social subsystems ... Governing in modern society is predominantly a process of coordination and influencing social, political and administrative interactions, meaning that new forms of interactive government are necessary. Governing in an interactive perspective is directed at the balancing of social interests and creating the possibilities and limits of social actors and systems to organise themselves.

Kooiman and his colleagues (1993), argue that in a society that is increasingly complex, dynamic and diverse, no government is capable of determining social development. Kooiman further argues that there has been an attempt by governments – in the UK, the USA and across much of Western Europe – to shift the focus away from the State itself to various forms of co-production with other agencies and with citizens themselves. There seems to be a shift away from more traditional patterns in which governing was basically seen as a ‘one way traffic’ from those governing to those governed, towards a ‘two way traffic’ model in which aspects, qualities, problems and opportunities of both the governing system and the system to be governed are taken into consideration.

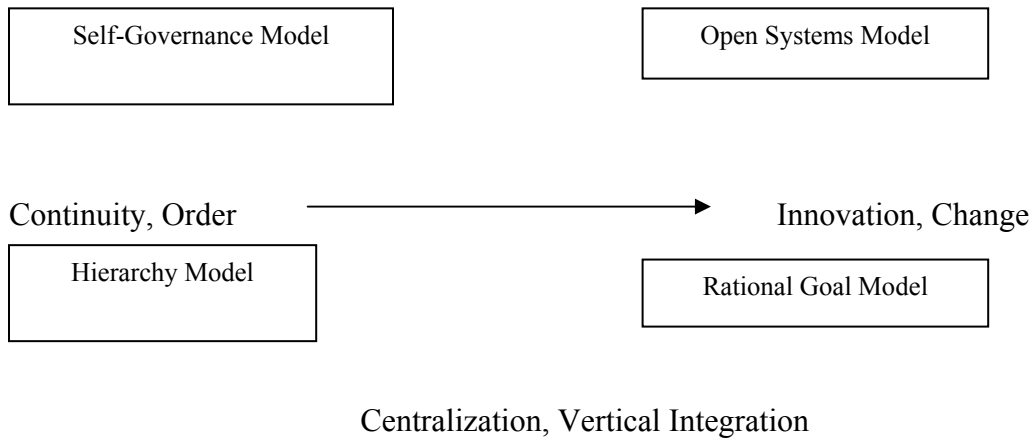
In the present scenario, the government is not acting alone. Rather it is increasingly engaging in co-regulation, co-steering, co-production, cooperative management, public/private partnerships and other forms of governing that cross the boundaries between government and society and between public and private sectors (*ibid*). The tasks of steering, managing, controlling or guiding are carried out through a wide a range of agencies in the public, private and voluntary sectors, acting in conjunction or combination with each other. It is no longer the domain of the government. Governance in this context stands for developing, strengthening and sustaining collaborative and participative processes, bringing about networking and coordination and building human capacities.

7.6 MODELS OF GOVERNANCE

Like the various definitions and various uses of governance, there are various models of governance, which can be adopted by different countries. In this section, the characteristic features of the various models are discussed. Newman (2001) postulates the following important models.

Figure 1 Models of Governance

Differentiation, Decentralization



Source: Newman, Modernizing Governance, New Labour, Policy and Society, Sage, London, 2001, p. 34

In the above diagram, the models of governance represent two dimensions of difference viz. the vertical axis and the horizontal axis. The vertical axis represents the degree to which power is centralised or decentralised. High centralisation means that there will be structural integration of governance arrangements whereas high decentralisation means strong elements of differentiation with the governance system. The horizontal axis, on the other hand, represents the orientation towards change. Governance arrangements may be oriented towards the creation of continuity, order, stability and sustainability towards bringing about innovation in order to respond to new economic pressures or shifting public expectations. When these two axes – vertical and horizontal, intersect, the following four models of governance are produced.

The Hierarchical Model

This model is oriented towards predictability, control and accountability. It is characterised by bureaucratic power and vertical patterns of relationships flowing up and down hierarchies. This model corresponds to the much-discredited form of governance in which the State exerts direct control over policy development and implementation through bureaucratic hierarchies. Change is very slow in this model, which is brought about by bringing about modifications in the legislation, rewriting the rules or guidelines, or producing new standards and procedures, all cascading down the vertical hierarchies of the governance system. A positive feature of this model is accountability, which tends to be high. The model is process-oriented and focused towards continuity rather than change. The other key features of this model are minimum risk, security, order and standardisation and bureaucratic in nature. Policy formulation and implementation are functionally differentiated and formalised.

The Rational Goal Model

The model focuses on maximum output in a shorter period. Power, in this model, is dispersed across a wide range of agencies. Change is a basic feature of this model, which is brought about by altering incentives, with rewards (or at least the absence of penalties) attached to the delivery of targets and policy goals. Despite the devolution of power and responsibility, one sees a centralised approach in this model. The goals and targets are cascaded from the government and the performance is monitored, inspected and audited very strictly. The basic characteristics of this model are a strong means – ends orientation and a pragmatic and instrumental approach. It also incorporates many of the characteristics of new public systems management. It emphasises on efficiency,

economic rationalism and managerial authority. Accountability for outputs is high, but accountability for detailed expenditure and the probity of decision-making would be lower than in the hierarchy model.

The Open Systems Model

In this model, emphasis is on network forms of interaction and iterative processes of adaptation. In terms of governance theory, this approach corresponds most closely to the 'network' model of governance described by Rhodes, Stoker, Kooiman and others. Differentiation is promoted through the decentralisation of power, enabling experimentation and innovation. This model encompasses multiple inputs and 'reflexive' processes of development in which decisions can be adjusted in the course of new information. The system both influences and is influenced by the environment. It is fluid, fast and highly responsive. The boundary between policy and implementation becomes more fluid, allowing feedback and learning during the policy cycle. Accountability in the model is low but the sustainability is high. Change is accomplished by autopoiesis: through self-organisation and self-steering rather than as a result of external intervention (Kickert, *op.cit*).

The Self-Governance Model

In this model, focus is on building sustainability for fostering relationships of interdependence and reciprocity. It acknowledges the role of civil society in governance, highlighting the relationship between State and citizen rather than limiting notions of governance to the actions of the State. Governments in many countries, including the present labour government in the UK, may seek to work in 'partnership' with citizens, for example to draw them in as co-producers of health and welfare services, or as partners in the development of sustainable solutions to social problems. In order to extend their legitimacy, the government may invite the public to participate in decision-making as citizens or as the users of services. The approach encompasses models of democratic innovation, which include participative and direct democracy, and 'associational' democracy in which civil society takes on functions previously performed by the State (Hirst, 1994).

From the above analysis, it becomes clear that each of the model is based on distinctive values and assumptions, definitions of 'effectiveness', constructions of the problems to be solved, and institutionalised norms and expectations. These are often in conflict and are not readily compatible. All these four models are adopted by the governments in liberal democracies. For efficient governance, if one intends to stick to any of these models, one would not get desired results. Hence it becomes necessary that the governments must adopt a mixture of these models so that it can ensure efficient and result oriented governance.

Guy Peters (2001), on the basis of governance reforms in Great Britain, New Zealand, Australia and United States, offers four models of governance. These are market government, participative government, flexible government and deregulated government. Market government focuses on monopoly, pay for performance, market incentives etc. Participative government emphasises on consultation, negotiation, involvement, consultation, and flatter organisations. Flexible government gives importance to experimentation, managing temporary personnel etc. Deregulated government encourages greater managerial freedom, entrepreneurial government, creativity etc.

A study on governance strategies in four-countries – Australia, Netherlands, New Zealand and United Kingdom has indicated four variants. These are:

- a) Procedural, that correspond to older forms of public organisations bound by laws, rules and regulatory.
- b) Managerial or corporate governance, that conforms to managerial initiatives and performance.
- c) Market type, which involves an attempt to combine public service aspects with competition, private ownership and market incentives.
- d) ‘Network’ governance, involving cooperation with various agencies, certain organised interestgroups, private bodies, which needs a limited but interesting form of resource-sharing areas the borders. Networking emphasises upon multi-agency coordination, reciprocation and lateral communication. The binding characteristic of this is creation and sustenance of interdependence through ‘strategic partnership’ and ‘joined up’ governance (Considine, 2001).

Governance earlier has always been looked at in the formal sense of the exercise of power by three organs of government i.e. executive, legislature and judiciary. The informal actors’ presence has been minimal or non-existent. But in the present scenario, the informal sectors are making their presence significant and the pattern of governance that is emerging is a convergence of both the formal and informal organs – coexisting and exercising rights in clearly demarcated spheres.

7.7 CONCEPT OF GOVERNANCE: AN APPRAISAL

It should be clear by now that the term ‘governance’, has, over the last few years, occupied a prominent place in the discipline of public administration. As we have discussed in this Unit, the form of governance is not homogeneous and it has several things, be it civil society, market forces, third-party government, network management and so on.

We have already acquainted you with the critique of governance in Course 011 in Unit 17 on Good Governance. To recapitulate, the validity of the governance concept has been questioned on the ground of its usefulness. We had discussed five major critiques of governance in the above - mentioned Unit.

As Frederickson (2001), points out two important implications arise from the critique of governance. One is that governance approach to public administration focuses on change and reform rather than functioning of institutions such as State. The second implication of the critique is that governance theorists look for an all pervasive pattern of organisational and administrative behaviour, a ‘general theory’ that provides an explanation for the past and a means to predict future.

Frederickson suggests a fundamental distinction between public administration as the internal day to day management of an organisation and governance as management of extended state. It includes management of non-governmental, institutional and other organisations in so far as their policies or actions affect the citizens in the same way as

state agencies. This leads to a three- fold theory of governance in public administration. First, is inter- jurisdictional governance. This refers to policy area specific, formalised or voluntary patterns of inter organisational or inter-jurisdictional cooperation. Second, is the idea of third party governance that extends the functions of the State by exporting them, by contract, to policy area specific non profit, for profit, or sub governmental third parties. Third, is the area of public non-governmental governance. This accounts for those activities of non- governmental organisations that bear on the interests of citizens in the same way as governmental agencies. (www.rhu.ac.uk/mgt/news and events/seminars)

7.8 CONCLUSION

Governance basically focuses on the process of governing, involving interactions between various formal and informal institutions as well as influencing the policies and decisions that concern public lives. The success of governance depends on the reinvention of the government, re-invigoration of non-government sectors, with a social motive. There is a need to have political will, normative concerns and organisational flexibility. Besides, it is imperative to pay attention to the mechanisms and modalities followed by governments to determine public policies and equally important, to critically examine whether the policies are being efficiently and honestly implemented by the government agencies and organisations responsible for performing the assigned tasks. It also needs to be seen whether, and to what extent, the governments have established meaningful linkages with various elements of civil society, which can support the concern for good governance.

Governance needs to be transformed to make it the key instrument towards effective implementation of public policies. This requires a multi-pronged strategy to strengthen the capacities of all the actors involved in the governance process. Governance as sustainable human development needs to be given a wider connotation, so as to bring within its fold, not just good government, but also other formal and informal institutions, public-private interface, legal and regulatory reforms, decentralisation of economic functions; and empowerment of communities. The State, the private sector and the NGOs, especially the community-based organisations should cooperate and coordinate with each other to make good governance possible.

Governance now not only occupies centre stage in the development discourse but is also considered as the crucial element to be incorporated in a development strategy. It signifies a change in the meaning of government, referring to a new process of governing; or a changed condition or ordered rule; or the new method by which society is governed. It incorporates the minimal state, a socio-cybernetic system, self- organising networks, corporate governance and good governance. It basically focuses on the process of governing, involving interactions between various formal and informal institutions as well as influencing the policies and decisions that concern public lives.

7.9 KEY CONCEPTS

Autopoiesis

It refers to the organisation's relationship with the environment which is said to be internally generated and change is also considered to be brought about internally.

Corporate Governance

It is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs.

Hollowing out of the State

The phrase summarises many of the changes, which have taken, and are taking, place in British Government. It refers to: (I) privatisation and limiting the scope and forms of public intervention; (ii) the giving away of functions by central and local government departments to alternative delivery systems (such as agencies); (iii) the devolving of functions by British Government to European Union Institutions; and (iv) Limiting the discretion of public servants through application of new public management principles, with its emphasis on managerial accountability, and clearer political control through a sharper distinction between politics and administration.

New Institutional Economics

It is an approach to the study of economic phenomena that focuses on institutions other than the market- on norms, conventions, and patterns of social interaction, to examine as to which institutional arrangement fosters growth, development and efficiency and which hinder these. The new institutional economics differs from the 'old' institutional economics in that it builds up analyses of institutions from individual tastes and preferences and choice of action.

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Website

7.11 ACTIVITIES

1. Based on newspaper reports, write a brief note on measures being taken in India towards strengthening economic form of governance.
2. Visit an NGO or a community-based organisation and enquire about their governance strategies adopted at the micro level.

UNIT 8 GOVERNANCE: ROLE OF BUREAUCRACY AND POLITICAL EXECUTIVE

Structure

- 8.0 Learning Outcome
- 8.1 Introduction
- 8.2 Role of Bureaucracy and Political Executive in Governance
- 8.3 Models of Relationship between Bureaucracy and Political Executive
- 8.4 Relationship between Bureaucracy and Political Executive in Historical Perspective
- 8.5 Relationship between Bureaucracy and Political Executive in the Post-Independence Period
- 8.6 Changing Complexion of Relationship Between Bureaucracy and Political Executive
- 8.7 Conclusion
- 8.8 Key Concepts
- 8.9 References and Further Reading
- 8.10 Activities

8.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Explain the role of bureaucracy and political executive in governance
- Examine the relationship between bureaucracy and political executive in historical perspective
- Highlight the relationship between bureaucracy and political executive in the post-independent period; and
- Analyse the changing complexion of relationship between bureaucracy and political executive.

8.1 INTRODUCTION

Governance refers to forms of political system and manner in which power is exercised in utilising country's economic and social resources for development. It also deals with the capacity of government to design, formulate and implement policies and discharge functions. It is equivalent to purposive and development-oriented administration, which is committed to improvement in quality of life of people. It implies a high level of organisational effectiveness. It also relates to the capacity of political and administrative systems to cope up with the emerging challenges of the society. Governance involves adoption of new values of public

service delivery in order to establish greater efficiency, legitimacy and creditability of the system. In simple terms, governance can be considered as citizen friendly, citizen caring, and citizen responsive administration.

The essential pre-requisites for quality governance are that the system should be such which suits the needs, aspirations, background and ethos of the people concerned and those selected for operating the system should be endowed with character and competence and motivated by the spirit of public service (Kashyap,2000).

One of the most crucial areas of institutional governance in present times is the interaction between political executive and career civil servants. These interactions become important for the government to perform its routine tasks, and to make and implement the decisions required of a modern political system. Besides, they are also important for the functioning of an effective political democracy. Against this background, it is important to discuss the role and relationship of bureaucracy and political executive. In this Unit, we shall discuss the role of bureaucracy and political executive in the process of governance. An attempt is made to examine the changing complexion of the relationship between bureaucracy and political executive.

8.2 ROLE OF BUREAUCRACY AND POLITICAL EXECUTIVE IN GOVERNANCE

The pedigree of the term bureaucracy is not quite clear. The term bureaucracy is derived from the French term ‘bureau’ meaning a writing table or desk. Vincent de Gournay first coined the word Bureaucracy in the eighteenth century to refer to “a fourth or fifth form of government” in which officers, clerks, secretaries, inspectors and attendants are appointed to benefit the public interest (Weber, 1952).

According to Laski (1937), bureaucracy refers to a system of government, the control of which is so completely in the hands of officials that their power jeopardises the liberties of ordinary citizens. The characteristics of such a regime are a passion for routine in administration, the sacrifice of flexibility to rule, delay in the making of decisions and a refusal to embark upon experiment.

‘Bureaucracy’ is also a form of organisation. In this sense, it indicates sophistication in both design and operating methods. It is trained to increase the efficiency of performance and this by the weighing of reason in order to resolve differences in policy making. Governed to a considerable degree by professional standards of behaviour and competence, the modern career service (under favourable conditions), functions as a significant support of rational consideration in public policies and their administration (Marx, 1967).

Though Weber was the first social scientist who made a systematic study of bureaucracy and its characteristics, yet he never defined bureaucracy. He only described its characteristics. According to him, bureaucracy is “an administrative body of appointed officials.” Thus in bureaucracy, he included explicitly appointed officials only leaving out the elected ones. In Weberian analysis, bureaucracy refers to the sociological concept of rationalisation of collective activities. It describes a form or design of organisation, which assures predictability of the behaviour of employees. According to Weber, bureaucracy is superior to any other form in decision, precision, stability, discipline and reliability (Mishra and Sweta, 1999). It

makes possible a degree of calculability of results for the heads of the organisation and for those acting in relation to it.

Thus, bureaucracy in spite of its so many shortcomings plays a vital role in the governance of a country both at the policy making and implementation levels. It is like a cart, which carries the burden of the political executive and committed to the programmes and policies being implemented. Bureaucracy being a professional, and skilled body of officials, has a major role to play in governance process. It is responsible for identifying major policy areas, preparing of policy proposals, analysing alternative solutions, categorising major policies into sub policies and determining programmes of action, to attain the laid down objectives. In the process of governance, which involves several set of activities to deliver effective services to people, bureaucracy plays 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.

In a presidential form of government, the President is the head of the political executive and other subordinates work under him who are responsible for policy formulation. But in a parliamentary form of government, it is the Cabinet that constitutes the executive i.e. Prime Minister (Chief Minister at the state level). The governmental activities are divided under various heads called ministries and there is a minister to head each of the ministries. The ministers are elected directly by the people from well demarcated parliamentary or the legislative constituencies as the case may be. Wherever there is a bicameral legislature, the members of the upper house though represent a particular state yet are eligible to become a minister. The political executives are those who are either elected directly by the people or appointed by those who have been elected, and are presumed to hold a mandate to enact and implement the policies they advocated during their electoral campaigns (Peters, 2002). The political executive is guided by the principle of collective responsibility that means if the Prime Minister/Chief Minister, as the case may be, resigns from the post, the whole Cabinet stands dissolved. The Prime Minister may ask any of his/her particular minister to resign from the ministry if s/he finds that the minister's functioning is not satisfactory and against the norms of ministerial morality.

The minister is a professional politician. As such s/he necessarily carries a combination of popular, political and parliamentary responsibilities, which s/he can afford to neglect only at the risk of eclipsing his/her political career. Since s/he decides on policies being the minister, s/he must be clear in his/her own mind about what s/he wants to achieve during the period at his/her disposal and what his/her scheme of priorities is.

The political executive, who represents the people, is to translate popular needs into public policies. In doing so, a minister must acquire a deep, if not a complete understanding and knowledge of the subject under his/her charge. S/he should be be foresighted without becoming a mere visionary, firm without seeming obstinate, temperate without being devoid of moral sensitivity. Even former Prime Minister, Morarji Desai (1970) was of the opinion that these qualities should be adopted by a minister whose job would be 'to warn, to comfort and to command.' Obviously, the warning has to be against the consequences of failure of duty. The comfort has to be in terms of the hard lot of administrative existence, namely lack of appreciation on the part of those for whose welfare, administration exists. The word of command has to be as befits the head of a vast organisation through words and policies, which will carry instinctive or instant or deliberate obedience, as the case may be.

8.3 MODELS OF RELATIONSHIP BETWEEN BUREAUCRACY AND POLITICAL EXECUTIVE

The system of governance prevalent in India visualises a minister who is a part of the legislature at the top of, and holding command over, a body of permanent professional civil servants whose administrative head is the Secretary. It is a combination of lay politician and politically neutral and permanent civil servants. They are both engaged in policy-making. But the bureaucrats and political executives play very different roles in the policy process. Their permanence, longer time perspective and functional expertise all provide the bureaucrats with a different view of policy and policy-making than that held by the political executive (Peters, 2002). This system is different from that of United States of America. In the USA, the political head of a department, does not hold a seat in the Congress but is a nominee of the President, staying in the office at the pleasure of the latter and there is no civil servant corresponding to the Secretary in India.

The relationship between the bureaucracy and political executive is of critical importance for the effective functioning of the machinery of the government. However, there is no crystallised convention in regard to the relationship between the two. There are some models of the relationship between civil servants and their political masters. Peters (*Ibid*), formulates five models of interaction between civil servants and political executives. One of these models of interaction between the two is the 'Formal-Legal' model. In this model, the policy making role of the bureaucrat is reduced to saying 'Yes Minister'. The Wilsonian approach to public administration stressed this conception of the bureaucrat's role. This model serves as useful fiction, allowing bureaucrats a great deal of functional responsibility while retaining political responsibility in the hands of elected executive officials. This has been developed less in a formal sense in the USA than in other countries (perhaps especially the UK).

Another model of relationship between the bureaucrats and the political executives is the 'Village Life' model. In this model, the senior bureaucrats and political executives are conceptualised as having relatively similar values and goals, with the most important, perhaps being the maintenance of the government and the smooth functioning of the executive branch. This model was applied specifically to the values of British bureaucrats working within the Treasury, rather than the relationship of those bureaucrats with their political 'masters'.

The third model is the 'Functional' model, which envisages close ties among civil servants and political executives within the same functional area such as legislative committees, etc.

The fourth model is the 'Adversarial' model, which is converse of the village life model. In this model, the political executive and the senior civil servant are assumed to be competitors for power and control over policy. In this model, the civil servant is cast in the position of saying "No Minister" or more commonly saying nothing at all and then proceeding to do whatever he thinks best. This conflict is considered to be result of difference over the content of public policies, partisan conflict over policy, clash over battles for budgets etc.

The fifth model is the 'Administrative State' model, which reflects the perception that the decision making of government is dominated by bureaucracy. The political

executive or legislative bodies do not have the capabilities to accept the work load of modern government and permanent civil service is most suited to take up the tasks of modern State.

Thus, we see that in the formal legal model, it is the task of the political executive to shape decisions and the task of the bureaucrats is to implement those decisions. Whereas in the village life model, the political and bureaucratic elites coalesce against legislators and other groups in the society in order to maintain their privileged position in government. Secondly, in the formal-legal model, the conflicts are resolved almost automatically through law and hierarchical command. On the other hand, in the village life model, conflict is resolved through bargaining. Such bargaining might occur within a particular sub-set of the elite, depending upon the perspective adopted.

The minister is a professional politician who comes to the office with knowledge of what people expect from the government and they would not stand. S/he comes and goes, depending upon the fluctuation of the fortune of the party. S/he has to her/his credit legislative experience and may be some governmental experience. The secretary, on the other hand, is a permanent civil servant possessing wide administrative experience. Each lacks what is best in the other and, therefore, supplements the other. When one oversteps or does not interpret his/her role properly, friction, misunderstanding and disharmony are in store, obstructing the tempo of governance.

The political executive is rarely an expert in the special work on which his/her department is engaged, or for that matter, in the techniques of public administration. S/he has general ideas in line with the political ideology of his party, but he/she often is not sure what is the best solution to a particular problem with which he/she is faced. The political executive relies on permanent officials for facts and advice, for it is the latter who is the repository of the information.

A minister lays down the policy and it is the duty of the secretary to implement it in the right earnest. The secretary must briefly record all the decisions, which are made verbally to avoid ambiguity and confusion. The secretary makes available relevant information and data on the basis of which policy can be formulated. S/he is the principal advisor to the minister and must render advice without fear or favours. S/he should keep the minister well informed on all important developments in the sphere of his/her responsibility and should show sensitivity to the ministers' political and parliamentary responsibilities.

Policy and administration are intermingled in practice. Therefore, it is not possible to separate policy from administration. And as such a close relationship must exist between the minister and the civil servant for the optimal efficiency of the ministry. The minister must have complete trust and confidence in the secretary and latter must fully cooperate with his/her minister, should respect his/her views and share his/her anxieties. As the minister is accountable to parliament, the secretary must always have in mind that he/she is only his/her advisor and ultimate authority to take decision on policy matters. It is also the duty of secretary to see that the minister retains a favourable public image outside.

In theory, politicians (legislators), who represent the people, are to translate popular needs into public policies, and civil servants are to implement them. In practice, the intricacies and the nature of current legislation especially on account of large scale government intervention in the performance of economic and social welfare tasks -

are such that most politicians may not have the time and/or competence to shape these laws. Since they have no alternative, they leave policy making largely to officials. These officials obtain necessary inputs from interest groups and expert bodies, located outside the legislature, before obtaining the endorsement of the top level politicians, e.g. cabinet members. Other politicians may influence legislation by means of criticisms inside or outside the legislature. But they cannot claim predominance in policy making, whereas they serve self-interest by adhering usually to party discipline, and endorsing laws approved by the Cabinet in a country like India, where there is a parliamentary form of government, so that the defeat of a government sponsored legislation on the floor of the house does not expose them to the risk of an electoral contest.

The conventional view of the relationship between politics and administration is that of ends and means. Politics in its more specific sense is concerned with the use of State power. The conventional view of administration is that it is concerned with translating into practice political decisions, which are independently derived from other sources.

One another way of distinguishing politics from administration is in terms of career and vocations. On this count, in a democracy, politics is concerned, with the activities of elected representatives and of those who elect or influence them and administration is with the activities of professional administrators and advisors. However, this distinction obviously does not correspond with that of ends and means. In modern Britain, still more in France, the top professional administrators certainly wield more influence in policy making than do an average Member of Parliament. This is not a modern phenomenon. As a matter of fact, in the age of stronger representative assemblies, which preceded the First World War, there were officials who operated as extremely effective policy makers.

Yet another alternative distinction between politics and administration is in terms of process. At the apex there is a fusion of political and administrative influences. Voters and politicians seeking election have their eyes upon the rungs of political ladder and are not much concerned with administrative operations. Administrators down the line are primarily concerned with getting policies or rules effectively applied without bothering much as to how or why they were formulated. In simple words, politics is an area of change and indeterminacy and administration is of stability and routine.

The minister is not a superior civil servant and is likely to approach problems in different ways. The channel of his/her recruitment, training and promotion are entirely different from the civil servants. S/he is likely to have little or no knowledge of his/her post and if s/he is ambitious s/he may hope not to remain in it for very long. Over all a minister is believed to be interested in positive action in the short term rather than going for a long term planning. S/he is unlikely to be well disposed to decisions that are going to be unpopular. There is bound to be some conflict between them, which is unavoidable if the advice is to be tendered frankly and ministers made aware of all the consequences of their proposed action. In the day to day functioning of the government normally significant issues are referred to the ministers for decisions, but at the periphery important matters must be left to the permanent officials who are in actual contact with the general masses. And what s/he does influences the practical effect of government policy.

Apart from parliamentary business, the minister is like the head of any other organisation. Much will depend on the training and experience of civil servants and

on their ability to anticipate the minister's wishes. They know the pressures on his/her time and see their job partly as protecting him/her from being deluged with official files. However, no question of any importance is likely to be settled in the minister's name before s/he has seen the files and has a fair chance to intervene.

The fact is that a minister is supposed to be heavily relying upon his/her permanent staff. When major changes have been introduced and have been accepted and when a government has no major alterations in mind, initiative in policy formulation passes from the politician to the public servant. The public servant who deals with individual citizens, day after day, is in a good position to perceive their needs. Normally he/she will initiate more policy changes than his minister, who will be concerned primarily with major and spectacular issues; but because as the public servant is by training and tradition cautious, he/she is likely to recommend less than what the public expects or demands (Jain, 1976).

However, it is easier to describe such an ideal relationship than to practice it in reality. The advice given to the political executive today is not always what is in the best interests of the country but very often the one, which the minister may like. Slowly but steadily, objectivity has been giving place to palatability at the hands of a civil service, which enjoys the unparalleled distinction of protection by the Constitution itself. The game was started by a top few – perhaps at Delhi – but soon all levels seem to have mastered the technique. It coincides with careerism becoming an obsession with the civil service. The Administrative Reforms Commission (1968) observes: “there is a disinclination among quite a number of Ministers to welcome frank and impartial advice from the Secretary or his aides and an inclination to judge him by his willingness to do what they wish him to do. Instances are not wanting of Ministers preferring a convenient subordinate to a strong one and thereby making the latter not only ineffective but a sulky and unwilling worker. This has also bred a tendency on the part of an increasing number of civil servants to attempt to anticipate the Minister's wishes and put forth this advice accordingly. A further development of this unhealthy trend is the emergence of personal affiliations leading to an element of “politicisation” among civil servants. All these cut at the root of the healthy relationship ... the Prime Minister should take special interest to curb this tendency with the assistance of the Cabinet Secretary and the Central Personnel Agency”.

The minister often oversteps the legitimate function of laying down policies and starts interesting himself in the task of day to day administration, thus undermining the sense of initiative and independence of civil service. As a matter of reality, the minister should confine himself to his role of a policy maker and leave implementation of policy and day to day administration to civil servants. A popularly elected minister who has necessarily an eye on the next election is under pressure from various quarters and may desire a particular course of action on certain issues – often without being aware of its full repercussions. It is the duty of the civil servants to apprise him/her of the consequences that would flow from his contemplated action. If s/he remains adamant and the civil servant thinks that the contemplated course of action to be detrimental to public interest, he/she must put down his/her views in writing and wait for and abide by the ministers decisions. However, such a deep-seated reluctance to offer advice without fear or favour has gradually sunk down to all levels in the administration. Those who prize frank advice from their subordinates are not many, and those who have the courage and frankness to offer advice are still fewer. This is a new and discouraging phenomenon not known to the pre-independence administration (Maheshwari, 1990).

8.4 RELATIONSHIP BETWEEN BUREAUCRACY AND POLITICAL EXECUTIVE IN HISTORICAL PERSPECTIVE

Historically the notion of minister was created according to the Montague-Chelmsford Reforms of 1919. For the first time in the administrative history of India, the secretary was called upon to work under a lay minister. The experiment in Minister-Secretary relationship did not go off entirely without friction and conflict. Many of the ministers later complained before the Reforms Enquiry Committee (1924) about lack of cooperation on the part of the Secretary.

Consequently, on the passing of the Government of India Act, 1935, the question of minister-secretary relationship came into fore and that too more prominently. The introduction of responsible government under this Act directly affected the functions and status of Secretary. The Committee on Organization and Procedure set up in 1937 under the chairmanship of R.M. Maxwell examined inter alia, the question of proper relationship between the minister and his secretary (*Ibid*). The committee pointed out that the minister had a right to expect advice based on the widest administrative experiences available in the department and furthermore, the secretary was the only officer in the department qualified by experience to give such advice.

In view of the political, parliamentary and the public preoccupations of the minister, the Committee recommended that matters of only major importance should be referred to the minister for his/her decisions. Having this in mind, it suggested the following classes of business to be submitted to the minister: i) Cabinet business, that is, the business which under the rules must be brought before the Cabinet or about which the minister may wish to consult the Cabinet; ii) business which is likely to have political repercussions; iii) parliamentary business; iv) patronage; and v) any other class of business which, in the opinion of the secretary, is of sufficient importance to be submitted to the minister. The Maxwell Committee laid particular stress on the need for giving the secretary enough discretion and freedom in transacting the day to day business of administration (*Ibid*).

After independence in 1947, there has not been much of a friction between the ministers and the secretaries. It may be because of the following reasons: i) The minister had a legitimacy; ii) Sardar Patel had a strong standing as Home Minister and had intimate relationship with all the secretaries; iii) the administrators were swayed by the quality of leadership.

8.5 RELATIONSHIP BETWEEN BUREAUCRACY AND POLITICAL EXECUTIVE IN THE POST-INDEPENDENCE PERIOD

In post-independence India, the rift between the minister and the secretary occurred for the first time in 1957. This was between T.T. Krishnamachari and H.M. Patel, the then Minister and Principal Finance Secretary respectively (Bhambhri, 1971). The subject of rift was the purchase of shares of certain private companies by the nationalised Life Insurance Corporation. According to the minister, the Finance Secretary only “casually” mentioned to him about the purchase of these shares, whereas the secretary maintained that he had been acting all along with the knowledge and approval of the minister. About the mode of consultation with the minister, the Vivian Bose Board of Inquiry, which was appointed by the government

to examine the propriety of this deal, observed: “And about that, all, we can say is that if that is Mr. Patel’s way of briefing his Minister on a grave issue that requires a high level decision of policy, he is very much to blame; and from the Minister’s point of view, we cannot blame him if he thought, as he said he did, that this was just casual information about the LIC which did not require any information from him” (Enquiry Report, 1960).

The upshot of this episode was that on the grounds of constitutional responsibility of the minister for any action of the civil servants, the minister resigned from his office and the secretary too preferred retirement from government service although he had been eventually exonerated of all the charges.

In 1966, the minister-secretary relationship again attracted widespread publicity when Gulzari Lal Nanda, was the Home Minister. He complained of non-cooperation by the then Home Secretary, L.P. Singh, and sought his replacement..... “denied the kind of assistance and cooperation I needed from a civil service not set up in tune with my ideas, I was made to feel that I had no say in the making of decisions at policy making level. Have you ever thought to yourself how I was expected to function with the kind of tools you gave me to work with?” he complained to the unobliging Prime Minister (Indian Express, 1969). The controversy ended with the minister resigning from his office, and the secretary remaining in position.

Rajiv Gandhi also failed in restoring the balanced relationship between the politician and the civil servants. At a meeting of the Science and Technology Coordination Committee in January 1987, he rebuked senior officers, C.S. Sastry and Dr. D. Bandopadhyay, Agriculture and Rural Development Secretary respectively, in the central government. The Committee had before it an agenda to review the official programmes. But Rajiv Gandhi departed from the agenda and demanded that Sastry, the Agriculture Secretary, make a presentation on the National Dairy Development Board rather than on edible oil as already scheduled. When Sastry reminded him of the agenda, the Prime Minister ordered him out of the room and immediately issued verbal instructions reverting him to his parent cadre of Andhra Pradesh. This behaviour was criticised and argued that the Prime Minister ‘cares little for the distinction between the serious review of official programmes based on facts and what could be seen as approaching an inquisition of senior officers’ (Times of India, 1987).

Hardly had the ink dried when another episode, extremely ugly and shocking, occurred. The occasion and venue was a press conference, which the Prime Minister was addressing in New Delhi on January 20, 1987, and the victim was the Foreign Secretary, A.P. Venkateshwaran. At the end of the Conference, the Prime Minister was asked by a Pakistani correspondent about the former’s visit to Islamabad. The Prime Minister replied, he had no such plan. The correspondent reminded the Prime Minister that the Foreign Secretary, Mr. Venkateswaran, had said during his visit to Pakistan in December 1986, that the Prime Minister would be visiting the capitals of other member countries including Pakistan in his capacity as SAARC Chairman. The Prime Minister did not directly reply to the question, but remarked, “You will be talking to new Foreign Secretary soon” (The Hindu, 1987). Thus, Venkateshwaran’s removal was announced in the Press Conference, while the officer concerned was sitting in the Conference as Foreign Secretary taking notes of the proceedings of the Conference. Humiliated, Venkateshwaran dashed to his office and resigned from the Foreign Service altogether.

This phenomenon is not confined to the central government only but it is more prevalent in the states. Transfers at the secretariat level, sometimes en masse, have become quite common. With every change of government at the state level, top level civil servants are shuffled at will by a new Chief Minister, on extraneous considerations such as caste, and by side stepping several senior members. For example, in Bihar, when Bhagwat Jha Azad became the Chief Minister, Arun Pathak was appointed as Additional Chief Secretary superseding at least 22 other officers. Responding to critics, the Chief Minister in all innocence commented that such an appointment did not in any way adversely affect either the pay or ranking of the officers. He simply wanted that particular civil servant in that particular position (India Today, 1989). Similarly, Chief Minister Azad's nomination of a Director General of Police resulted in catapulting 10 Inspector Generals of Police to the rank of the Director General of Police (Sengupta, 1988). In 1990, when Mulayam Singh became the Chief Minister of Uttar Pradesh, 326 of 520 IAS officers and 169 of 411 IPS officers were transferred. To silence the critics, the Chief Minister said "when a new party comes to power and aims to bring about change, large scale transfers are unavoidable" (India Today, 1990). The reckless transfers and postings of officers, result in a virtual paralysis of administration.

Recently, after the elections of Parliament when the United Progressive Alliance came to power, the Prime Minister, Dr. Manmohan Singh and his Cabinet transferred secretaries in large scale including the Cabinet Secretary.

8.6 CHANGING COMPLEXION OF RELATIONSHIP BETWEEN BUREAUCRACY AND POLITICAL EXECUTIVE

The distinction Woodrow Wilson made between politics and administration appears to have blurred over time. Still the interplay of political and administrative concerns is important to understand in the present context. The aim of democratic accountability and neutral professional competence on part of bureaucracy holds good even in present times. Governance, which is broader in nature, assumes a multifaceted responsibility on the part of bureaucracy, towards the community, law, political interests and professional standards.

Governance reforms aim at improving interorganisational governance structures, process management and interorganisational decision-making. The bureaucrats have assumed changed roles and responsibilities in policy making and their relation with policy makers. In its new role, bureaucrats, have to incorporate openness in policy networks to enable partnerships.

Analysing the patterns of political executives' interaction with civil servants, Guy Peters (1987), highlights certain characteristics which include the forms of government of the country concerned, the types of training and career patterns of civil service, the role conception of political executives, openness of the government and its ministries to the organised groups in society. The training, careers and role conceptions that political executives bring with them to the office tend to influence the manner in which they interact with the permanent civil service staff. The interaction of civil servants with political executives is dependent on the type of training received by them.

The relationship between the bureaucrat and the political executive is of complementarity. They both need to help each other in a partnership for good

governance. The bureaucrats and political executives maintain distinct roles based on their unique perspectives and values and the differences in their formal positions, but the functions they perform necessarily overlap. The bureaucrats influence and are also influenced by the competing norms and values of the complex system of governance. They are squeezed between the demands of policy makers to increase efficiency on the one hand, and challenges from the market based actors on the other. These two forces, together, induce bureaucracy to develop new routines, organisational concepts and skills for greater efficiency to compete with private actors in the sphere of service delivery.

In today's world, the relationship between the bureaucrats and political executives is a complex pattern of interaction and interdependence. According to Pierre (1999), it is a two-way phenomenon. On one hand, there is 'politicisation of the bureaucracy': policy makers have increasingly come to realise that the bureaucracy is a source of tremendous executive powers and capabilities which require strong political control to ensure that they serve the objectives formulated by policy makers. On the other hand, there is 'bureaucratisation of politics', due to its higher degree of continuity and specialised expertise. The bureaucrat becomes politically more assertive, more engaged in creating networks and linkages with other organisations and more inclined to use its discretion to pursue its own interests and ideals.

In the present times, the tendency has been for the more representative and legitimate political institutions to throw power at the bureaucracy rather than resist its plea for influence. These representative institutions (political executives) are incapable of formally abdicating powers (even if they might want to), but they must bargain to get the assistance in policy making and implementation that only the bureaucracy can provide (Peters, 2001). The bureaucrats must be interested in the preservation of the existing policies of the agency, as also be interested in imposing a new set of policy priorities. This is because the bureaucrats are, or become, experts in their policy areas and develop ideas about how policy might be formulated better. The contact of the bureaucrat with the environment of the organisation, as well as the concentration of technical expertise in the lower echelons of organisations, tend to give bureaucrats a substantial control over information and expertise crucial for policy making. The political institutions have been attempting to break the monopoly on information that the bureaucracy appears to hold by creating their own independent sources. These "counter bureaucracies" are most numerous in the United States - for example, the agencies of the Executive Office of the President, the Congressional Budget Office, and the ever growing committee staffs of Congress – but they also exist in a number of other political systems (*Ibid*). Some have sought to provide this information through ministerial cabinets, while others have established research offices in government or have strengthened the Prime Minister's office. Still other governments have tried unsuccessfully to use their political parties as instruments for policy research. Despite these efforts, the bureaucrat retains a central role in the development and dissemination of policy-relevant information and thereby a powerful position in policy making.

The bureaucrat also retains one principal advantage in a struggle over power and policy – it is simply so numerous. The sheer intensity of the task of controlling a large, complex and knowledgeable public bureaucracy possessing substantial political support may defeat all but the hardiest politician. Even in the United States, where Presidents have a very large number of political appointees compared with most other countries, the size of the bureaucracy and its relationship to important political forces make it difficult to control (Peters, 2001, *op. cit*).

The bureaucrats occupy the most important positions in government. The positions, which they occupy, involve both the direct delivery of services and the definition of what the programmes really signify for clients. This may mean that they will disagree with the political leadership of their organisation, except perhaps on the crucial question of whether the organisation should survive. The bureaucrats, because of their skills, keep the organisations running on a day-to-day basis and find themselves boarding a policy train that has a great deal of momentum. The political executives, coming on board their departments find that the organisations of which they are nominally in charge tend to run on their own with little direction from above.

The governance trend, today, involves network management and interactive policy making where multiple societal actors like private, non-governmental, and voluntary organisations, individuals, the community, self-help groups, etc., are involved in the formulation of policies. In such a scenario, the bureaucrats have to bring these players to the table, facilitate and negotiate decisions and also create a sense of shared interests and responsibility (Mathew, 2003). It lays down policies for the empowerment of people, thus promoting consciousness and awareness among citizens and making the bureaucracy transparent, accountable and free from corruption.

The public bureaucracy, in a modern age, is in quite a strong position vis-à-vis the political executive. It has become an effective policy maker due to its expertise, the time, the stability and the techniques. The bureaucrats have to be stewards of public resources, conservators of public organisations, facilitators of citizenship and democratic dialogue, catalysts for community engagement and at the same time street level leaders (Denhardt and Denhardt, 2000). In this way they can operate as an interface between political executives and civil society.

The governance function presently, is the responsibility of hierarchies, market and communities. The role of political executives and bureaucracy is to ensure that there is proper network management with effective interactions between networks and appropriate institutional arrangements for realising public policy objectives. There are situations calling for multifaceted roles to be played either by politicians or bureaucrats, a leadership, coordinating, and steering roles to deal with complex situations.

8.7 CONCLUSION

Thus, to conclude, the political- administrative relationship remains intrinsically important as well as fascinating. There is not only the question of the balance of capacities and influence between the two groups but also of the nature of their influence upon each other. If there is to be a satisfactory balance in democracies between politicians and administrators, continuous attention must be paid to the recruitment and training of both groups. Also, it is a question of learning from experience and caring and sharing of responsibilities, and not conflicts and competition for power.

Globally, there are efforts towards good governance. India is not an exception. Good governance, for that matter governance, not only requires a cordial relationship between bureaucracy and political executive but also good citizenry. Therefore, the need of the hour is that more and more honest and dedicated individuals join politics and take active interest in the governance of the country. The same applies also to the bureaucracy. There must also be stricter public scrutiny over the functioning of

ministers and higher officials to prevent abuse of power by them. Once the top layer of politicians and civil servants show good examples, the quality of the cutting-edge level administration is sure to improve.

The relationship between the bureaucracy and political executive is of critical importance for effective governance. As democracy matures and the two sides – politician and civil servant – interact between themselves more and more in actual work situations, one can safely conclude that as in other mature democracies in the west, the relationship between the political and the professional executives would steadily progress toward more and more understanding for the service of the people.

8.8 KEY CONCEPTS

Bureaucratisation of Politics

The change in the complexion and functioning of politics influenced by the impact of bureaucratisation in the form of rigidity, adherence to rules and regulations, formal structures etc. The informal and, flexible form of functioning of politics is said to become formal and rigid.

Politicisation of Bureaucracy

It is considered to be contrary or opposite to the concept of political neutrality. It implies public service and its functioning getting influenced and used for party purposes. The appointment, promotion and tenure of public servants is said to be influenced by party activities.

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8.10 ACTIVITIES

1. On the basis of media reports, make your observations regarding the relationship between bureaucracy and political executive in the current scenario.
2. Attempt to talk to the locally elected political representatives and elicit their views on this aspect.

UNIT 9 GOVERNANCE: ROLE OF THE LEGISLATURE AND THE JUDICIARY

Structure

- 9.0 Learning Outcome
- 9.1 Introduction
- 9.2 Role of the Legislature in Governance
- 9.3 Role of the Judiciary in Governance
- 9.4 Judicial Activism
 - 9.4.1 Nature and Meaning
 - 9.4.2 Areas of Judicial Activism
 - 9.4.3 Public Interest Litigation: An Innovative Step towards Judicial Activism
 - 9.4.4 Judicial Activism: An Appraisal
- 9.5 Relationship between the Legislature and the Judiciary
- 9.6 Conclusion
- 9.7 Key Concepts
- 9.8 References and Further Reading
- 9.9 Activities

9.0 LEARNING OUTCOME

After studying this Unit you should be able to:

- Highlight the crucial role of the legislature and the judiciary in governance
- Appreciate the significance of judicial activism; and
- Examine the relationship between the legislature and the judiciary

9.1 INTRODUCTION

Today, ‘governance’ occupies centre stage in the development discourse; also ‘governance’, in terms of plurality of agencies and institutions working in tandem, is considered as a crucial element in public administration of a country. The principles of governance whether enshrined in the ancient Indian treatises or spelt out in the Directive Principles of the State Policy veer around the pivotal theme of all-round welfare of the citizens.

In India, during the freedom struggle, ‘swaraj and good governance’ were considered synonymous. After independence, India’s Constitution enshrined the aspirations of the people and the ideals of the freedom struggle. The founding fathers of the Constitution resolved to keep people’s rights, equality, social justice and all-round well being as the core of governance.

In order to operationalise these issues, governance requires a moral determination that is central to the concerns of all human beings. And, thus, the role of legislature and judiciary becomes important in order to improve the quality of governance. The legislature and the judiciary are the two important organs of the State which not only

have key responsibilities, but also have to perform a major role in making justice accessible to all.

This Unit shall familiarise you with important aspects of role of legislature and judiciary in the process of governance, and the significance of judicial activism. You shall also be able to comprehend the nature of relationship between the legislature and the judiciary.

9.2 ROLE OF THE LEGISLATURE IN GOVERNANCE

Legislature is a general term, which subsumes various other specific names like parliament, congress, national assembly. It is called by different names in different countries. For example, Diet in Japan, Cortes in Spain, Jatiya Sangshad in Bangladesh, etc. In case of India, the legislature of the union is called Parliament.

The Indian Parliament is constituted on the basis of the principle of bicameralism, i.e., the legislature having two Houses or Chambers. Since a federal form of government was adopted in India, there was almost unanimity among the framers for achieving a balance between the direct representation of people and the representation of units as such, by setting up two Houses, one representing the people as a whole and other the federated units.

Popular democracy and representative institutions are neither entirely alien to the Indian soil nor of recent origin. Modern parliamentary institutions in India had an organic growth after the advent of the British. The British rulers felt the necessity of establishing closer contacts with public after the war of independence (1857). The Indian Councils Act of 1861 was a first small step in this direction. This was followed by the Indian Councils Acts of 1892 and Government of India Acts of 1909, 1919 and 1935. But these British Indian experiments suffered from two basic limitations. First, these bodies were elected (earlier mostly nominated) on an extremely limited franchise based on property and education. Second, they lacked legislative autonomy from the executive power of the Governors – General and Governors (Singh, 1995).

With the Constitution of India coming into force on 26 January, 1950, a full fledged parliamentary system of government was established. The Constituent Assembly became the Provisional Parliament of India and functioned as such till a new Parliament was constituted under the provisions of the new Constitution. The first elected Parliament came into being in May, 1952, after the first general election held during 1952.

In a parliamentary democracy, sovereignty of the people rests in and is upheld through legislature. It is this role as the custodian of the people's sovereignty, which makes legislature the most important organ of the State. The Indian legislature, i.e., the Parliament, occupies a pre-eminent and pivotal position in the country's constitutional set-up. Over the years, it has carved out for itself a unique place in the esteem and affection of the people as the forum through which they articulate and realise their aspirations and ventilate their grievances and seek solutions to their problems. It is the supreme representative body of the people (Kashyap, 1988).

The importance of legislature has been highlighted by Lord Bryce (1921) in his work, "Modern Democracies". He recognised that legislatures constituted an indispensable

part of the machinery of government in democracies, but felt that because of party caucuses and growth of pressure groups the “dignity and moral influence of representative legislatures” have been declining.

Even K.R. Narayanan (1992), former President of India, has accepted that Parliament and the State Legislatures are supreme institutions. To quote him: “Parliament and Legislatures constitute the head and front of the body-politic in India. They are the institutional embodiment of the audacious experiment in democracy – launched by the founding fathers of our republic...”.

Michael Ameller has emphasised that “in a democratic set up, parliament lays down basic principles which the executive has to apply and which the judiciary has to use as its frame of reference” (37th Commonwealth Parliamentary Conference Commemorative Volume). Thus, it can be said that among the three organs of the State – executive, legislature and judiciary – the legislature takes precedence over the other two organs, the executive and the judiciary.

The Indian Constitution as you all are aware, provides for a bicameral Parliament, which consists of the President and two Houses known as the Council of States (Rajya Sabha) and the House of People (Lok Sabha). The President is an integral part of the Parliament. The President was made a part of the Parliament in conformity with the principles and traditions of parliamentary government. Although the President himself is not a member of the legislature, his participation in the legislative process is ensured by making him a part of Parliament. Secondly, since he is the chief executive and the executive power is co-extensive with the legislative power, it has become necessary to make him an integral part of the legislature.

Following the British principles of supremacy of law and parliamentary sovereignty, the Indian Parliament is constituted as the supreme legislative body although it cannot be compared with its British counterpart as entirely equal in its powers. It is a multi-functional institution performing a variety of roles or functions. These roles are discussed below.

Legislative Role

The primary function of parliament is law-making. Historically, it was the function of making laws that made the legislature a distinctly separate department of government. Though the legislature has taken up additional functions as a result of the complexities of modern government, yet law-making still remains its most important activity.

With regard to the law-making power of the legislature, we see that the lower House, i.e., the Lok Sabha has a key role especially with regard to money bill. In case of money bills, Rajya Sabha’s power is almost negligible and has only an advisory role. These bills can be introduced only in the Lok Sabha and once it is passed by the House, it goes to the Rajya Sabha for consideration. The Rajya Sabha is given fourteen days time to take action on the bill. The Rajya Sabha can either pass it or can amend or reject it. If the bill is passed by the Rajya Sabha, then it goes to the President for his assent. If it is amended or rejected, then it goes back to the Lok Sabha where it is reconsidered and voted by a simple majority and sent to the President.

In case of ordinary bills, both the houses have equal powers. These bills can be introduced either in the Lok Sabha or the Rajya Sabha. The Rajya Sabha may amend or reject a bill that is passed by the Lok Sabha. If the Lok Sabha disagrees with the

action of the Rajya Sabha, then the matter is placed before a joint sitting of both the Houses and passed by a simple majority. Since the strength of Lok Sabha is more as compared to that of Rajya Sabha, the will of the Lok Sabha prevails in matters of conflict. A bill passed in a joint sitting goes straight to the President for his assent.

With regard to constitutional amendment too, both the Houses have co-equal powers. The Constitution cannot be amended unless the Rajya Sabha also agrees to such change. The provision of joint sitting does not apply to constitutional amendment bills.

Control over Executive

Another important role of the legislature is to control the executive. Under the Constitution, the Council of Ministers is collectively responsible to the Lok Sabha. This means that the Rajya Sabha has hardly any control over the ministers. However, the Rajya Sabha has every right to be fully informed of all matters connected with the government's activities, which are raised on its floor.

The legislature enjoys near unlimited right to call for information and to see whether the government has acted in conformity with its obligation. The legislature's control over executive is meant to galvanise, not supplant executive initiatives; to promote, not impair administrative will for action. Actually, it is meant to help the administration by calling its attention to lapses and shortcomings, which otherwise it may itself remain unaware of.

There are numerous procedures by which the legislature controls the executive. The debate on the motion of thanks on the President's address, the budget, and motions for consideration of governmental policy in particular areas, are some of the methods. Parliamentary questions to ministers, adjournment motions, calling attention notices, are some of the other procedures, which enable members to draw attention to specific grievances or issue and elicit government response thereon. The legislature has a right to pass a no-confidence or censure motion against the government. But this right does not belong to Rajya Sabha. In order to check administrative lapses or shortcomings in the working of particular departments or organisations, there are motions for short duration discussion, private members' resolutions, motions for modification of statutory instruments and report of departments and public undertakings.

Parliamentary control over public finance – the power to levy or modify taxes and the voting of supplies and grants – is one of the most important checks against the executive assuming arbitrary powers. No taxes can be legally levied and no expenditure incurred from the public exchequer without specific parliamentary authorisation by law.

Parliament as Leadership Training Centre

Parliament plays an important role in leadership recruitment and development and in doing so, it makes an important contribution to the political system. Kashyap (1988) views, "Parliament as the recruiting and training ground for Ministers". Parliament is like a political battle field where the weak and the faltering are exposed and those who are strong find the challenge stimulating and flourish. Normally, those who have talent, ambition and grit are chosen for top ministerial berths and other higher positions in public life. The members of parliament while serving as members of different committees acquire considerable knowledge in various fields and make good ministers. The performance of various members in the parliament and in various

committees help the Prime Minister in selecting ministers. As a result, continuity in leadership is ensured.

Parliament's Role in Social Engineering

Parliament's role in social engineering is equally important. In a developing country like India, many policies are to be made in order to change its condition on several fronts. If this change is brought about through a process of consensual politics, only then the new policies and the change resultant can be smooth and meaningful. The parliament provides a place for interaction of diverse forces and varied interests in the polity are brought together under a common platform where they can have face to face discussion and dialogue. In this way, the new changes are brought about and a new value-culture is born. Thus we see that the parliament performs a significant role as an integrator and a mediator in bringing about change in the society.

Representational Role

Parliament is a body, which represents the people. Its members are drawn from every part of the country and represent varied interests. As such it is the forum through which the needs and aspirations of the masses and even their anxieties and frustrations are articulated. It provides a platform to the masses to express themselves on the problems which arise in the society and get the government explain its position on these problems and the course of action which it proposes to take. In the words of Kashyap (*op.cit*), "Parliament represents the changing moods and needs of the people. It is not only a microcosm and mirror of the people, but also a barometer of their mood and pulse"

The parliament as a people's institution and its members as peoples' representatives, have always championed the cause of the masses. The parliament has all along been a highly alert body, which reacts quickly to any kind of situations, and its members are vigilant and zealous in raising matters of public importance in the House. In the present day, when government's actions and policies are impinging upon the lives and interests of private individuals, Parliament's role as a redresser of public grievances becomes important.

Educative Role

The system of universal adult franchise gives the opportunity to the parliament, of imparting education to the masses about the concepts and ideology of democracy. During elections, the candidates and their supporters are compelled to visit every village, which is a tremendous task of political education. The electoral process, the working of the parliament and other aspects of democracy educate the masses to become political and understand and evaluate the performance of political parties and leadership so that it functions as an effective tool of governance.

Special Powers of Rajya Sabha

Apart from the above role and functions of the parliament, which are performed by both the Houses, the Constitution has assigned some special powers to the Rajya Sabha. These powers are exercised by the Rajya Sabha alone reflecting its status as the Council of States. Article 249 of the Constitution, provides that the Rajya Sabha with the support of two-thirds of its members sitting and voting, is empowered to declare that, in the national interest, parliament should make laws with respect to a matter that is included in the state list. Similarly, under Article 312, the Rajya Sabha is given the power to decide by a resolution supported by a two-thirds majority the

question of setting up of an All India Service. Thus, with regard to both these powers, the Lok Sabha comes into picture only after the Rajya Sabha has acted and the Lok Sabha does not share the power of the Rajya Sabha in deciding as to what action is necessary under both the contingencies.

Thus, we see that the two Houses of Parliament, though constituted on different principles and have each certain exclusive powers and functions, are nevertheless coordinate chambers. The two Houses enjoy co-equal power and status in all spheres except in financial matters and in regard to the responsibility of the Council of Ministers, which are exclusively in the domain of the Lok Sabha. Similarly, the powers mentioned under Articles 249 and 312 are exclusively in the domain of the Rajya Sabha. Rajya Sabha has equal powers with Lok Sabha in important matters like the impeachment of the President, removal of the Vice-President, constitutional amendments, and removal of the judges of the Supreme Court and the High Court. Besides, every Presidential ordinance, proclamation of emergency and proclamation of the failure of constitutional machinery in a state must be placed before both the House.

Besides the traditional role of the legislature, the recent works have looked at legislature in a broader context, particularly in relation to the citizens and the political system. According to one of these new perceptions, legislature is one of the agencies that mobilises consent of the people and gets acceptance of its policies. This is so because the electoral commitments made during election commit not only the government i.e. the party in power but also the voters. They constitute a set of expectations about the future course of government policy and these expectations lay the foundation of consent and acceptance, for relevant government programmes in future promoting good governance (Hye, 2001).

Legislature has a key role in responding to the aspirations of the people and commitment of public functions in the implementation of approved policies and programmes.

9.3 ROLE OF THE JUDICIARY IN GOVERNANCE

Within the framework of parliamentary democracy and federalism, judiciary plays an important role in the governance of the country. The judiciary is an indispensable part of governance and an efficient and independent judiciary is the greatest guarantee of well being of society. Indeed, the Indian judiciary was seen to be an arm of the social revolution, upholding the equality and dignity of men that the people of India suffered long during the colonial days, but it has not been gained as yet (Gehlot, 1999).

Historically speaking, the Indian judicial system has had a glorious past. Most of our freedom fighters have been from legal profession. The presence of leaders like Mahatma Gandhi, Moti Lal Nehru, Dr. Rajendra Prasad, Sardar Patel, K.M. Munshi, M.A. Jinnah, Gopal Krishna Gokhale, Bal Gangadhar Tilak, in the struggle for independence, all of whom belong to the legal profession, showed that they were aware of the need for a strong judicial system in India. The framers of the Indian Constitution conceived of a judicial system, which was free from the control of the executive as well as the legislature. India opted for a single judicial system and by creating a single judiciary with the Supreme Court at the top, the framers of the Constitution obviously intended to introduce certain judicial reforms.

In the governance of a democracy, judiciary plays a very important role, which is second to none. The Constitution accords a place of pride to the judiciary by conferring the power of judicial review of legislative and administrative actions and entrusting it with the task of enforcement of the fundamental rights guaranteed under the Constitution. In fact, the judiciary assumes a significant and special importance by virtue of its very task of sitting on judgement on the actions of the other two organs and power of interpreting the constitutional provisions.

Judiciary – the organisation for giving justice to the society, occupies a position of pre-eminence among the three organs of the State. Justice is considered, as a logical requirement of any society for it is a part of human nature to expect justice and be intolerant to injustice. Justice enjoins upon every body to preserve the basic order of society and prohibits every one to disturb it.

Independence of Judiciary

The promotion of good governance through judiciary depends on its independence to a great extent. An independent, unbiased and able judiciary is the first requirement of justice. Independence of the judiciary means independence from the government in power since judges have to provide justice not only between citizens but also between a citizen and the State. The Indian Constitution makes provision for an independent and impartial judiciary. Justice Chandrachud opines that the independence of judiciary is the “cardinal feature” and observed that the “judiciary which is to act as a bastion of the rights and freedom of the people is given certain constitutional guarantees to safeguard the independence of judiciary” (Kumar and Bhatia, 1999). Justice Bhagwati observed that the independence of judiciary is a fighting faith of our Constitution. Fearless justice is a cardinal creed of our founding document.

In order to ensure the independence and impartiality of the judiciary, certain provisions are provided in the Constitution. One such provision is the appointment of judges. The Constitutional provisions regarding the appointment of a judge is that only those persons can be appointed as a judge of the Supreme Court, who are citizens of India and (a) has been judge of a High Court or of two or more courts in succession at least for five years; or (b) has been an advocate of a High Court or of two or more such courts in succession at least for ten years; or (c) is a distinguished jurist, in the opinion of the President. These provisions show that no ordinary person can become a judge. In other words, highly qualified persons can become a judge of the Supreme Court. In the lower courts, appointments are made on the basis of written examinations. Those who clear the examinations are appointed. Here too, we see that the appointments are strictly made on the basis of merit.

Secondly, they are provided security of tenure. Once appointed, they can stay in office till they attain the age of 65 and 62 (Supreme Court and High Court respectively). They can be removed from their post only on the ground of proved misbehaviour or incapacity through a process of impeachment. This impeachment process is so tough that till date no judge has been removed from the post. Once, the proceedings were initiated against Justice Ramaswamy for financial irregularities but the resolution could not be passed for want of required support in the House.

Thirdly, in case of Supreme Court judges, they have been prohibited from practising law before any court of authority within the territory of India after retirement.

Fourthly, they are paid handsome salary and are entitled to a free house and certain other allowances and privileges. Neither the salary, allowances and privileges, nor

their rights in respect of leave of absence or pension can be varied to their disadvantage after their appointment. During a grave financial emergency, the salaries of the judges may be reduced.

Fifthly, all the actions and decisions of the judges in their official capacity are immune from criticism. Besides, the conduct of a judge may not be discussed in the parliament except when a resolution for his removal is before it.

Finally, the Supreme Court has been authorised to have its own establishment and to have complete control over it. It is further authorised to make appointments of officers and servants of the court and determine their service conditions.

All these provisions were made in order to ensure the independence and impartiality of the judges. As Ambedkar said in the Assembly, it was the intention of the framers to create a judiciary and to give it ample independence so that it could act without fear or favour of the executive or anybody else (Pylee, 2001).

Speaking on the Draft Constitution with regard to the judges of the Supreme Court, the then Prime Minister, Jawaharlal Nehru opined the same. He observed: "It is important that these judges should be not only first rate but should be acknowledged to be first rate in the country, and of the highest integrity, if necessary, people who can stand up against the Executive and whoever may come in their way" (Varma, 1996).

A similar view regarding the independence of judiciary, was expressed by H.R.Gokhale, the then Law Minister. While speaking in Parliament, he observed that the government is very keen and will see to it that India will have a strong and independent judiciary, and the judges will function according to their oath without fear, ill-will, affection or favour (Varma, *op.cit*).

Role and Functions of the Supreme Court

The constitutional task assigned to the judiciary is in no way less than that of the other two functionaries – legislature and executive. Indeed, it is the role of the judiciary to carry out the constitutional message, and it is its responsibility to keep a vigilant watch over the functioning of democracy in accordance with the Constitution. Sir Alladi Krishnaswami Ayyar remarked in the Constituent Assembly that, "The Supreme Court under the Constitution has wide powers, more than the highest court, in any other federation. The criticism, if at all, can only be that the powers of the Supreme Court are not wide enough, but that they are too wide" (Constituent Assembly Debates, 1949). The various roles and functions of the Supreme Court are discussed below.

Original Jurisdiction (Article 131)

This refers to the cases that directly originate in the Supreme Court. It has original exclusive jurisdiction in any dispute between (a) the Government of India and one or more States; or (b) the Government of India and any State or States on one side and one or more other States on the other; or (c) two or more States.

Appellate Jurisdiction (Articles 132 to 136)

This refers to the power of reviewing and revising the orders of lower courts and tribunals. This jurisdiction extends to both the civil and the criminal appeals from the High Courts under certification from these courts or, in its absence, permitted by the

Supreme Court itself. Normally, these appeals are in cases involving substantial question of law of general importance or interpretation of the Constitution or death penalty awarded by a High Court.

Advisory Jurisdiction

Under Article 143, the Supreme Court has been vested with the power of advisory jurisdiction. Whenever the President consults the Supreme Court, on any matter of public importance, it gives opinion to the President. The Supreme Court may also decline to give its opinion to the President. The advice is not binding on the President.

Supreme Court as a Court of Record

According to Article 129, the Supreme Court shall be a Court of record and shall have all powers of such a Court, including the power to punish for contempt of itself. As a Court of record it has the power to punish those who are adjudged as guilty of contempt of court.

Appeal by Special Leave

This power has been conferred upon the Supreme Court by Article 136. It may, in its discretion, grant special leave to appeal from any judgement, decree, determination, sentence or order in any cause or matter passed or made by any court or tribunal in the territory of India.

Writ Jurisdiction

The Supreme Court is the guardian of the individual liberties and fundamental rights. It has the power to declare a law passed by any legislature null and void if it encroaches upon the fundamental rights guaranteed to the people by the Constitution. For the enforcement of fundamental rights, it can issue writs in the nature of Habeas Corpus, Mandamus, Certiorari, Prohibition and Quo-Warranto.

Judicial Review

Besides the above mentioned powers, the Supreme Court has the power of judicial review. It implies the power to review and determine validity of a law or an order. It refers to “the power of a court to inquire whether a law, executive order or other official action conflicts with the written Constitution, and if the court concludes that it does, to declare it unconstitutional and void”. Singh (1994) opines that “judicial review in India is based on the assumption that the Constitution is the supreme law of the land, and all governmental organs, which owe their origin to the Constitution and derive their powers from its provisions, must function within the framework of the Constitution, and must not do anything which is inconsistent with the provisions of the Constitution”.

However, the Indian Constitution does not in so many words assign the power of judicial review to the court. There are several specific provisions in the Constitution, which guarantee judicial review of legislation such as Articles 13, 32, 131-136, 143, 226, 145, 246, 251, 254 and 372. Apart from these Articles, the power of judicial review is derived from the position of Supreme Court as the guardian of the Constitution.

The court can challenge the constitutional validity of a law on the following grounds:

- i) The subject matter of the legislation is not within the competence of the legislature which has passed it;
- ii) It is repugnant to the provisions of the Constitution; or
- iii) It infringes one of the fundamental rights.

The power of judicial review, in general, flows from the powers of the courts to interpret the Constitution. As such it has the final say in the interpretation of the Constitution and by such interpretation, the Supreme Court has extended its power of judicial review to almost all the provisions of the Constitution.

9.4 JUDICIAL ACTIVISM

Judicial activism is gaining prominence in the present days. In the form of Public Interest Litigation (PIL), citizens are getting access to justice.

9.4.1 Nature and Meaning

Judiciary has become the centre of controversy, in the recent past, on account of the sudden rise in the level of judicial intervention. The area of judicial intervention has been steadily expanding through the device of public interest litigation. The judiciary has shed its pro-status-quo approach and taken upon itself the duty to enforce the basic rights of the poor and vulnerable sections of society, by progressive interpretation and positive action. In the words of Justice Krishna Iyer, “by way of judicial activism, the judiciary is trying to reach where either the government has failed or has been indifferent”.

The Supreme Court has developed new methods of dispensing justice to the masses through the public interest litigation. Former Chief Justice P.N. Bhagwati, under whose leadership public interest litigation attained a new dimension comments that “the supreme court has developed several new commitments. It has carried forward participative justice. It has laid just standards of procedure. It has made justice more accessible to citizens”.

The term ‘judicial activism’ is intended to refer to, and cover, the action of the court in excess of, and beyond the power of judicial review. From one angle it is said to be an act in excess of, or without, jurisdiction. The Constitution does not confer any authority or jurisdiction for ‘activism’ as such on the Court (Misra, 2001).

Judicial activism refers to the interference of the judiciary in the legislative and executive fields. It mainly occurs due to the non-activity of the other organs of the government. Judicial activism is a way through which relief is provided to the disadvantaged and aggrieved citizens. Judicial activism is providing a base for policy making in competition with the legislature and executive. Judicial activism is the rendering of decisions, which are in tune with the temper and tempo of the times. In short, judicial activism means that instead of judicial restraint, the Supreme Court and other lower courts become activists and compel the authority to act and sometimes also direct the government regarding policies and also matters of administration.

If we look into the causes of judicial activism we see that in present times, judicial activism has arisen mainly due to the failure of the executive and legislatures to act. Secondly, it has arisen also due to the fact that there is a doubt that the legislature and

executive have failed to deliver the goods. Thirdly, it occurs because the entire system has been plagued by ineffectiveness and inactiveness. The violation of basic human rights has also led to judicial activism. Finally, due to the misuse and abuse of some of the provisions of the Constitution, judicial activism has gained significance.

Kashyap (2003), opines that besides the above mentioned factors, there are some other situations that lead to judicial activism. These are:

- i) When the legislature fails to discharge its responsibilities.
- ii) In case of a hung parliament where the government is very weak and instable.
- iii) When the governments fail to protect the basic rights of the citizens or provide an honest, efficient and just system of law and administration,
- iv) When the party in power misuses the courts of law for ulterior motives as was done during the emergency period, and
- v) Finally, the court may on its own try to expand its jurisdiction and confer on themselves more functions and powers.

9.4.2 Areas of Judicial Activism

During the past decade, many instances of judicial activism have gained prominence. The areas in which judiciary has become active are health, child labour, political corruption, environment, education, etc. Through various cases relating to Bandhua Mukti Morcha, Bihar Undertrials, Punjab Police, Bombay Pavement Dwellers, Bihar Care Home cases, the judiciary has shown its firm commitment to participatory justice, just standards of procedures, immediate access to justice, and preventing arbitrary state action. Some of the examples of judicial activism are given below.

Health

The Supreme Court, in 1995, declared that health is the basic right of the people. Accordingly, the doctors were brought under Consumer Law. In 1996, it was decided that refusal on the part of the hospitals and doctors for admitting serious patients, is a punishable offence. This was again reiterated recently by the Supreme Court.

In 1996, when Delhi witnessed dengue menace, the Delhi High Court expressed its dissatisfaction with the arrangements in the government hospitals. It directed the centre and the Delhi government to increase the number of beds and medical staff in their casualty emergency wards of their hospitals. The Delhi High Court issued a suo-moto notice to the Delhi government to explain its efforts in combating dengue-menace.

In another direction, the Delhi High Court, asked the Municipal Corporation of Delhi to take punitive action against private property owners in whose premises stagnant water, breeding medium for dengue mosquitoes, were found.

Environment

The Supreme Court, in 1996, ordered that no construction of any type shall be permitted now onwards within a radius of 5 kilometers of the Badhkal Lake and Suraj Kund (in Haryana).

The Supreme Court has also initiated strict enforcement of environmental laws leading to closure of a large number of industries. In Delhi, nearly 39,000 industries in residential areas were reallocated.

In another case, the Supreme Court ordered that the ridge area of Delhi should be cleared of all encroachments and greenery restored. It criticised the Union Ministry's Land and Development Office for its bad job over the years and passed a series of orders to union and city governments to enforce the ridge's status as a notified forest with more accountability.

Child Labour

Despite the various legislations banning employment of child workers, the system continues. In December 1996, the Supreme Court while disposing of a Public Interest Litigation, directed setting up of a Child Labour Rehabilitation Worker Fund in which employers of child workers were asked to pay a compensation of Rs. 20,000 per child worker and suggested a number of measures to rehabilitate working children in a phased manner.

Education

Considering that imparting of education is essential in nature, the Supreme Court declared that no professional institution could charge capitation fees from students seeking admission. The court strove to regulate counselling sessions in medical and engineering institutions. The Delhi High Court has made it mandatory for public schools to earmark certain seats to the economically and socially backward sections of the society.

Corruption

In a country hit by rampant corruption and constant erosion of democratic norms, the Supreme Court orders and judgements since 1990s came like a breath of fresh air. There are a number of examples, which show how the judiciary has tackled many corruption cases with courage, creativity and circumspection.

The court levied a fine of Rs. 50 lakhs on the former Petroleum Minister Satish Sharma for the illegal and arbitrary allotment of 15 Petrol Pumps from discretionary quota.

The court in 1995 imposed exemplary damages of Rs. 60 lakhs on former Housing and Urban Development Minister, Shiela Kaul, for her action in allotting 52 shops and stalls in a prime location in Delhi to her grandsons and close friends.

Judicial recourse was resorted to in Hawala Case (1995-96), for payment against political favours. Justice Varma's legal innovation for in-camera sessions led to the arrest of Jain brothers (S.K. Jain and N.K. Jain). The law finally began to its course three years after Jain diaries came in the possession of CBI.

The court also monitored the various cases against the former Prime Minister Late P.V. Narasimha Rao i.e. Laku Bhai Pathak fraud case, Jharkand Mukti Morcha bribe case, St. Kits forgery case, fodder scam and others.

Regulation of Traffic

In order to ensure safe and regulated traffic, the Supreme Court came out with a series of rulings to keep more than fifteen years old vehicles off the road; to make pollution check compulsory for all private vehicles; to make seat belts mandatory, initially for front seats and lately for back seats occupants. Apart from these, the Delhi High Court, in 2001, issued the directive to Delhi Traffic Police to close all “right-turns” on the city’s Ring Road.

Political Front

In 2002, the Supreme Court directed the Election Commission to ensure, disclosure from the candidates contesting elections, such personal details as pending and previous criminal cases that carry a sentence of two or more years, convictions on acquittals, wealth and income of self, spouse and dependents. The Election Commission directed the contestants to furnish the said details during 14th Lok Sabha elections.

The judiciary made the President’s Rule under Article 356 justiciable. In *Sunder Lal Patwa vs. Union of India* case, the Madhya Pradesh High Court declared the President’s rule imposed in the state in the aftermath of Babri Masjid demolition as invalid and ordered the restoration of state assembly and the Government. In *S.R. Bommai* case, the Court asserted that the question of majority support of the government should be settled on the floor of the legislative Assembly.

In a landmark judgement, the Supreme Court ruled that tapping of a citizen’s telephone is an invasion on his right to privacy guaranteed under Articles 21 and 19(i)(a) of the Constitution. It directed that telephone tapping order shall be issued by Union Home Minister and Home Secretaries of the state governments and this order, unless renewed, shall cease to have effect at the end of two months. The Supreme Court also issued notices to union and state governments to stop political interference in police administration.

During August 2002, former Prime Minister Vajpayee hastily cancelled the allotments of 3,760 petrol pump because of alleged irregularities in allotments and this resulted in public outcry. The Supreme Court struck down the cancellation of petrol pump dealerships and formed the two- judge committee to scrutinize nearly 413 tainted allotments.

9.4.3 Public Interest Litigation: An Innovative Step Towards Judicial Activism

Public interest litigation means a suit filed in a court of law for the protection of public interest such as pollution, terrorism, road safety etc. Judicial activism in India acquired importance due to public interest litigation. It is not defined in any statute or act. It has been interpreted by judges to consider the intent of public at large. The court has to be satisfied that the person who has resorted to PIL has sufficient interest in the matter.

In India, PIL initially was resorted to towards improving the lot of the disadvantaged sections of the society who due to poverty and ignorance were not in a position to seek justice from the courts. After the Constitution (Twenty fifth Amendment Act, 1971), primacy was given to Directive Principles of State Policy by making them enforceable. The demand on the courts to improve administration by taking up PIL cases, for ensuring compliance with statutory and constitutional provisions has also increased.

PIL as we have discussed, is filed for a variety of cases such as maintenance of ecological balance, making municipal authorities comply with statutory obligations of provision of civic amenities, violation of fundamental rights etc. It has provided an opportunity to citizens, social groups, consumer rights activists etc., easier access to law and introduced a public interest perspective. Justices P.N. Bhagwati and V.R. Krishna Iyer have played a key role in promoting this avenue of approaching the apex court of the country, seeking legal remedies in areas where public interests are at stake.

PIL has been considered a boon, as it is an inexpensive legal remedy due to nominal costs involved in filing the litigation. But there are some problems also in the PIL cases. There has been an increase in the number of frivolous cases being filed due to low court fees. Genuine cases got receded to the background and privately motivated interests started gaining predominance in PIL cases. In view of this, the supreme court has framed certain guidelines governing the PIL.

Presently the court entertains only writ petitions filled by an aggrieved person or public spirited individual or a social action group for enforcement of the constitutional or the legal rights of a person in custody or of a class of persons who due to reasons of poverty, disability, socially or economically disadvantaged position are finding it difficult to approach the court for redress.

PIL, is an extraordinary remedy available at a cheaper cost. As Justice Bhagwati observed in the case of Asiatic workers case, ‘now for the first time the portals of the court are being thrown open to the poor and the downtrodden. The courts must shed their character as upholders of the established order and the status quo. The time has come now when the courts must become the courts for the poor and the struggling masses of this country’.

9.4.4 Judicial Activism: An Appraisal

From the above discussion, it becomes clear that the judiciary has intervened in almost all the areas. There are many examples of judicial activism. These examples clearly depict the wide range in which the judiciary has directed the government to act and compelled the authorities to perform their responsibilities. By judicial activism, the courts are maintaining and preserving the character of the Constitution as guardian of citizens’ rights

The judiciary, however, has been criticised for overacting and overstepping in the name of PIL and judicial activism. The process is being misused as such by vested interests, political opponents, lawyer politicians and publicity hunters. Further there have been cases when the judiciary, in the words of Sawant, “has out stepped its brief”. For example the court direction to the Parliament to frame Common Civil Code, fixing the percentage of seats for all Indian students for medical courses in all universities etc. But such cases have been few (Awasthy, 1999).

The popularity of judicial activism has justified its existence. In most of the cases, the courts have acted in a correct manner and restored the law and the Constitution. Kashyap (1997) rightly says, “in the ultimate analysis, judgements of the courts have also to be implemented and given effect only by the administration which functions under the political executive. Judiciary has, in fact to be very cautious to ensure that a situation is not reached where its directives are no more fully respected or obeyed. For, if that happens, the last bastion of democracy will also stand demolished and people will lose whatever remains of their faith in the polity”.

9.5 RELATIONSHIP BETWEEN THE LEGISLATURE AND THE JUDICIARY

In a parliamentary system, legislature assumes a pivotal role, as the executive is also a part of the legislature. It comes out of the legislature, remains responsible to it and exercises powers of governance only on its behalf. Under the provisions of the Constitution, the parliament is not sovereign and the judiciary (Supreme Court) is not supreme except in its own domain. The parliament and the judiciary come into contact with each other in many ways. Their interface and interrelationship, therefore, assumes greater significance.

In a democratic set up, parliament, no doubt, is the repository of the will of the people and it is the supreme representative institution in the country possessing great powers. Pandit Nehru believed in the primacy of parliament in the Indian polity, and once said that “no Supreme Court and no judiciary can sit on judgement over the will of the Parliament representing the entire will of the community” (Constituent Assembly Debates, 1949). In these words, we see a clear hint about the possible relationship between the parliament and the judiciary. Pandit Nehru further added “but we must respect the judiciary, the Supreme Court and other High Courts in the land”.

The founding fathers of the Constitution tried to strike a balance between parliamentary supremacy (as prevalent in Britain) and judicial supremacy (as prevalent in United States of America), and arrived at middle course. We are governed by the rule of law and judicial review of administrative action is an essential part of rule of law.

The parliament is expected to keep in view the judicial pronouncements and rulings. This assumes importance due to three reasons. Firstly, the power of the judiciary to interpret the parliamentary legislature, to give meaning to the words used in a statute and to fill in the gaps, secondly, the judicial power to declare a statute unconstitutional and thirdly, the power of the courts to invalidate constitutional amendments.

The system of governance in India has witnessed phases of close contact between the legislature and the judiciary, the legislature swearing by the principle of parliamentary sovereignty and the judiciary seeking to assert its independence and power of judicial review. In the initial years, (1950-1964) when there was dominance of the Congress Party, both at the centre and in the states, the judiciary had pursued ‘harmonious construction’ and adopted the attitude of judicial restraint. It gave a strict and literal interpretation of the Constitution. Hence confrontation between the legislature and the judiciary was avoided. In A.K. Gopalan case, the judiciary accepted the principle of judicial subordination to legislative wisdom. In this case, Justice Das observed that “the parliament and state legislatures are supreme in their respective fields. The judiciary will not question the wisdom or policy or legislative authority in enacting the particular law, however harsh, unreasonable, or archaic the provisions of that law may be.”

The judiciary also accepted the power of legislature with regard to amending the Constitution as supreme.

During the second phase (1967-1977), a series of changes in the political system brought about recurrent conflicts between the two. In the Golak Nath case, we

witnessed open conflict between the judiciary and the legislature. The legislature asserted its supremacy and the judiciary asserted its power of judicial review. It resulted in a series of constitutional amendments in which the legislature tried to limit the power of judicial review. In the Golak Nath case, the court declared that the parliament has no right to take away or abridge the fundamental rights. It cannot even do so by amendment of the Constitution.

The court further held the nationalisation of banks and the President's order derecognising the princes and abolishing their privy purses as unconstitutional. These judgements were criticised by the legislature and the ruling elite as detrimental to the socio-economic progress of the country. The confrontation between the two was further witnessed in the Keshavananda Bharti case, Maneka Gandhi case, Minerva Mills case etc.

During the emergency, the authority of the judiciary was undermined and was made subservient to the legislature and the executive. The judges whose judgements were not liked by the executive were transferred or denied promotion or even reverted. The 42nd Constitutional Amendment Act was also passed putting new limitations on the judiciary. However, after the emergency, the 44th Constitutional Amendment Act was passed which restored the position of judiciary.

Thus, the 1980s saw the emergence of judiciary as a powerful factor in the governance of Indian polity. The judiciary was no longer exercising judicial restraint.

During the present times (i.e. the era of coalition government), the judiciary is seen becoming more and more active and assertive. It has become so active and expanded its area of jurisdiction so much that the decade of 1990s, can easily be described as the decade of judicial activism. In a coalition government, the legislature as well as the executive is so weak that the judiciary automatically becomes powerful and supreme.

9.6 CONCLUSION

Thus to conclude, it can be said that the judiciary is an indispensable part of 'good governance' in terms of maintenance of rule of law and upholding of social justice. An efficient and independent judiciary is the greatest guarantee of well-being of society. At the same time, supremacy of the legislature is an established fact in a parliamentary democracy. Hence, the need of the hour is to strike a balance between parliamentary supremacy and judicial independence. Both should function in a spirit of mutual respect and trust instead of in a mentality of superiority of one over the other. Governance requires a moral determination that is central to the concerns of all human beings. In such a scenario, the role of legislature and judiciary becomes important in order to improve the quality of governance. In a democracy, judiciary as well as the legislature plays a very important role. The system of governance in India has witnessed phases of close contact between the legislature and the judiciary, the former swearing by the principle of parliamentary sovereignty, while the latter seeking to assert its independence and power of judicial review. Both should function in a spirit of mutual respect and trust as integral tools of governance.

9.7 KEY CONCEPTS

Certiorari

It is a writ issued by a superior court for transferring the records of proceedings of a case from an inferior court or quasi-judicial authority to the superior court for determining the legality of the proceedings

Habeas Corpus

It literally means to have the body of. It is an order issued by the court against a person who has detained another to produce the latter before the court and submit to its orders.

Mandamus

It literally means command. This writ makes a person perform an act, which is a part of public duty. The person is commanded to perform the act.

Prohibition

It is a judicial writ issued by a superior court to an inferior court preventing it from usurping jurisdiction, which is not vested with it. While mandamus commands activity, prohibition commands inactivity.

Quo Warranto

This literally means ‘on what authority’. When any person acts in a ‘public office’ in which he/she is not entitled to act, the court by the issue of this writ, will enquire into the legality of the claims of the person to that office.

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9.9 ACTIVITIES

1. Make an assessment of the role of legislature in the governance process.
2. Go through newspapers and magazines and attempt to list the areas in which public interest litigation has been most commonly resorted to in our country.

UNIT 10 INTER-GOVERNMENTAL RELATIONS IN THE PROCESS OF GOVERNANCE

Structure

- 10.0 Learning Outcome
- 10.1 Introduction
- 10.2 Meaning and Importance of Inter-governmental Relations
- 10.3 Models of Inter-governmental Relations
- 10.4 Inter-governmental Relations: Important Dimensions
- 10.5 Inter-governmental Agencies in India
- 10.6 Inter-governmental Relations in the Coalition Era
- 10.7 Conclusion
- 10.8 Key Concepts
- 10.9 References and Further Reading
- 10.10 Activities

10.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Explain the meaning and importance of inter-governmental relations (IGRs) in the process of governance
- Discuss the various models of inter-governmental relations
- Highlight the various aspects of inter-governmental relations pertaining to the federal set up
- Analyse the role of inter-governmental agencies; and
- Understand the nature of inter-governmental relations in the coalition era.

10.1 INTRODUCTION

The basic structure of governance is being transformed in countries around the world with authority and resources devolving from the central to regional governments. The replacement of traditional models of government by new models of governance is impacting the central government, with the contracting out of many traditional functions. The increasing dispersal of authority to lower levels is resulting in the emergence of new models based on partnership and collaboration. In fact, 'network governance' as we have discussed in Unit 22 of this Course is presently being talked

about and gaining a wide currency because of the contemporary governance context requiring the concerted effort of a plurality of agencies and functionaries.

Network governance contextually, has special relevance for public administration in India, which presently is internally faced with myriad problems coming from inside the country, as also externally linked to many international institutions and agencies in a globalised governance milieu. Being a federal polity with a comprehensive written Constitution, good governance depends enormously on the provisions of the Constitution, especially about inter-governmental relations. It was not easy, in the early years of independence, to devise suitable constitutional arrangements for a federal polity in a country as vast and diverse as India. The makers of the Constitution of India, probably thought more of emergencies than of normal times which resulted in an unbalanced scheme of distribution of powers, which failed to keep in view the minimum normal requirements of a State. In India, there is government at three levels, that is, the union, the state and the local levels. Though there are distinct structures available at different levels of governance, the inter-governmental relations and intra-governmental relations play an important role in the process of governance, as there are many occasions when the governmental efforts of all the levels need to be orchestrated and put together to optimise results say in times of a major disaster or even normal process of ‘planning’ and ‘development’.

With this introductory background, we will discuss the meaning and importance of inter-governmental relations (IGRs) in the process of governance. The structure of governance at various levels and the interaction between these different levels in Indian context shall be dealt with.

10.2 MEANING AND IMPORTANCE OF INTER- GOVERNMENTAL RELATIONS

Inter-governmental Relations (IGRs) means the relationship between different government organisations. Its scope is widened to include the citizens and governmental institutions, agencies and officials as well as non governmental organisations. It is very difficult for the policy formulators to make any policy by keeping it isolated from the effect and impact of the other governmental agencies in existence at different levels. The union and the state governments cannot perform their tasks adequately without the proper support of the local government.

In the process of governance, the governmental structures at the union, state and local levels have to interact with each other for achieving the maximum with the minimum inputs. As such, the interaction between various governmental organisations is indispensable. There is hardly any political structure or sub-structure, administrative agency or sub-organisation of an administrative structure where the IGRs are not having a place of prominence. IGRs have substantial roots in the past and will have important consequences in the future regarding issues like health, education, environment, agriculture, etc. Anderson (1960), has defined IGRs as “an important body of activities or interactions occurring between governmental units of all types and levels within a system”. Wright (1988), defines IGR as “patterned, interdependent, and bargained behaviour among national, state and local officials”.

The major characteristics of IGRs are as follows:

- i) IGRs have a bearing on all governmental units in operation in a given system. From the top to the bottom, for example, in India, that is, the union government, state governments, municipal corporations, municipal

committees, cantonment boards, zila parishads, panchayat samities, gram panchayats, etc., all are involved in it.

- ii) IGRs aim at purposeful behaviour of the governmental officials involved in the process. The officials' actions and attitudes have to be positive and meaningful. They should not put the public interest at stake, in order to fulfil their self-interest. The officials' goal oriented attitude does not permit them to have wrong inclination regarding the other participants involved in the process of governance.
- iii) IGRs aim at regular interaction among officials. Through frequent interactions, based on objective data and analysis, the officials at various levels can contribute to the attainment of targets fixed for the given unit of governance. The day to day contacts along with most called for practical working relationship among the officials would go a long way in improving the process of governance.
- iv) Public officials include all governmental officials and actors. These are elected representatives, in the Lok Sabha, legislative assemblies, local governments or indirectly elected representatives, in the Rajya Sabha, Vidhan Parishads, local governments, political executives and appointed officials, including the administrative personnel at lower and middle ranges, etc. The interaction amongst all the governmental actors and officials, whether elected or appointed, contribute in improving the process of governance.
- v) The financial aspects, viz., loans, grants-in-aid, revenue sharing, auditing, etc., also strengthen or weaken the IGRs. The governmental structures, which are evident at grassroots, states, or union level, are made to facilitate the governance process in such a way whereby the common person could get the maximum benefits through the policies that are formulated. The financial assistance and help from one level of government to another is also a step in this particular direction and an important component of IGRs.

10.3 MODELS OF INTER – GOVERNMENTAL RELATIONS

The union-state-local governmental relationship could either be based on the hierarchical control, or there could be an element of coordination between the three, or there could be an element of overlapping. In this context, Deil S. Wright's (1982) three models of IGRs are worth our quotation.

1. Inclusive Authority Model

In this model, the state and local governments depend exclusively on decisions that are broader in scope and arrived at by the union government. This model is based on the principle of hierarchy, where one level dominates over the other. For example, the state government dominates over the local government, the union government dominates the state and local governments and the union and state government dominate the local government. This model represents a centralised system where the union government is very powerful and the state and local governments are viewed as mere appendages of a powerful union government.

2. Coordinate-Authority Model

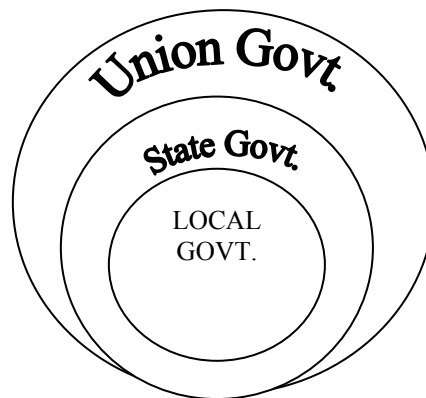
This model posits union-state authority relationship as autonomous. Their jurisdictions have distinct domains of power and control. The model aims at the element of coordination of the activities of all the units in the overall interest of the polity and the society. As per this model, all the units are to work in accordance with the basic spirit of the Constitution and established conventions of the land. This model is criticised on the ground that it fails to fit the actual operating features of the union, state and local relationships.

3. Overlapping Authority Model

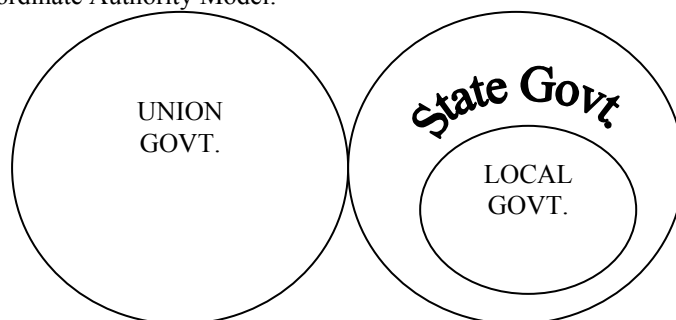
In this model, each unit has a limited area of autonomy. The relationship amongst the units is mostly of bargaining exchange type where the three units – the union, state and local, attempt to cooperate with each other. In this model, each unit has limited dispersed powers and they are interdependent. This model describes IGRs as patterned, interdependent, and bargained behaviour among all the three units. It is true of their officials as well.

All the three models could be diagrammatically shown as:

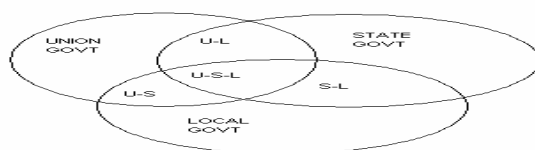
i) Inclusive-Authority Model:



ii) Coordinate Authority Model:



iii) Overlapping Authority Model



Source: BDP Elective EPA-6 Public Policy, Block No.2 – Policy Making: Structures and Processes-I, IGNOU, p.8.

The philosophical foundation for the governance of independent India is based on the premise that a government is best when it is able to bring about social transformation. Hence, the framers of the Constitution and the subsequent lawmakers consciously ensured that the overwhelming majority of powers and authority was kept with the union. Thus, despite its great cultural and regional diversities and historical patterns of disunity, India adopted a heavily centralised system of parliamentary federalism.

The Indian Constitution provides for dual polity in which there is the central government at the union level and state governments in the respective states. We also have a third tier of governance, that is, the local government operating both in the urban and the rural areas. Initially, local government did not have a constitutional status. But with the passing of 73rd and 74th Constitutional Amendment Acts, 1992, they have got a constitutional status. Since then, they are playing an important role in the process of governance.

Secondly, the Indian Constitution also provides for the division of powers between the centre and the states. This division of powers finds place under Schedule VII of the Constitution, in which there are three lists viz., the Union list containing 97 items, the State list with 66 items and the Concurrent list having 47 items. Both the union and the state governments can legislate on the items mentioned under concurrent list. The Schedules XI and XII of the Constitution provide 29 and 18 subjects to the Panchayats and Nagarpalikas respectively.

Thirdly, we have a Constitution, which is written, rigid and supreme and clearly stipulates the division of powers between the governments. The union, state and local governments derive their powers from the Constitution and are required to work under the limits of the Constitution.

Finally, the Constitution provides for an independent and impartial judiciary, which acts as a guardian of the Constitution and has the power to interpret it.

The above features clearly show that India is a federation. However, the federal character of the Indian Constitution has always been questioned, right since its inception. K.M. Munshi calls it “a quasi-federal union invested with several unitary features”, whereas, Wheare says, “the Indian Constitution established a system of government which is almost quasi-federal, almost devolutionary in character, a unitary state with subsidiary federal features rather than federal state with unitary features”. Some call it pseudo-federation, while for some others “federal in form but unitary in spirit”. Even the Constitution does not use the term “federation”. It proclaims India, a ‘Union of States’, and not as a ‘Federation of States’.

The Constitution established an “amicable union” combining parliamentary-federal features. In fact, there is a pre-dominance of the power of the centre. The Constitution ensures union’s legislative supremacy not only on the union list but also on the concurrent list and residuary legislative jurisdiction; even on the state list the union parliament can legislate in specified and exceptional circumstances (Article 249). The Constitution ensures the supremacy of the union parliament in taxation, constitutionally anticipated emergencies, all-India civil and police services (which are recruited and trained by the union government and then allocated to the state governments), judicial administration, and in constitutional amendments (Singh, 1995). Actually, an analysis of the application of emergency provisions of the Constitution of India, the role of the State Governor, as also of the financial dependence of the states upon the union (not to mention various other related matters) will reveal, that states have been more sinned against than sinning (Ray, 2001). All

these features adversely affect the potentialities of the State to promote good governance and tensions/conflicts are witnessed in the inter-governmental relations.

10.4 INTER-GOVERNMENTAL RELATIONS: IMPORTANT DIMENSIONS

Inter-governmental relations based on a spirit of camaraderie are a sine qua non for ensuring that changes envisaged in policy matters are brought about smoothly, and that national and regional interests do not clash, thus strengthening in the process a responsive, democratic set up (Simeon, 1985). The content and nature of the Indian federation as envisaged in the Constitution can be perceived in the context of inter-governmental relationship. This inter-governmental relationship has certain dimensions, viz. legislative, administrative and financial, which are discussed below.

Legislative Relations

Part XI (Articles 245-55) and the Seventh Schedule of the Indian Constitution spell out the equation between the union and the states in terms of distribution of powers. This distribution of powers clearly shows that not only the area of jurisdiction of the centre is larger by one-third, but also there are certain factors giving a tilt in favour of the centre. It is the centre, which has the authority to initiate legislation in the Parliament on matters included in the concurrent list if it considers necessary to obtain all-India uniformity. Secondly, the residuary powers are vested in the union parliament. Further, although the states have the exclusive power of legislation over every item in the state list, there are certain exceptions to this general rule.

The union parliament can make laws on the subjects mentioned in the state list, if it deems it necessary in larger public interest with the support of two-third members of the Rajya Sabha present and voting (Article 249). Similarly, it can make laws on any item included in the state list for whole or any part of India while a proclamation of emergency is in operation (Article 250). It can legislate for two or more states by their consent (Article 252). It can make any law for implementing any treaty, agreement or convention with any other country or countries or any decision made at any international conference, association or other body (Article 253). Article 356 provides for the imposition of President's rule in a state. The effect of this article would be that the legislature of the state in question would stand dissolved or suspended and the law-making power would rest in Parliament during the period the proclamation of emergency is in force. Besides these provisions, there is also a provision for President's veto over state legislation, under certain circumstances, except a money bill (Articles 200 and 201).

Administrative Relations

The administrative relations between the centre and the states in India are different from those federations like the USA, which have separate agencies for the administration and execution of their respective laws. In India, the control of the union on the states in the area of administration is manifest in the authority given to the union to control the states. The executive power of every state is to be exercised in such a way as to ensure compliance with the laws made by Parliament (Article 256). Further, the union executive is empowered to give such directions to a state as may appear to the Government of India to be necessary for the purpose. The presence of all-India services, further makes the authority of the central government dominant over the states. The Constitution makes provision for the creation of new all-India services by the parliament (Article 312). The emergency provisions (Article 352 to

360) empower the President in effect to suspend the Constitution and to take over the administration of a state or states if he is satisfied that there is a threat to the security of the nation, or a breakdown in the constitutional machinery of a state or states, or a financial emergency. Further, the appointment of Governors by the President is also an instrument by which the union has a control over the states. Apart from these, there are certain other provisions by which the union tries to control the states. These are: (a) giving directions to the state governments; (b) delegating union functions to states; and (c) providing grants to the states (Khan, 1993).

Financial Relations

Of all federal problems, the financial relations between the centre and the units are the most difficult (Santhanam, 1963). Any scheme of federal finance has to ensure that distribution of functions is matched by the distribution of adequate resources. Under the existing scheme of distribution, the taxing powers of the centre and the states have been completely separated and unlike the other federations of the world there is non-concurrent jurisdiction. By and large, taxes that have an inter-state base are levied by the centre and those with a local base by the states.

The union list contains 12 items of taxation and the state list has 19 items of revenue. However, there is no concurrent taxing power. The items mentioned under the union list are stamp duties and duties of excise on medicinal and toilet preparations; succession and estate duties, terminal taxes on passengers and goods carried by railway, sea or air, taxes on railway fares and freight; taxes on income other than agriculture; union excise duties, excise on medical and toilet preparations; customs, corporation tax, surcharge on income-tax, etc. The state list items are land revenue, liquor and opium excise, taxes on consumption and sale of electricity, taxes on vehicles, animals and books, amusements, betting and gambling profession, etc.

Apart from this division of financial powers, the Constitution provides for certain other measures through which the imbalance between resources and obligations of the states could be mitigated. These include: (a) obligatory sharing of union taxes on income; (b) permissive sharing of union excise duties; (c) assignment of certain union duties and taxes wholly to the states; and (d) provisions for giving financial assistance to the states in the form of grants and loans (Khan, *op.cit*). Constitutionally allocated revenue raising powers are so overwhelmingly concentrated in the hands of the union that, currently, the union raises about two-thirds of all tax and non-tax revenues collected in the entire country, leaving only one-third for all the states (Ray, *op.cit*).

From the above discussion it becomes clear that the entire scheme of the distribution of powers undoubtedly displays a strong tendency towards a high degree of centralisation. This scheme seeks to reconcile the imperatives for a strong centre with the need for state autonomy. It distributes powers, yet does not effect a rigid compartmentalisation. It is a system in which the structural-functional balance is in favour of the centre. Due to this, tension persists between the union and the states, which further deteriorates the process of governance. There are a number of provisions, which precipitates the tension between the union and the states. Some of these are discussed below.

Role of Governor

The institution of Governor is one of the highly contentious issues in inter-governmental relations. The office of the Governor has been repeatedly abused to facilitate union intervention in the affairs of states, especially those ruled by non-

Congress parties. The governors are getting into considerable controversy for their highly political and partisan role. Even the normal courtesy of consulting the state government before appointment of a new governor is not observed by the centre in most cases.

Initially (1952-1967), the Governor was largely confined to a ceremonial role and was then a gorgeous decoration. Since 1967, the Governor, rather than being a ceremonial head, started acting as the agent of the centre. The Governor acts as the agent of the centre while appointing a Chief Minister, dismissing a Chief Minister, summoning, proroguing and dissolving the state assemblies and in recommending President's Rule. What is even more perturbing, the Governor, at the behest of the union, has sometimes taken the initiative himself to create political instability in a state by means of dirty intrigues. This partisan role of the Governor has been the focal point in union-state conflicts and a gross imbalance in inter-governmental relations.

Article 356

Article 356 of the Constitution, is another issue of concern for the inter-governmental relations. It basically means taking over of the governance of the state by the union government. The experience with the working of Article 356 suggests that during the days of one-party dominance, the President's rule was used as a device to manage the transitional problem and a short spell of this was usually effective in restoring stability in the states. The situation has changed radically after 1967.

Now its use has become more frequent and more a political weapon by the centre against the state governments formed by opposition parties. For example, the dissolution of nine state assemblies and proclamation of President's rule in 1977 as well as in 1980 was a political move and a blow to the inter-governmental relations. The most blatant misuse of Article 356 took place in Kerala in 1959, when the communist government was removed from power despite enjoying the majority support in the assembly. In 1996, President's Rule was imposed in Uttar Pradesh thrice consecutively because the United Front Government at the centre was determined to prevent BJP from assuming office on the basis of its being the single largest party in the new Assembly. The union has used smaller and insignificant events to invoke President's rule frequently in a number of states. As a result, it has become customary for any party in power at the union to favour their 'supportive' states and to be firm with unfavoured states. The Sarkaria Commission on Centre State Relations (1988), drawing attention to the repeated abuse of Article 356 pointed out that during the period from 1951 to 1987, of the 75 occasions when the President's rule was imposed, only in 26 cases it was inevitable, 18 cases were typical instances of whole sole misuse of Article 356 for political purposes, extraneous to the one for which power has been conferred by the Constitution.

Financial Aspects

The financial dependence of states upon the union remains persistent and acute and leads to tension in inter-governmental relations. There have been complaints from the states that the centre had not shared taxes with them in the spirit of the Constitution. Under the existing system of allocation of funds, the rich states got more and poor States less, which resulted in an ever widening gap. Besides, the Planning Commission, which is an extra-constitutional body, has become another 'super government' which had made the states subservient to the centre. The Planning Commission has been accused of political considerations in allocating developmental projects to the states. The poorer states like Bihar have always complained that they

are not being given enough funds. Another instance of financial deprivation is that the union has retaliated against states, by reducing the central plan assistance to the states. States consider union policies to be arbitrary, and groan under the interest repayment burden, which has been growing from about 12 percent of revenues of all the states in 1991-92 to around 16 percent in 1995-96 (Ray, *op.cit*).

Maintenance of Law and Order

The law and order issue has been the most fertile ground of disputes in the inter-governmental relations. Maintenance of law and order is a state subject but the centre has been interfering in this area. There are a number of occasions when the centre has deployed armed forces in the states without their consent. For example, the Central Reserve Police Force (CRPF) was deployed in Kerala in 1968 without consulting the state government. Similarly in West Bengal it was deployed. In 1984, CRPF was deployed in Andhra Pradesh merely for political reasons. These events led to confrontation between the centre and the states.

The central government deployed the Border Security Force (BSF) units in several States, at times dealing with peaceful agitations of the people, as in Bihar and Uttar Pradesh. The BSF has also been deployed to fight terrorism/militancy in the State of Jammu and Kashmir and insurgency in the north-eastern states (Annual Report, 1997-98).

All India Services

Another area of conflict in the inter-governmental relations is the all-India services. The power of creating new all-India services has been vested in the Rajya Sabha. The members of the All India Services are appointed by the centre through Union Public Service Commission (UPSC) and serve in the state and their service rules are governed by the UPSC. These officers ensure the uniformity of the administrative system and emphasise the unitary character of Indian political system leading to inter-governmental conflicts.

Apart from these issues, there are a number of other issues too, which are responsible for inter-governmental conflicts. For example, encroachment by the centre on states list, unjust division of power between the centre and the states, the emergency provisions of the Constitution, the office of the Comptroller and Auditor General, the Election Commission, etc. The centre's desire to maintain its political hegemony and the demands of the states for greater political powers and economic resources has considerably strained inter-governmental relations. As a result, time and again there have been demands for a greater and more meaningful devolution of powers and to rework the inter-governmental relations and also to provide for certain mechanisms so that we can improve the inter-governmental relations.

The Third Tier of Government

Before discussing the inter-governmental agencies, it becomes important to analyse the third tier of governance, especially because now they have got a constitutional status in 1992. This third tier of governance has an important bearing on the inter-governmental relations as this tier plays an important role in the process of governance.

India's democratic structure has three levels of governance: national, state and the grass-roots level, called the Panchayati Raj and Nagarpalika systems. The Panchayati

Raj Institutions (PRIs) cover the village, block and the district, and the Nagarpalika system serves towns and cities.

As against the wishes of Mahatma Gandhi, the framers of Indian Constitution gave a lip service to PRIs by incorporating Article 40 under Part IV of the Constitution. Immediately after the promulgation of the Republican Constitution, the ideas of “Community Development through Community Participation” was envisaged. Accordingly, two programmes ‘Community Development’ and ‘National Extension Service’ were launched in 1952-53 respectively but they failed to achieve their objectives as the plans formulated were based on percolatory concept of development and not on participatory concept. The whole programme revolved round the trickle down theory (Mishra, 1982).

In 1956-57, the Balwantrai Mehta Committee which was appointed realising the importance of popular participation proposed creation of institutions which were to be statutory, elective, comprehensive in duties and functions, equipped with necessary executive machinery with adequate resources and enough autonomy and freedom. It recommended a three-tier structure for self-government at the grass-roots level and assigned three major tasks viz., developmental, administrative and political to these institutions. However, these institutions could not flourish due to short sightedness and lack of political will.

After initial enthusiasm and promising performance, when PRIs began to decline rapidly and could not play an effective role in the process of governance, the Asoka Mehta Committee was set up in 1977 for suggesting ways and means of reviving the third tier of governance. The Committee recommended a two-tier structure. It emphasised on the district as the key-unit in third tier of governance and local level planning, and direct elections to these bodies, and adequate transfer of funds to them. To deliberate on the recommendations of this Committee, in August 1979, a Chief Ministers Conference was convened. . As a sequel to this, the Centre prepared the 1989 Panchayati Raj and Nagarpalika Constitutional Amendment Bills.

The third tier of governance got constitutional status in 1992 with the passage of 73rd and 74th constitutional amendment acts. These two constitutional amendments make it mandatory to hold periodic elections to local bodies, and restrain a new ruling party in the states from dislodging local governments consisting of members from other political parties. Nevertheless, critics affirm that these two amendments do not really devolve powers from the union to the states and from the states to the local bodies, making the third tier of governance ineffective. Just a legislation is not enough to bring about some transformation unless it is separately translated into practice (Majeed, 2005).

If the third tier of governance is adjudged to be an essential component of good governance, it becomes pertinent to make an analysis of this tier, and assess whether they genuinely promote local self government.

The working of the local bodies during the last decade clearly shows that while recent constitutional amendments have been so good otherwise, they echoed the same archaic state laws on the financial matters except constitution and mandate of state finance commissions (Chaubey, 2005).

The states have been complaining about the financial suzerainty of the union being an impediment to good governance, so are local bodies in deploring the financial stranglehold of states. It must be conceded that only the centrally sponsored

programmes and amount given by the State Finance Commission are not sufficient for improving the financial health of the local bodies (Mishra and Sweta, 2002). Besides, most of the states have not transferred funds for the subjects transferred to the PRIs (Mishra, 2003).

While the acts have not specified the statutory assignment or division of net proceeds of taxes, this is a widely prevalent practice. Similarly almost all states give general and specific grants-in-aid to their local bodies. They also pass on the moneys received for implementation of centrally sponsored schemes. Kerala has shared its plan budget with its local bodies to the extent of 40 percent (Chaubey, *op.cit*).

Secondly, the constitutional amendments do not talk about the devolution of functions to the panchayats and the municipalities. As a result, there has been no substantial devolution of administrative and financial powers of the states and as such the local bodies lack autonomy in respect of any of the activity assigned to them (Aslam, 2005). The experience gained so far is that at the district level, various line departments/ agencies implement programmes and functions under the overall supervision and control of the District Collector/District Magistrate. And the PRIs have to be content with backseat driving (Vithal, 1998). The sphere of activity of each tier under each item has not been defined and left to the discretion of the concerned state government. In the changing scenario, the third tier of governance has to exclusively devote itself to the task of development, so that they play an important role in the process of governance.

The experience from some of the states suggests that the presence of MPs and MLAs in the meetings of various tiers of panchayats influence the decision-making process, resulting in unhealthy conflict. It does not seem to be logical that MPs and MLAs become a party to decision making in local self-government bodies, on whose working and reports they sit on judgement at the state and the national levels. States like Madhya Pradesh, Rajasthan and Uttar Pradesh have provided representation to MPs and MLAs in PRIs. This has weakened the growth of local self-government. Besides, the provision of MPs and MLAs area development funds is also an obstacle in the smooth functioning of the third tier governance. During the last decade, cases of fraud have been detected in States like Bihar, Himachal Pradesh, Karnataka, Manipur, Nagaland and West Bengal (Panchayati Raj Update, 1998). If we are really committed towards third tier of governance, the MPs and MLAs area development funds should be transferred to the PRIs for the execution of development programmes in their respective areas (Mishra and Sweta, *op. cit*).

Yet another point in regard to the working of third tier is the role of the District Planning Committee (DPC). The DPCs are the only link between the 73rd and 74th Amendments. The DPCs have to play a very important role in preparing a draft plan for the whole district. But unfortunately the DPCs have been made ineffective. The need of the time is that the DPCs should be made effective and the district plan prepared by the PRIs and Municipalities should be approved by the state government without any change. It is also desirable that the DPC may issue guidelines to lower level units in regard to their annual action plan and consolidated five year plans (*Ibid*). It has been observed that there are a number of institutions, which come in conflict with the district level structure as envisaged under the amendments. These include District Rural Development Agencies (DRDAs), Women's Development Corporations, etc. These institutions have lost their relevance after the acts came into effect. Because of the independent existence of the DRDAs, a dyarchical situation exists at the district (Mishra, *op. cit*). This hinders effective governance at the local

level. As a result, the central government recommended the merger of the DRDA with the PRIs, but very few states have implemented this recommendation.

An organic link between the different tiers of local bodies can contribute to good governance by facilitating coordination of important activities for areas and peoples with close economic-geographical connections. If we look into the amendments, we see that there is the problem of coordination. There is lack of clarity in regard to distribution of powers and functions amongst the three tiers mentioned in Schedules XI and XII and also in relationship between the local level institutions and local level bureaucracy. It is also not clear whether the local bodies in the rural and urban areas are the implementing agencies of development programmes or they are both planning and implementing agencies.

One basic and persistent malady in the third tier of governance is the control exercised by the state governments over the local bodies. This is done through the budgets and bureaucrats in numerous though diverse ways. States like Kerala, where women were given reservation in PRIs even before the 73rd Amendment, has retained certain important powers for the state government thus weakening the local self-government. The responsibility to delimit constituencies of local bodies has been vested in the state government and its bureaucrats and not in the State Election Commission. In the event of a delay in holding elections, the Kerala state government has the power to take over the management of Panchayats (Jose, 1997).

The above analysis does not show any encouraging trend with regard to the third tier of governance. Even after a decade, the local bodies have yet to emerge as institutions of self-governance. The local bodies have become the agencies of states and this would continue until clear-cut allocation of powers and functions is made for Panchayats and Municipalities in the Schedules XI and XII of the Constitution. There is a need for the first two tiers to devolve more powers, responsibilities, funds and physical and human resources for their effective performance and participation at the local level. Besides, there should be necessary amendments in the Panchayati Raj Acts of various states, which is possible only if there is a strong political and administrative will. The local bodies need to be made responsible both, for planning and for implementation of development programmes for the local community, and their capabilities in this regard need to be enhanced (Mishra, *op.cit*). This will enable them to become a genuine third tier of federalism.

10.5 INTER-GOVERNMENTAL AGENCIES IN INDIA

The working of the federal structure clearly shows that the inter-governmental relations are strained and time and again, there have been demands to evolve certain mechanisms through which we can improve the inter-governmental relations. The most significant institutions of inter-governmental cooperation in India were products of the Nehruvian developmental state. The Nehruvian institutions of central planning included the Planning Commission, the National Development Council (NDC) and eventually the zonal councils. The Planning Commission and the NDC represented forms of 'executive federalism' which have promoted regular and useful centre-state consultation and coordination on sectoral issues (Saez, 2002).

Planning Commission

It is an important commission that assesses the material, capital and human resources of the country, formulates a plan for effective and balanced utilisation of resources, determines priorities, defines the stages in which the plan is to be carried out and

proposes allocation of resources for plan implementation. In the performance of these activities, the Planning Commission maintains a close liaison with the union as well as the state governments. It interacts with both the governments. The state planning boards and district planning cells provide the necessary data and inputs to the Planning Commission. The National Development Council is the apex body comprising the Prime Minister, Union Ministers, Chief Ministers of all the states, Lieutenant Governors and administrators of the union territories and members of Planning Commission. It approves the policies and strategies of development planning and determines broad guidelines for the formulation of five year plans.

Finance Commission

The Indian Constitution under Article 280 provides for a Finance Commission. It recommends to the President, the distribution of net proceeds of the taxes between the centre and states. The Commission also lays down the principles determining the grants-in-aid to be provided to the states out of the consolidated fund of India. The requirements of the states are kept in view by the Finance Commission while recommending the apportionment of revenue between the centre and the states.

Inter State Council

Since India's Independence, there have been persistent demands from various quarters for the establishment of an Inter-State Council (ISC) in order to provide another middle tier of authority between the central government and the states. Mazumdar (1972) urged for removal of the adhoc nature of existing inter-governmental bodies by instituting the ISC on the model suggested by Article 263 of the Constitution. Maheshwari (1984), comments that India's existing inter-governmental structure is inherently ineffective, as it has stymied regional initiative. He argues that 'the need for machinery of consultation between the central and state governments is undoubted and great, its development remained low and stunted for want of demand for it'.

The Study Team on Centre-State Relations appointed by the Administrative Reforms Commission (ARC) in 1967 proposed the first model for an active inter-state council. The Study Team (1968), viewed that an 'apparatus for effecting regular consultations between the Centre and the State' was needed, given that inter-governmental relations were increasingly cooperative. It proposed that the ISC would supplant the existing array of ad hoc inter-governmental agencies.

A separate government commission examined proposed changes to India's inter-governmental bodies. The ARC in its report (1969), also proposed an ISC, similar to that outlined by its Study Team a year earlier. The ARC report stressed that, 'the problem of Centre-State relations has acquired new dimensions and new importance in recent times due to several political parties being in power at the Centre and in the States'. Hence the ARC's reluctance to institutionalise the ISC. It recommended setting up of an ISC, to begin with, for a period of two years, and extended thereafter based on its effectiveness. However, no decision could be taken on the ARC report.

The reports of both the Study Team and the ARC opened the doors for further examination of inter-governmental relations from point of view of the states. In 1969, Rajamannar Commission was appointed. It extended the jurisdiction of the ISC, arguing that the recommendations of the ISC would be 'ordinarily binding' on both the centre and the states. Moreover, the ISC would, review 'every bill of national importance or which is likely to affect the interests of one or more States' before it is introduced in the lower house of Parliament (Rajamannar Report, 1971).

The Anandpur Sahib resolution of 1973, the West Bengal Memorandum, 1977, the Sarkaria Commission, 1983 and various regional conclaves, demanded the creation of an ISC. Besides this, some chief ministers also suggested formation of an ISC provided for under Article 263 of the Constitution (Indian Express, 1983).

Of these, the Sarkaria Commission gave modest recommendations regarding inter-governmental institutions. It recommended establishing two major forums with the purpose of improving inter-governmental relations. These forums were – ISC (would be renamed the inter-governmental council) and the National Economic Development Council (NEDC). The former is to exert itself mainly in the political sphere, while the latter in the area of economic development and planning. Considering that federal issues have too long been handled at important forums in an adhoc manner, it would be politically and economically more viable if this body functions as a constitutional forum of federal India on a regular basis (Singh, 1996).

The zonal councils would be ‘constituted afresh’ and they would function without inhibition or restrictions, they should not be declared, or even regarded nationally, as committees of the Inter-Governmental Council (IGC) (Sarkaria Report, *op.cit*). The Commission hoped that the burden of the IGC would be reduced if the zonal councils could provide the first level of discussion of most, if not all, of the regional and Inter-State issues (*Ibid*).

The ISC would have an advisory role and all advisory decisions should be taken on the basis of consensus. Despite its purely advisory role, the Commission believed that ‘it is expected that this Council will be able to build up mutual trust and confidence and will soon emerge as the major instrument for discussing at the national level policies and actions affecting inter-governmental relations’.

The IGC and the NEDC are almost identical in composition-barring the addition of the Planning Commission to the NEDC. The judiciousness of establishing these two separate forums has been questioned. Besides, this multiplicity puts unnecessary strain on the administrative machinery. Merger of the two, thus, would be a viable alternative as this would lend a wider perspective and political sobriety vis-à-vis inter-governmental relations (Saxena, 2003).

The call for the establishment of the ISC/IGC, was not universally positive and there has been considerable opposition to it. After a lot of discussions and debates, the ISC was finally established in 1990. Its first meeting was held on 10 October, 1990. The Prime Minister is the Chairman of the Council. The ISC has held eight meetings from 1990 to 2003. In these meetings the Council have taken a view on all the 247 recommendations made by Sarkaria Commission. Out of 247 recommendations, 57 have not been accepted by the ISC/administrative ministries, 175 have been implemented and 15 are at different stages of implementation (Rastogi, 2005).

Functioning of Inter State Council

The role of the inter-governmental agencies, particularly the ISC, in the process of governance, becomes important, as these agencies can improve the inter-governmental relations. The role of these agencies, assumes special significance in the context of managing inter-governmental relations and resolving the differences between them in a spirit of tolerance, accommodation and cooperation.

The working of the ISC shows that it still struggles to define its internal structure. Despite some attempts to establish a more solid institutional structure for inter-

governmental cooperation, the ISC has failed to set up a permanent, independent secretariat as recommended by the Sarkaria Commission (Saez, *op.cit*).

Nirmal Mukarji and George Mathew (1992) have argued ‘hopes that this body might become a useful federal forum were belied by the first meeting having failed to deal with any major item of the nation’s federal agenda’. Frankel (1997), has suggested that the ISC is ‘virtually defunct’. Although the ISC was envisioned by the central and state governmental commissions to serve as a body of highly placed individuals, in its functioning it has become an annex within the Ministry of Home Affairs. The functioning of the ISC raises serious doubts about the role to be filled by this important body.

The ISC, since its inception, has had a mixed legacy, which suggests a greater crisis of inter-governmental institutions in India. On the one hand, it has provided a forum for the discussion of some of India’s most pressing federal problems. These discussions have been unusually cordial and as such provide a model of parliamentary civility. On the other, once instituted it has failed to live up to its expectations. The ISC is neither an analytical unit that provides short or long-term strategy nor a public policy-making institution (Saez, *op.cit*).

Despite the above shortcomings, the ISC as an instrument of federal consultative mechanism has acquired much greater relevance. The Eleventh Finance Commission (2000) has emphasised the need for a larger role for ISC. It has recommended that the ISC should be made responsible for arriving at decisions on fiscal policies having inter-state or centre-state ramifications.

The National Commission to Review the Working of the Constitution (NCRWC) in its report (2002) too, has expressed serious concern about lack of institutional arrangement for mandatory centre-state consultations in the area of legislation under concurrent list, in spite of the existence of ISC. It recommended that the individual and collective consultation with the states should be undertaken through ISC and that the council should be utilised more effectively by the union and the states in resolving problems and coordinating policy and action.

To ensure a smooth and cordial inter-governmental relations, then, the ISC should play the role of a guide, friend and philosopher with the advocacy of equity, inclusiveness, compassion and accommodation in evolving consensus on complex issues (Rastogi, *op.cit*).

10.6 INTER GOVERNMENTAL RELATIONS IN THE COALITION ERA

Inter governmental relations since independence till 1967, were marked by the domination of the Congress Party both at the centre and in the states. The scenario changed after 1967 and the relations became strained was at its peak during 1967-71. A variety of issues cropped up in this area viz., Article 356, role of Governor, all-India services, the emergency provisions, etc. This period saw the emergence of regional forces to fill up the vacuum created by weakening of Congress Party.

Congress dominance was again witnessed during 1971-1977, making the centre more stronger. However, in 1977, the congress lost the political power at the centre. But

again in 1980, congress came to power and attempted to centralise power. This situation continued till 1989.

After 1989, congress dominance became a thing of the past and the phase of coalition governments at the centre started. The regional parties asserted themselves. Then onwards we see drastic changes in the IGRs, which heralded a new era in the process of governance. The National Front Government, which was a coalition government headed by V.P. Singh reactivated the idea of ISC and set up a Secretariat to service it. But very soon the government was out of power.

The United Front Government, which came to power in 1996, was also a coalition government, which was composed of 14 regional parties. The leader of this front, H.D. Deve Gowda, and other colleagues were regional leaders. Here onwards the power shifted from the centre to the states and a new beginning was made in the IGRs. Now the state bosses started deciding as to whom all would find a place in the union ministry from their respective parties and not the Prime Minister. Not only this, the coalition partners had a say in deciding which minister is to be dropped and how the distribution of portfolios is to be made.

The Common Minimum Programme (CMP) of the United Front coalition government talked about the need to re-cast the IGRs. It envisaged advancing the principles of political, administrative and economic federalism and to reactivate and energise institutions like National Development Council (NDC) and the ISC. It talked about transfer of the centrally sponsored schemes to the control of state governments (Awasthy, 2000). However, very soon the United Front Government failed as Congress withdrew its support.

The National Democratic Alliance (NDA) government headed by Atal Bihari Vajpayee and the United Progressive Alliance (UPA) government headed by Manmohan Singh, functioned on similar lines as that of the UF government. The regional parties played an important role in the formation of these two governments (NDA and UPA). The regional parties have been concentrating more on the inter-governmental relations, autonomy and more powers to state.

In the era of coalition governments from 1996 onwards, the management of inter-governmental relations has become a national priority for successful and timely implementation of developmental programmes of the central, state and local governments. The art of balancing the interests of the union and the states governed by different political parties and reaching consensus on contentious issues has become the prime need. In the changed scenario of governance, the regional parties are not only dominating at the centre, but are also in power in many states. This can be viewed as a healthy trend towards not only cooperative inter-governmental relations but also towards national unity. If this trend of coalition governments continues in future, one can see better inter-governmental relations in which there would not be any stresses, strains and conflicts between the various levels of governance.

There are a few important agencies and forums that such as Central Council of Local Self-Government, the annual conferences of Governors and Chief Ministers – which are meant to promote interactions among different levels and evolve national strategies and policies.

The Governors Conference serves as a useful forum where the President being the Chairperson of the conference is apprised by the Governors, of the political, social and economic situation of the states. Similarly, the Chief Ministers Conference serves

as a potential forum for discussion of whole range of issues concerning the states and harmonisation of relationship between the centre and the states.

Zonal councils are extra-constitutional bodies created under the State Reorganisation Act, 1956. Five zonal councils for Northern, Southern, Eastern, Western and Central regions were created in 1956. The North-Eastern Council was set up in 1971, by an Act of Parliament. Each Council has the Chief Minister and two other Ministers of each state in the zone and the administrator in case of a Union Territory. The Union Home Minister is the Chairman of all the zonal councils. The council is to advise the union and state governments, which are represented in the council on matters of common concern relating to economic, social and administrative matters.

10.7 CONCLUSION

From the above analysis it becomes clear that IGRs are an important aspect of the process of governance. The federalisation of the party system has altered the basic premises of IGRs, and has created new mechanisms that are impacting on the federal structure. It has led to the development of new ways of organising inter-state and the Union-state relations. All this has affected not only party politics and legislative configuration, but also the nature of political coalitions and alliances, IGRs and, consequently, the nature of distribution of responsibilities among governments at different levels. For that, some power sharing is required in the system of governance. Unless that sense of accommodation is there, and there is a paradigm shift in which we start treating democracy not just as representative but also as a participatory democracy, till then IGRs cannot be smooth and cannot lead to good federal governance.

In the process of governance, the governmental structures at the union, state and local levels have to interact with each other for achieving the maximum with the minimum inputs. As such, the interaction between various governmental organisations is indispensable. IGRs play a significant role in the process of governance. It is based on a spirit of camaraderie as a sine qua non for ensuring that changes envisaged in policy matters are brought about smoothly and that national and regional interests do not clash, thus strengthening in the process a responsive, democratic set up. In the era of coalition governments, the management of IGRs has become a national priority for successful and timely implementation of developmental programmes of the central, state and local governments.

10.8 KEY CONCEPTS

Coalition Government

A multi-party government where a number of minority parties join hands for the purpose of running the government. It is formed when many splinter groups in a House agree to join hands on a common platform by sinking their broad differences and form a majority in the House.

Central Council of Local Self-Government

It has been constituted in 1954 by an order of the President of India. It is an advisory body and its functions are to:

- a) consider and recommend broad areas of policy relating to local government
- b) provide proposals for legislation
- c) draw up plan of action; and
- d) make recommendations to central government regarding financial allocations to local institutions.

National Commission to Review the Working of the Constitution

This Commission to examine the working of the Indian Constitution was set-up on January 27, 2000 with Chief Justice Venkatachaliah as Chairman. The terms of reference of the commission were to examine, as how far the existing provisions of the Constitution are able to respond to the needs of efficient, smooth and effective system of governance and socio-economic development of modern India and to recommend changes, if any, that are required to be made in the Constitution within the framework of parliamentary democracy without interfering with its basic structure. The commission functioned with the aid of 10 expert teams and made nearly 248 recommendations.

Sarkaria Commission

The Commission on Centre-State relations was constituted in 1983 under the Chairmanship of Justice R.S. Sarkaria, a retired judge of the Supreme Court. It was to examine and suggest reforms for an equitable distribution of powers between the centre and the states. The report was submitted in 1988 and it made 247 recommendations suggesting 12 amendments to the Constitution and 20 new legislations.

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10.10 ACTIVITIES

1. Go through the newspapers and journals and make a note of conferences held in recent times such as Governors', Chief Ministers' etc and prepare a brief note on the issues deliberated in the conferences.
2. Based on information available on website, or newspapers, highlight the role and functions of the Finance Commission.

UNIT 11 FINANCIAL MANAGEMENT

Structure

- 11.0 Learning Outcome
- 11.1 Introduction
- 11.2 Budget: Concept and Preparation
- 11.3 Legislation of the Budget
 - 11.3.1 Presentation of Budget
 - 11.3.2 Discussion on Demands for Grants
 - 11.3.3 Appropriation Bill
 - 11.3.4 Finance Bill
- 11.4 Approaches to Budgeting
 - 11.4.1 Planning Programming and Budgeting System
 - 11.4.2 Performance Budgeting
 - 11.4.3 Zero based Budgeting
 - 11.4.4 Outcome-based Budgeting
- 11.5 Budgetary Control
 - 11.5.1 Auditing of Accounts
 - 11.5.2 Parliamentary Control over the Budget
- 11.6 Resource Mobilisation and Management
- 11.7 Public Debt Management
- 11.8 Role of the Ministry of Finance, Finance Commission and Planning Commission in Financial Management
- 11.9 Conclusion
- 11.10 Key Concepts
- 11.11 References and Further Reading
- 11.12 Activities

11.0 LEARNING OUTCOME

After going through this Unit, you should be able to:

- Understand the scope and significance of financial management
- Explain the concept and preparation of budget
- Examine the process of legislation of budget
- Highlight the important approaches to budgeting
- Appraise the budgetary control systems
- Appreciate the importance of resource mobilisation and management
- Bring out important features of the public debt management; and

- Discuss the role of the Ministry of Finance, the Planning Commission and the Finance Commission in financial management

11.1 INTRODUCTION

Finance is the lifeblood of all monetised socio-economic formations. Financial management relates to the system, which generates, regulates, and distributes monetary resources needed for the sustenance and growth of organisations. Financial management is an important component of public systems management. It plays an integrating role amongst the various functions of sales, production, plant utilisation, etc., especially in the case of business enterprise, to generate information relevant for management decision-making. Financial management assumes great significance for every government, as most of its activities have a financial bearing. It is primarily related to the question as to how the limited resources can be utilised to the utmost and to achieve the maximum of national objectives.

In this Unit, we shall attempt to acquaint you with the basic elements of Indian financial management system. The important aspects of resource mobilisation and management are highlighted. Also the different approaches to budgeting shall be analysed. The important concept of budgetary control shall be dealt with. It orients you with important policies and instruments of public debt management. The role of the Ministry of Finance, Finance Commission and Planning Commission in financial management is highlighted.

11.2 BUDGET: CONCEPT AND PREPARATION

A budget is a statement that provides a forecast of revenues and expenditures generally for a period of one year. It reflects the activities of the government, and allocation of resources.

The term budget is derived from the French word 'Baguette' which means a small leather bag or pouch. It includes:

- a) a review of the revenues collected, expenditures incurred and changes in the composition of the national debt and other matters during the fiscal year which has immediately preceded the time when the budget is presented;
- b) an estimate of expenditure during the forthcoming year and the extent to which it is expected to be covered at the existing tax rate; and
- c) proposals for such changes of tax remissions or increase as may be required to balance the expenditure.

Preparation of the Budget

Preparation of the budget involves considerable efforts on the part of the Ministry of Finance, Government of India. It is sometime in the month of September every year that the Budget division of the Department of Economic Affairs of the Ministry of Finance sends a circular to various ministries/departments, requesting them to prepare estimates of expenditure to be incurred by them in the following year. With the help of their financial advisers, individual ministries/departments formulate their spending plans on the basis of their previous year spending and the new schemes and projects, which they intend to take up. These estimates of expenditure are furnished to the Ministry of Finance during December/ January for screening and integrating into the main budget.

The Finance Ministry, after having scrutinised the estimates, embarks upon the process of compilation and coordination of estimates of expenditure of different ministries/departments. It may prune excessive demands because there are limits to financial resources available to the government. Before the expenditure estimates are finalised, discussions take place between the Secretary (Expenditure), Ministry of Finance, and the financial advisers of the ministries/departments concerned. However the ministry has the final say in regard to all estimates.

The estimates of plan outlay are scrutinised by the Planning Commission. The estimates of revenue are prepared by the Department of Revenue, Ministry of Finance. The department remains equipped with records of yields of various taxes for previous years and on that basis it prepares estimates for the ensuing year. During this period, the Finance Minister remains in close touch with the Secretaries of revenue, expenditure, and economic affairs in the Ministry of Finance. The budget proposals prepared by the Ministry are examined by the Finance Minister and changes are made in them in consultation with the Prime Minister. The President is also shown the budget. Similarly the Finance Minister briefs the cabinet about the budget shortly before it is presented to Parliament.

11.3 LEGISLATION OF THE BUDGET

Once the budget is prepared, it has to pass through the following stages in the Parliament a) presentation of the budget by the finance minister in both the houses of Parliament, (b) general discussion on revenue and expenditure proposals, (c) presentation of demands for grants, and (d) voting and passing of the Appropriation and Finance Bills.

11.3.1 Presentation of Budget

The budget is presented to Lok Sabha in two parts, namely, Railway Budget, pertaining to Railway finance and the General Budget giving an overall picture of the financial position of the Government of India, excluding Railways.

The Railway Budget is presented to the Lok Sabha by the Railway Minister each year sometime in the third week of February. The General Budget is presented to the Lok Sabha by the Finance Minister on the last working day of February each year. In an election year, budgets may be presented twice-first to secure a Vote on Account for a few months and later in full.

While presenting the budget, the Finance Minister delivers the budget speech and lays on the table, the annual financial statement duly authenticated by him. There is no discussion on the budget at that time. Simultaneously, with the presentation of the budget in the Lok Sabha, a copy thereof is laid on the table of the Rajya Sabha. Immediately after the presentation of the General Budget, the Finance Minister introduces in the Lok Sabha, the Finance Bill to give effect to the tax proposals of the Government of India for the following financial year. The bill contains proposals of the government for levy of new taxes, modifications of the existing tax structure or continuance of the existing tax structure beyond the period approved by Parliament.

No discussion on the budget takes place on the day it is presented to the house. Budgets are discussed in two stages- the general discussion followed by detailed discussion and voting on the demand for grants.

After the presentation of the budget by the Finance Minister, the Speaker may allot time for general discussion on the budget. During the general discussion, the house is at liberty to discuss the budget as a whole or any question or principle involved therein, but no motion can be moved.

After the general discussion of the budget is over, the House is adjourned for a fixed period. During this period, the demands for grants of the ministries/departments are considered by the departmentally related standing committees. These committees are required to present their reports to the House within a specified period and make special report on the demands for grants of each ministry.

The demands for grants are not formally presented or laid on the table of the Lok Sabha. These form part of the budget papers and are distributed to members along with the budget documents. A separate demand is ordinarily made in respect of the grant proposed for each ministry/department. The Finance Minister may however include in one demand, grant proposed for two or more ministries or departments or make a demand in respect of expenditure, which cannot readily be classified under a particular ministry. One ministry/department may present more than one demand.

11.3.2 Discussion on Demands for Grants

After the presentation of the budget, the Minister of Parliamentary Affairs holds a meeting of the leaders of parties/ groups in Lok Sabha for the selection of ministries/departments, whose demands for grants might be discussed in the House. On the basis of decisions arrived at this meeting, the government forwards the proposals for the consideration of the Business Advisory Committee. The Business Advisory Committee after considering the proposals allots time and also recommends the order in which the demands might be discussed. After the allotment of time by the Business Advisory Committee, a time-table showing the dates on and the order in which the demands for grants of various ministries would be taken up in the House is published for the information of the members.

After the reports of the Standing Committees are presented to the House, the House proceeds to the discussion and voting on demands for grants, ministry-wise. The scope of the discussion at this stage is confined to a matter under the administrative control of the ministry and to each head of demand as is put to the vote of the House. It is open to members to disapprove a policy pursued by a particular ministry or to suggest measures for economy in the administration of that ministry or to focus attention of the ministry to specific local grievances. At this stage, cut motions can be moved to reduce any demand for grant but no amendments to a motion seeking to reduce any demand is permissible. The motions to reduce the amounts of demands for grants are called cut motions. The object of a cut motion is to draw the attention of the house to the matter specified therein. The cut motions are normally tabled by the members of the opposition

Guillotine

On the last of the allotted days for the discussion and voting on demands for grants, at the appointed time the Speaker puts every question necessary to dispose of all the outstanding matters in connection with the demands for grants. This is known as guillotine. The guillotine concludes the discussion on demands for grants.

Vote on Account

The whole process of budget beginning with the presentation and ending with discussion and voting of demands for grants and passing of appropriation bill and finance bill generally goes beyond the current financial year. Hence, a provision has been made in the Constitution empowering the Lok Sabha to make any grant in advance through a vote on account to enable the government to carry on until the voting of demands for grants and the passing of the Appropriation Bill and Finance Bill.

Normally the vote on account is taken for two months for a sum equivalent to one-sixth of the estimated expenditure for the entire year under various demands for grants.

Vote on account is passed by Lok Sabha after the general discussion on the budget is over and before the discussion of demands for grants is taken up.

Supplementary and Excess Demands for Grants

If the amount authorised to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year, or when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the budget for that year, the President causes to be laid before both the Houses of Parliament, another statement showing the estimated amount of that expenditure.

If any money has been spent on any service in a financial year in excess of the amount granted for the service for that year, the President causes to be presented to Lok Sabha a demand for such excess. All cases involving such excesses are brought to the notice of Parliament by the Comptroller and Auditor General through his report on the appropriation accounts. The excesses are examined by the Public Accounts Committee, which makes recommendations regarding their regularisation in its report to the House.

The supplementary demands for grants are presented and passed by the House before the end of the financial year, while the demands for excess grants are made after the expenditure has been incurred and after the financial year to which it relates, has expired.

11.3.3 Appropriation Bill

After the demands for grants have been passed by the House, a bill to provide for the appropriation out of the Consolidated Fund of India of all moneys required to meet the grants and the expenditure charged on the Consolidated Fund of India is introduced, considered and passed. The introduction of such a bill cannot be opposed. The scope of discussion is limited to matters of public importance or administrative policy implied in the grants covered by the bill and which have not already been raised during the discussion on demands for grants.

No amendment can be proposed to an appropriation bill, which will have the effect of varying the amount or altering the destination of any grant so made or of varying the amount of any expenditure charged on the Consolidated Fund of India.

11.3.4 Finance Bill

The Finance Bill is introduced in the Lok Sabha immediately after the general budget is presented to the Lok Sabha by the finance minister. The introduction of this bill also cannot be opposed. The scope of discussion on the this bill is vast and members can discuss any action of the Government of India. The whole administration comes under review.

The Finance Bill seeks to give effect to the financial proposals of the government of India for the next financial year. It also includes a bill to give effect to supplementary financial proposals for any period.

It submits to the jurisdiction of the House all the Acts, with which it deals, i.e., the Income Tax Act, Central Excise and Salt Act etc. and the House can amend all or any such acts to the extent they are dealt with in the bill. The procedure in respect of Finance Bill is the same as in the case of other money bills.

11.4 APPROACHES TO BUDGETING

The budget is not only a statement of income and expenditure but is a plan of action for the year ahead that indicates programmes, activities etc. over time. The approach towards budgeting in a traditional sense is changing with emphasis on performance. Some of them include planning and programming budgeting, performance budgeting, zero-based budgeting and outcome-based budgeting. We shall now be discussing the key features of these approaches.

11.4.1 Planning Programming and Budgeting System

Planning Programming and Budgeting System (PPBS) is primarily a system to help decision makers allocate resources.

Planning refers to the definition of missions, goals and objectives, the identification and evaluation of alternatives and the choices among the alternatives. Programming refers to the link between planning and budgeting. It involves the documentation of decision on resources required and outputs to be achieved, scheduled over the years involved in the planning period and the accompanying information and documentation systems.

Budgeting refers to the process of translating the decisions in the long-range-planning format to the annual budget format with the more precise measures of inputs, price tags and outputs, which are possible and necessary when one is looking only one year ahead.

This approach to budgeting emphasises the important fact that planning, programming and budgeting are inter-related to each other and together constitute a system. This implies that budgeting cannot stand in isolation. The technique of performance budgeting attempts to assess the effectiveness of each of the programme/activity with reference to output. It therefore involves the development of more refined tools such as work measurement, performance standards, unit cost, etc.

11.4.2 Performance Budgeting

According to the concept of performance budgeting, the annual budget is in essence, a work plan specifying the programme targets to be achieved by the agency concerned during the financial year. It emphasises the purposes for which funds are provided. It correlates the physical and financial aspects of each programme and activity, by establishing a proper relationship between outputs and the corresponding inputs.

The main purposes sought to be achieved by performance budgeting are to:

1. Establish a correlation of the physical and financial aspects of every programme and activity.
2. Improve budget formulation, review decision making at all levels of management in government.
3. Facilitate better appreciation and review of legislature.
4. Make possible effective performance audit.
5. Measure progress towards long-term objectives as envisaged in the plan.
6. Integrate budgets and development plans.

Development of Performance Budgeting in India

In India, the Estimates Committee of Parliament made a suggestion in 1954 to introduce performance budgeting on the basis of success of the operation of performance budgeting in U.S.A. The Administrative Reforms Committee (ARC) in its report titled “ Finance, Accounts and Audit”, recommended to the government that

starting with the 1969-70 budget, performance budgeting should be introduced in all departments and organisations of the government, which are in direct charge of development programmes.

The recommendations of the ARC for the introduction of performance budgeting were accepted by the Government of India which started introducing it gradually in more and more of its developmental departments with the budget for 1969-70 onwards. The position by now is that almost all the departments of Government of India prepare performance budgets every year and submit them to parliament. On the recommendations of the central government, all the state governments also prepare performance budgets for development departments and submit the documents to the legislature.

Elements of Performance Budgeting

I. Formulation of objectives

Since the budget is an annual plan of action, it is necessary to spell out the objectives in concrete and specific terms. The objectives should be formulated in such a way that should help in evolving suitable programmes/activities.

II. Programme/activity classification

A functional classification of the budget is necessary under a system of performance budgeting. By functional classification, it is meant that the budget presentation of public expenditure will be in terms of functions, programmes, activities and projects.

III. Norms/ Standards

Performance budgeting establishes the correlation between the physical and financial aspects of each programme and activity. It is therefore essential to set physical targets for accomplishment in respect of each programme/activity to enable working of corresponding financial estimates for incorporation in the budget.

Performance budgeting envisages development of suitable work-measurement units, norms, yardsticks and other performance indicators for measuring the physical quantum of work to be done or services to be rendered. Appropriate norms and standards supported by adequate data reduce subjectivity and increase objectivity in the framing of budget estimates.

IV. Accounting Structure

In order to operationalise the scheme of performance budgeting, it is essential that the concept is also built into the structure of accounts. It is necessary, therefore, that the budget classification in terms of functions, programmes, activities and projects is supported by a similar classification in accounts.

V. Decentralised Responsibility Structure

For the preparation of a performance budget, broad guidelines need to be framed at the top level. These should include directions regarding the objectives to be achieved and the resources availability. Within the framework of these guidelines, detailed budget estimates are to be prepared at various responsibility levels and coordinated upwards.

VI. Review of Performance

Measurement of actual performance both in physical and financial terms in relation to the budgeted plan are an important aspect of a performance budget. When information regarding physical accomplishments and finances is put together in terms of various responsibility centres, for a period under consideration, a picture of actual performance in terms of physical accomplishments and its related costs would

emerge. The actual performance from the accounting information system can then be compared with the budgeted plan.

To conclude, performance budgeting is a management tool. This can be used in government successfully if norms and standards are developed for all levels of operations.

11.4.3 Zero Based Budgeting

Zero Based Budgeting (ZBB) requires that organisations, while preparing their budgets, should not take earlier year's expenditure for granted and therefore should start on a clean slate. It implies that the activities of an organisation should be viewed afresh and priorities among competing claims for allocation of funds settled on the basis of justifications developed by the use of evaluating techniques, like cost benefit analysis.

ZBB aims at eliminating redundant expenditure in organisations. To achieve this, it adopts four approaches.

The first objective, is the elimination of redundant expenditure, which is not serving any clearly stated purpose in an organisation.

Secondly, it attempts to identify and remove duplication of expenditure as over time the same activity may be carried out by a number of agencies of the same organisation.

Thirdly, it involves searching for a better alternatives (For instance solar equipment may be a better alternative to an electric gadget) for incurring expenditure to achieve an established objective.

The fourth objective, is to optimise expenditure by making it productive and efficient. This requires application of performance budgeting.

The Government of India adopted ZBB approach with effect from the budget of 1978-88. The Budget Division of the Ministry of Finance has been requesting the ministries / departments, since the introduction of ZBB, through their budget circular every year for adopting the principles of ZBB for expenditure estimates.

Steps involved in ZBB

The methodology employed in ZBB involves:

I. Identification of Decision Units

A decision unit is a distinct segment of an organisation for which budget is prepared. It can be a programme, scheme, project or an operation.

II Formulation and Development of Decision Packages

According ZBB, the budget of a decision unit has to be prepared in terms of decision packages, which contain the following:

- A description of the function or activity of the decision unit
- The goals and objectives of the various functions/ activities of the unit
- Benefits to be derived from financing the activity/programme
- Relevance of the activity/programme to the overall objectives of the organisation/department in the present context
- The consequences of its non-funding
- The projected/estimated cost of the package

- The yearly phasing of the proposed expenditure/project cost
- Alternative ways of performing the same activity or achieving the same objectives.

III. Evaluating and ranking decision packages in order of priority

ZBB requires that the manager-in-charge of the decision unit should rank the decision packages in order of priority. There are various methods followed in ranking decision packages, such as judgement approach, committee system, standardised formula, single criterion approach, etc. The available resources are allocated among the various decision packages, according to prioritisation established in terms of their ranking.

IV. Preparation of Budget by Allocating Resources to Activities or Decision Packages by Utilising Hierarchical Funding Cut-Off Levels

ZBB requires that the available fund should be allocated in accordance with the ranking of decision packages as finally settled by the top decision unit in the hierarchy of decision units. In a situation of resource crunch, i.e., if funds available are not adequate to cover all the decision packages, a cut-off level is determined and the decision-packages figuring above are financed and those falling below the cut-off level are not allocated funds.

The cut-off level is moved upwards or downwards in the event of any revision in the availability of funds.

Problems in the implementation of ZBB

A major factor contributing to the failure of ZBB has been too much paper work involved in the process. Also the reviews and analysis required to be carried out could not be handled within the normal cycle of budget process spread over a few months.

The second problem in the implementation of ZBB is the non-availability of trained personnel fully aware of the concept, who can make an analysis of expenditure by applying cost-benefit analysis and other techniques.

The third problem is redeployment of resources, like manpower, material, machinery and equipment, which become surplus, when a scheme or activity is found redundant and has therefore to be eliminated. Redeploying manpower is a very difficult and delicate issue.

In brief, ZBB is a useful system for exercising control over expenditure. Its utility can hardly be overemphasised in a situation of resources crunch. Any progressive organisation would find it useful for ensuring effectiveness, efficiency and economy of expenditure.

11.4.4 Outcome-based Budgeting

In USA, a recent trend in government budgeting is to link the money spent on each program to its return in terms of impact of each public policy. This type of budgeting links budget with performance measurement system.

For example in Catawba country, North Carolina, local officials used this to enhance their government's system of service delivery. The country in the past few years had experienced limited growth in revenues; yet during this time the call for human services continued to rise. County leadership responded by handling decision making authority to agency administrators challenging them to reduce costs while more effectively meeting citizen demands. Those who achieved 90 per cent of their goals would be able to apply their savings to unrestricted needs. Catawba county

administrators embarked on a citizen-driven, outcome-based system of budgeting to ensure that resources were targeted to meet specific community goals. Over time, they not only saved money but also enhanced government responsiveness (Denhardt and Grubb, 2003)

In Indian financial system, in its first-ever budgetary exercise aimed at gauging the quality of implementation, the Finance Minister recently presented an “Outcome Budget” in the Parliament. It is a compilation of the intended and anticipated outcomes as identified by 44 ministries and their respective departments, sought to be achieved through allocations made in the budget for the current financial year (The Hindu, 2005).

11.5 BUDGETARY CONTROL

Effective financial management needs control systems to ensure that amounts are spent properly on activities specified for. The financial management of a country is the responsibility of legislature, executive, and machinery entrusted with accounts and audit and Parliamentary Committees. The budgetary control is exercised to ensure that the money voted by the Parliament/Legislature have been utilised for the purpose and manner in which it was passed by the Parliament. This budgetary control in India is exercised by the Comptroller and Auditor General of India (C&AG), Controller General of Accounts and Parliamentary Finance Committees. Since Parliament/Legislature has an important role in effective financial management, to enable it exercise budgetary control, these financial committees have been set up in India. We shall be discussing these aspects in this section.

11.5.1 Auditing of Accounts

In October 1976, an organisation named Controller-General of Accounts (CGA) was set up to administer matters pertaining to the departmentalisation of accounts of the Union Government. This organisation, which works as part of the Ministry of Finance performs, inter-alia, the following main functions:

- a) Prescribing the form of accounts relating to the Union and State Governments
- b) Laying down accounting procedures
- c) Overseeing the maintenance of adequate standards of accounting by Central Accounts Offices
- d) Consolidation of the monthly and annual accounts of the Government of India; and
- e) The administration of rules under Article 283 of the Constitution relating to the custody of the Consolidated Fund of India, the Contingency Fund, and the Public Account.

The CGA prepares a condensed form of the Appropriation Accounts and the Finance Accounts of the Union Government.

The preparation of accounts by CGA is not enough. It is necessary to verify the accuracy and completeness of the accounts and to ensure that the expenditure incurred has been sanctioned by the Parliament and that it has taken place in conformity with the rules sanctioned by the Parliament. Thus, the Comptroller and Auditor General of India (C&AG), audits the accounts prepared by CGA. The audited accounts are placed on the table of both the Houses of Parliament along with the C&AG report. The C&AG is responsible for auditing all expenditure of the Central and State Governments and submitting his audit reports to the President or the Governor for

being placed before the appropriate legislature. The report of the C&AG amounts to the issuance of a 'certificate'. The 'observations' of the C&AG summarise the objections and irregularities in relation to voted and charged expenditures in the budget.

Article 149 of the Constitution prescribes duties and powers of the C&AG. Under Article 150, the C&AG is required to prescribe the format in which the accounts of the union and the states are to be kept. Similarly, Article 151 requires the C&AG to present reports relating to the accounts of the union and the states.

The C&AG performs such duties and exercises such powers in relation to the accounts of the union and states as may be prescribed by the Parliament. In exercise of this power, the Parliament enacted the Comptroller and Auditor-General's (Duties, Powers, and Conditions of Service) Act, 1971, which after amendment in 1976 relieved him of his duty to prepare the accounts of the union. The other important provisions relating to his duties are as follows:

- a) To audit and report on all expenditure from the Consolidated Fund of India and of each state as to whether such expenditure has been in accordance with the law,
- b) To audit and report on all expenditure from the Contingency Fund and the Public Account of the union and of the states, and
- c) To audit and report on all trading, manufacturing, and profit and loss accounts kept by any department of the union or a state.

Constitutional provisions have safeguarded the independence and freedom of the Comptroller and Auditor-General and have placed him beyond political influences. Though appointed by the President, C&AG may be removed on an address from both the House of Parliament on grounds of 'proved misbehaviour' or 'incapacity'. His / her salary and conditions of service are statutory, i.e. as laid down by the Parliament by law and are not liable to variations to his/her disadvantage during his/her term office.

Thus, the audit department scrutinises, independently and fearlessly, the expenditure incurred by the governments and seeks to ensure that expenditure is not irregularly and wastefully incurred. In this manner, it assists the legislature in exercising financial control over the executive.

11.5.2 Parliamentary Control over the Budget

The Parliament exercises control over both receipts and expenditure of the central government. By passing finance and appropriation bills, the Parliament authorises the government to collect revenues and spend money. However, the authority of the Parliament is not limited only to sanctioning appropriations. Rather, it has the means to ensure that the appropriations have been applied towards the purposes approved and within the limits imposed. For the sake of this completeness of legislative control, the Parliament constitutes its three financial committees, viz., the Public Accounts Committee, the Estimates Committee, and the Committee on Public Undertakings.

Public Accounts Committee

After the report of the Comptroller and Auditor General is laid before the Parliament, it is examined by the Public Accounts Committee. It is a parliamentary committee with a non-official chairman appointed by the Speaker from amongst the members elected to the Committee. The committee consists of 22 members: 15 members elected by the Lok Sabha and 7 members from the Rajya Sabha, every year. To ensure that each party/ group is represented on the committee, the election is held on

the basis of proportional representation system by means of single transferable vote. The term of office of the members of the committee is one year.

Being an all party committee, it scrutinises the accounts and audit reports prepared by the C&AG to satisfy that

- a) the moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose for which they have been applied or charged,
- b) the expenditure conforms to the authority which governs it; and
- c) every re-appropriation has been made in this behalf under the rules framed by a competent authority.

The committee also examines two reports of the C&AG on revenue receipts: one relating to direct taxes, and other pertaining to the indirect taxes. While scrutinising these reports, it examines cases involving under-assessments, tax evasion, and also identifies loopholes in tax laws and procedures, and makes recommendations to plug leakages of revenue.

Though normally the committee confines itself to matters contained in audit reports, it can of its own accord enquiry into irregularities which may be brought to its notice or which become of wider public interest. The committee, however, does not examine the accounts relating to such public undertakings as are allotted to the Committee on Public Undertakings.

Since the work of the committee is normally confined to the various matters referred to in the audit reports and appropriations accounts, its functions start only after these reports and accounts are laid on the table of the House. In view of the time constraint, the committee selects important paragraphs from these reports for examination during its term of office. A number of working groups are constituted by the chairman from amongst the members of the committee for detailed examination of the subjects selected by the committee and for considering procedural matters. A sub-committee is also constituted for scrutiny of the action taken by the government on the recommendations contained in the previous reports of the committee.

The committee calls for advance information from the ministries/ departments with regard to subjects selected by it for examination. It may also undertake on-the-spot study tours of various departments connected with the subjects taken up for examination. For this purpose, members of the committee are divided into study groups and each study tour is undertaken with the specific approval of the Speaker.

One of the important functions of the committee is to find out whether any money has been spent on a service in excess of the amount granted by the House for the purpose. If so, the committee examines the same with reference to the facts of each case, and the circumstances leading to such excess expenditure. Such excess expenditures are brought up before the House by the government for regularisation in the manner prescribed in Article 115 of the Constitution. Similarly, the findings of the Committee on a subject are contained in its report, which is presented by the chairman of the committee to the Lok Sabha so that the irregularities noticed are discussed and remedial steps taken thereof. A copy of the report is also laid on the table of the Rajya Sabha. After presentation to the Lok Sabha, the report is forwarded to the Ministry/ Department concerned which is required to take action on the findings/recommendations contained in the report and furnish action taken replies thereon within six months. Action taken notes received from the Ministries/Departments are examined by the Action Taken Sub-Committee. The action taken reports of the Committee are presented to the House. Furthermore,

reports received from the government in respect of recommendations contained in the Action Taken Reports are also laid on the table of the House in the form of statements.

Estimates Committee

To suggest economy and efficiency in public expenditure, the Lok Sabha constitutes the Estimates Committee every year. The first such committee was constituted in the year 1950. The members of the committee are elected every year from amongst the members of the Lok Sabha according to the principle of proportional representation by means of single transferable vote. Initially the committee consisted of 25 members but from the year 1956-57, the membership was raised to 30 to facilitate the constitution of sub-committees and study groups for taking up intensive examination of various estimates. The Chairman of the committee is appointed by the Speaker from amongst the members of the Lok Sabha elected to the Committee. The term of office of the members of the committee is one year.

The purpose of the Estimates Committee is to ensure that public expenditure is incurred in a judicious manner and that the objectives underlying the plans and schemes are effectively achieved. In a sense, it is a mechanism to extend parliamentary control over government expenditure beyond the granting of appropriations. Thus the committee examines in detail, the estimates presented to the House, makes appraisals of the plans and programmes, and reviews the performance of public expenditure in various fields. In view of these objectives, it has to discharge the following responsibilities:

- a) Report what economies, improvements in organisational efficiency, or administrative reforms consistent with the policy underlying the estimates, may be effected
- b) Suggest alternative policies in order to bring about efficiency and economy in administration
- c) Examine whether the money is well laid out within the limits of the policy implied in the estimates; and
- d) Suggest the form in which the estimate shall be presented to the Parliament.

The public undertakings allotted to the Committee on Public Undertakings are outside the purview of the Estimates Committee.

The scrutiny by the committee of the estimates for the various ministries/departments is a continuing exercise throughout the financial year and the committee reports to the House as its scrutiny proceeds. It is not incumbent on the committee to examine the entire estimates of the union government in its term of one year. Therefore, it takes up only selected subjects for examination which are of current importance or which it may consider necessary to bring to the notice of the House. The subjects selected by the committee are widely publicised in newspapers, and experts and the general public are invited to send memoranda to the committee giving their views and suggestions on these subjects.

A number of study groups are constituted by the chairman from amongst the members of the committee for detailed scrutiny of the subjects selected by the committee. The committee calls for preliminary material from ministries/departments concerned in regard to the subjects selected by it for scrutiny and it also undertakes on-the-spot study tours, with specific approval of the Speaker, of various institutions/organisations connected with the subjects taken up for examination. The findings of the committee on a subject are contained in its report, which is presented

by the chairman to the Lok Sabha. After presentation to the Lok Sabha, the report is forwarded to the ministry/department concerned which is required to take action on the recommendations contained in the report and furnish Action Taken Replies within six months. The Action Taken Notes received from the ministries/departments are examined by the Action Taken Study Group. The Action Taken Reports of the Committee are, in turn, presented to the House. Replies received from the government in respect of the recommendations contained in the Action Taken Reports are laid on the table of the Lok Sabha in the form of statements.

Committee on Public Undertakings

In the wake of Industrial Policy Resolution of 1948 and the subsequent five year plans, public sector in India has grown tremendously. Industries of basic and strategic importance and of public utility are mostly under the ownership and control of the government. Unlike Railways and Posts and Telegraphs, which are departmental undertakings, most of the public sector undertakings are statutory corporations or government companies enjoying autonomy and flexibility in their day-to-day operations. This freedom from the usual red tapism of government procedures is necessary to ensure their smooth and efficient working in a business-like manner.

Soon after the commencement of the Constitution in 1950, there grew a demand for a separate parliamentary committee to review the working of public undertakings, which were being financed from out of the Consolidated Fund of India. After a long debate, the Committee was ultimately set up in 1964. The Committee on Public Undertakings consists of 22 members: 15 elected by the Lok Sabha and 7 by Rajya Sabha from amongst their members according to the principle of proportional representation by means of single transferable vote. The chairman of the committee is appointed by the Speaker from amongst the members of the Lok Sabha elected to the committee. The term of office of the members of the committee is one year.

This committee is charged with the task of scrutinising the reports and accounts of public undertakings, the reports of the CAG on such undertakings, and to suggest economies, improvements in organisation/management and production that could be effected in various undertakings. Keeping in mind issues of current interest regarding public sector, the committee selects for detailed examination such undertakings as it may deem fit. It pays particular attention to those undertakings, which come under a cloud in the audit reports of the CAG. The committee may also examine such subjects or matters of major government policy as distinct from business or commercial functions of public undertakings.

A number of study groups are constituted by the chairman from amongst members of the committee for carrying out detailed examination of various subjects selected by the committee. It calls for preliminary material from the ministries/ public undertakings regarding the working of public undertakings selected for examination. The committee may also call for memoranda on the subject under examination from non-official organisations, individuals' etc. who are knowledgeable in the subject under examination by the committee. It may also undertake on-the-spot study tours of various public undertakings connected with the subjects taken up for examination.

The findings of the committee on a subject are contained in its report, which is presented by the Chairman to the Lok Sabha. A copy of the report is also laid on the table of the Rajya Sabha. After presentation to the Lok Sabha, the report is forwarded to the ministry/department concerned which is required to take action on the recommendations contained in the report and furnish Action Taken Replies thereon within six months. These replies are examined by the Action Taken Sub-Committee, and the Action Taken Reports of the Committee are presented to the House. The

replies received from government in respect of recommendations contained in the Action Taken Reports are also laid on the table of the house in the form of statements.

11.6 RESOURCE MOBILISATION AND MANAGEMENT

Financial management of the government can be viewed in two main components, namely, budgeting and financial control. India has faced persistent fiscal problems for over a decade. The revenue expenditure of government has lagged below revenue receipts of government, resulting in large fiscal deficits. Large revenue deficits have been a recurring feature year after year. Despite energetic efforts by a series of governments, the revenue deficit worsened from 3.3 per cent of GDP in 1990-91 to 4.4 per cent of GDP in 2002-03.

A government that has a revenue deficit is taking debt in order to finance current (revenue) expenses. This recurrent bond issuance has led to a substantial build-up of debt and interest payments have risen in enormous proportions. In 2000-01 and 2001-02, more than half of the revenue receipts of the government were used up in merely paying interest on the accumulated debt. In the 2004-05 budget presented on 8 July, 2004, an enormous sum of Rs.129,500 crore was required to merely pay interest on this accumulated debt. If India had prudent fiscal policies, this expenditure could have found alternative uses.

Various efforts have been made by the government during the recent past to reduce fiscal deficit. While presenting the Budget for 1999-2000, the then Minister for Finance had observed that the high rate of growth of non-developmental expenditure by government is a growing and critical source of concern. It was further observed that the most effective and lasting solution to this problem is to begin the process of downsizing the government. While proposing certain initiatives in this regard, he had also indicated that in order to carry out the process of downsizing in a systematic way towards reducing the role and the administrative structure of the government, an Expenditure Reforms Commission, would be constituted. Accordingly, the Government of India had set up an Expenditure Reforms Commission (ERC) under the chairmanship of K.P. Geethakrishnan. The terms of reference of the Expenditure Reforms Commission were as follows :

- Keeping in view the evolving role of government, the need to foster convergence and avoiding overlap in the functions of different central government ministries, departments and attached organisations and the role of the state governments, suggest a road map for reducing the functions, activities and administrative structure of the central government
- Review the framework of all subsidies, both explicit and implicit, examine the economic rationale for their continuance and make recommendations for making subsidies transparent and suggest measures for maximising their impact on the target population at minimum cost; review the framework for determination of user charges of departmental and commercial entities and suggest an effective strategy for cost recovery through user charges
- Review the adequacy of staffing under central government ministries, attached offices and institutions and suggest measures for rationalising the staff and cadres of different services. In this context also, review the existing arrangements for re-deployment and re-training of surplus staff to ensure that any additional manpower for new areas of government activities are met by re-deployment

- Review the procedure for setting up of government funded autonomous institutions and their pattern of funding and suggest measures for effecting improvement and reducing budgetary support for their activities; and
- Consider any other relevant issue concerning expenditure management in government and make suitable recommendations.

The Expenditure Reforms Commission (ERC) has submitted two reports so far. The first report deals with food subsidy and the second report is in two parts dealing with rationalising fertiliser subsidy, optimising government staff strength and rationalisation of the functions, activities and structures in the ministries of Coal and Information and Broadcasting. The recommendations of the first report have been implemented and the second report is under the examination of the concerned ministries/departments.

With a view to furthering tax reforms so as to bring about greater compliance of tax rules and increase tax revenue, the government set up two task forces in September 2002, under the chairmanship of Vijay L Kelkar. The Task Force on Direct Taxes was required to submit a consultation paper to the government containing the recommendations including those on improvement in tax-payer services and procedures for strengthening enforcement. Similarly, the Task force on Indirect Taxes was required to recommend on simplification, reduction in the cost of compliance of customs and central excise duties, automation of tax administration, simplification of statutory returns, records, procedures for time bound disposal of matters and different aspects of legal provisions to facilitate tax payers and to improve tax compliance. The Task Forces submitted their final reports in December 2002.

The Parliament passed the Fiscal Responsibility and Budgetary Management Act (FRBM), 2003, which required that the revenue deficit should be eliminated by 2007-08. An amendment to this Act which is part of the Finance Bill laid in Parliament on 8 July 2004, proposes to shift this date to 2008-09. Under the amended Act, from 2008-09 onwards, government would continue to be able to issue bonds, within limits, but only to finance capital expenditure which creates assets. Resorting to debt would not be permitted in order to finance recurring (revenue) expenditure. Rules under the FRBM Act additionally require that the revenue deficit must come down by 0.5 percentage points of GDP every year, that the fiscal deficit must come down by 0.3 percentage points of GDP every year and that the fiscal deficit in 2008-09 must be below 3 percentage of GDP. A Task Force on Implementation of the Fiscal Responsibility and Budget Management Act (FRBM) was set up which was required to outline the strategy of policy measures to achieve the targets by 2008-09 as proposed in the amendment to the FRBM Act in the finance bill. The Task Force submitted its report in July 2004.

11.7 PUBLIC DEBT MANAGEMENT

Public debt management is the process of establishing and executing a strategy for managing the government's debt to raise the required amount of funding, pursue its cost/risk objectives and meet any other public debt management goals the government may have set, such as developing and maintaining an efficient and liquid market for government securities.

India operates under a fiscal regime, with the Constitution of India specifying the fiscal responsibilities for the central and state governments through the three lists; the union list, the state list and the concurrent list. The combined central and state governments' liabilities stood at 72.9 per cent of GDP at the end of March 2001 and

were estimated to be about 76 per cent at the end of March 2002. The continuing high level of public debt leads to increasing interest payments, which in turn necessitates higher market borrowings and puts pressure on the fiscal deficit.

Reorientation of the debt management strategy began under the overall process of financial sector reforms that were started in the early 1990s. The first initiative in the reforms process was to allow market-determined rates in the primary issuance market for government securities through auctions in 1992. The reserve requirements were brought down. The Statutory Liquidity Ratio (SLR), which requires banks to invest a certain percentage of their liabilities in government securities was brought down from a peak of 38.5 per cent in 1990 to 25 per cent in 1997. The Cash Reserve Ratio (CRR), which requires banks to keep a certain proportion of their liabilities in the form of cash with the Reserve Bank of India (RBI) was also brought down from a high of 25 per cent in 1992 to 5 per cent in June 2002.

Debt management strategy in India began to focus on the one hand on the interest rate and refinancing risks inherent in managing public debt and on the other hand on monetary policy objectives so that the debt management policy would be consistent the objectives of the monetary policy. This strategy in turn required the authorities to develop the institutional, infrastructure, legal and regulatory framework for the government securities market.

Coordination with monetary and fiscal policies

The Reserve bank of India acts as the government's debt manager for marketable internal debt. Since the RBI is also responsible for monetary management, there is a need for coordination between the monetary and debt management policies, especially in view of the large market borrowing programme to be completed at market related rates.

During the first stages of market development, especially for countries such as India with large net market borrowing (3 to 4 per cent of GDP in the recent period), having the central bank responsible for both debt management and monetary management, has the advantage of appropriate policy coordination. During the early period, however as the markets develop, the economy opens up for capital flows and the private sector starts contributing more to the economic activity, there is a need for independent monetary management and separation of the debt management function from the central bank. Amendments to the RBI Act have been proposed to remove the mandatory nature of public debt management by the RBI and allow the government to entrust the public debt management function to any agent.

Risk Management Framework

As regards management of external debt, the Indian government has adopted a cautious and step-by-step approach toward capital account convertibility. It has initially liberalised non-debt creating financial flows followed by liberalisation of long-term debt flows. There is partial liberalisation of external commercial borrowing, but only for the medium term and long-term maturities. There is a tight control on short-term external debt and a close watch on the size of the current account deficit. In fact, the Government of India (GOI) does not borrow from external commercial sources and there is no short-term external debt on the government account. There is a high share of concessional debt, amounting to nearly 80 per cent of sovereign external debt at the end of March 2002. The maturity pattern of government debt is also concentrated toward the long end of the debt portfolio.

As regards internal debt, there is a natural incentive to focus on long-term sustainability of interest rates. There has been a conscious attempt to avoid issuance of floating rate and short-term debt and foreign currency-denominated debt.

Cash Management

In a landmark development in 1994, the GOI entered into an agreement with the RBI to phase out the system of automatic monetisation of budget deficits within three years. Accordingly, the system of financing the government through creation of adhoc treasury bills was abolished effective April 1997. Under a new arrangement, a scheme of Ways and Means Advances (WMAs) was introduced to help the GOI to address the temporary mismatches in its cash flows. According to this scheme, a limit was fixed for WMAs, so that when the government reaches 75 per cent of the limit, the RBI could enter the market on behalf of the government to raise funds. This arrangement means that the government has to fund its budget requirements at market related rates.

The RBI also provides WMAs to the states. Once the limits are reached, the accounts go into overdraft, and they are limited not only in size to the WMA limit, but also not allowed to continue beyond 12 working days. Beyond this point, payments are stopped on behalf of the respective state government.

Legal Ceilings on government debt

The central government introduced the Fiscal Responsibility and Budget Management Bill (2000) in Parliament. The bill aims at ensuring inter- generational equity in fiscal management and long-term macroeconomic stability. This would be accomplished by achieving sufficient revenue surplus; eliminating fiscal deficit; removing impediments in the effective conduct of monetary policy and prudential debt management through limits on central government borrowings, debt and deficits and establishing greater transparency in fiscal operations. The specific target for debt management in this regard is to ensure that the total liabilities of the central government does not exceed 50 per cent of GDP. Simultaneously the central government will not borrow from the RBI in the form of subscription to primary issues by the RBI.

Developing the markets for government securities

Since the early 1990s, the RBI has been focusing on the development of the government securities market through development of primary and secondary markets. In 1996, the structure of Primary Dealers (PDs) was introduced to ensure development of underwriting and market making capabilities for government securities outside the RBI. The banks are allowed to undertake trade in government securities through member brokers of the National Stock exchange, the Bombay Stock Exchange and Over-the-Counter Exchange of India. After irregularities in the securities market that involved fraudulent links between the brokers and banks, banks were advised by the RBI not to trade more than 5 per cent of their transactions through a single broker.

11.8 ROLE OF THE MINISTRY OF FINANCE, FINANCE COMMISSION AND PLANNING COMMISSION IN FINANCIAL MANAGEMENT

The Finance Ministry has a significant role to play in the government's financial management policies. The important departments under the Finance Ministry are the, the Department of Economic Affairs, the Department of Expenditure, and the Department of Revenue.

Department of Economic Affairs (DEA)

The Department of Economic Affairs is the nodal agency of the union government to formulate and monitor country's economic policies and programmes having a bearing

on internal and external aspects of economic management. One of the principal responsibilities of this Department is the preparation of the Union Budget every year (excluding the Railway Budget, which is prepared by the railway Ministry).

The Department of Expenditure

The Expenditure Department has the following divisions viz., the establishment division, the plan finance I and II divisions, the finance commission division, the pay research unit, the staff inspection unit, the cost account branch, the National Institute of Financial Management, the central pension accounting office, the office of chief controller of accounts and the miscellaneous department branch.

a. Establishment Division

The Establishment Division plays a crucial role in the administration of various financial rules and regulations including service conditions of all central government employees.

b. Plan Finance I

Plan Finance-I Division handles matters relating to overall financial position and plan outlays of States. The Division is closely associated with Planning Commission in assessment of financial resources for five year plans and annual plans of states.

c. Plan Finance Division II

Plan Finance-II Division deals with matters relating to the Central Plan. These cover the estimates of resources for central plan including Internal and Extra Budgetary Resources, Plan outlays of different Ministries/Departments of the Central Government, appraisal of Plan projects/schemes before they are submitted to Public Investment Board (PIB)/Expenditure Finance Committee (EFC) etc.

d. Finance Commission Division

The Finance Commission Division of the Department of Expenditure is concerned with the implementation of the recommendations of the Finance Commission. It provides the status of the implementation of the accepted recommendations of Expenditure Finance Commission from time to time and any other data on state finances when required.

e. Pay Research Unit

The Pay Research Unit is mainly responsible for collection, compilation and analysis of data on actual expenditure incurred on pay and various types of allowances as well as data pertaining to the strength of the central government civilian employees and Employees of Union Territory Administration.

f. Staff Inspection Unit

The Staff Inspection Unit was set up with the object of effecting economies in manpower consistent with administrative efficiency and evolving performance standards and work norms in government offices and institutions wholly or substantially dependent on government grants. Its officers also serve as core member on the committees appointed to scrutinise manpower requirements of scientific and technical organisations.

g. Cost Accounts Branch

Cost Accounts Branch (CAB) is a specialised pricing office of the central government within the Ministry of Finance, Department of Expenditure. CAB renders professional assistance to different ministries on the matters of determination of fair cost of production/selling prices of various industrial products, consumer products, services,

etc. CAB also renders expert professional advice to different ministries/departments on matters of tariff fixation, advise on the specific reference emanating from the implementation of Central Excise Act, 1944, issues relating to introduction of Commercial, Financial, Cost and Management Accounting, conducting system studies, analytical studies, etc.

h. National Institute of Financial Management (NIFM)

NIFM is a center for excellence encouraging learning, teaching and research in the area of financial management

i. Central Pension Accounting Office

The Central Pension Accounting Office (CPAO) was set up as an administrative unit of the Ministry of Finance, Department of Expenditure under the Controller General of Accounts. This office is administering the 'Scheme for Payment of Pension to Central Government Civil Pensioners by Authorised Banks'.

j. Controller General of Accounts (CGA)

The Controller General of Accounts is the apex accounting authority of the central government and exercises the powers of the President under Article 150 of the Constitution for prescribing the forms of accounts of the union and state governments on the advice of the Comptroller & Auditor General of India. The chief controller of accounts is in overall charge of the accounting organisation of the ministry.

k. Miscellaneous Departments Branch

The branch functions as an Associated Finance Unit to the Departments, viz., Prime Minister Office, Supreme Court of India, Ministry of Parliamentary Affairs and Secretariats of the Lok Sabha and the Rajya Sabha, Cabinet, President and Vice President. It deals with all financial matters including the annual budget of these Departments.

Department of Revenue

The Department of Revenue functions under the overall administrative direction and control of the Secretary (Revenue). It exercises control in respect of matters relating to all the Direct and Indirect Taxes through two statutory Boards, namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Customs and Central Excise. Each Board is headed by a Chairman who is also ex-officio Special Secretary to the Government of India. Matters relating to the levy and collection of all the Direct Taxes are looked after by CBDT, whereas those relating to levy and collection of customs and central excise duties and service tax fall within the purview of Central Board of Customs and Central Excise.

Role of the Finance Commission

Recognising the fact that the financial resources of the states may prove inadequate for undertaking welfare, maintenance and development activities, the framers of the Indian Constitution did make elaborate arrangements relating to flow of funds from the centre to the states. The disequilibrium between proliferating functional responsibilities of the states and their own resources is corrected by central transfers effected through the following three main channels.

1. Statutory transfers through the Finance Commission.
2. Plan transfers through the Planning Commission.
3. Discretionary transfers for centrally sponsored schemes, relief from natural calamities, and relief and rehabilitation of displaced persons.

Transfers routed through the finance commission pertain to sharing of central taxes and grants-in-aid of revenues to the states.

Finance Commission is a unique feature of the Indian Constitution. Its first task, is to evolve a scheme of transfer of financial resources from the centre to the states so as to ensure financial equilibrium at the two levels of government during the period of its award. Secondly, it is to design formulae to allocate resources so transferred among the states. The tasks of a Finance Commission are by no means easy, as it has to judge the conflicting claims, needs and resources of the centre and the states and to evolve a scheme of transfers which would balance the needs and resources of the two layers of the government.

The procedure adopted by the Finance Commission to fulfill its duties is as follows: On the basis of the trends in the finances of the central and state governments, it prepares estimates of revenue and expenditure for the period of its award. It then decides the total amount of transfers from the centre to the states so as to maintain the desired equilibrium in the finances of the two tiers of the government. Thereafter, the total amount of transfers is broken down into devolution and grants-in-aid among the states. Transfer of resources from the center to the states is designed to correct vertical imbalances while the distribution of resources among the states aims at correcting horizontal imbalances.

Twelve Finance Commissions have been constituted since the commencement of the Constitution.

Role of the Planning Commission

Article 282 provides that the centre or a state may make grants for any public purpose. With the establishment of the Planning commission in 1950, the Central Government invoked Article 282 for making grants to states for plan purposes. Grants given under Article 282 are a subject matter of controversy. These grants were intended by the Constitution makers to meet unforeseen emergencies like droughts, famines and other natural calamities and were not envisaged as part of normal centre-state financial relations. These grants meant for emergency purposes were kept outside the purview of the Finance Commission which otherwise was entrusted with all the major questions of centre-state financial relations.

It has been felt that over the years, the Planning Commission has attained enormous powers in the matters of allocation of resources to the state governments resulting in the restriction of the role of the Finance Commission to non-plan expenditure of state budgets.

11.9 CONCLUSION

Financial management requires appropriate mechanisms for resource mobilisation and management. Budgeting and financial management are the key activities of public systems management. The budgetary processes reflect the priorities, goals of organisation with provision of appropriate levels of funding at various levels. Also effective financial management calls for developing effective control mechanisms to ensure proper utilisation of money. Budget and financial management systems act as key tools of planning, execution of public programs, besides accountability and control mechanisms. They are needed for establishing and ensuring transparency in the public systems management. The government's debt management strategy is quite comprehensive incorporating appropriate risk management framework, and cash management. The Finance Ministry, Planning Commission and Finance Commission have a key role in government's financial management.

11.10 KEY CONCEPTS

Capital Expenditure

It is the expenditure incurred in acquiring fixed assets and is of a non-recurring nature.

Capital Receipts

These receipts of the government create liability or reduce financial assets. The main components are borrowings of different kinds and repayment of loans and advances by other parties.

Consolidated Fund of India

This is the the fund into which all revenues received by the government, all loans raised by the government and all moneys received by the government in repayment of loans are paid. No amount can be withdrawn from this fund without authorisation from the Parliament.

Contingency Fund

This fund is placed at the disposal of the government to meet unforeseen expenditures, which cannot be delayed. Parliamentary approval is not required at the time of withdrawal, which is obtained subsequently, and the amount is replenished.

Currency Convertibility

- **External Convertibility**

It is a situation where convertibility is enjoyed solely by non-residents.

- **Internal Convertibility**

Under it conversion of a currency is permitted only for the residents of the country.

Fiscal Deficit

It is the difference between revenue receipts plus certain capital receipts (which are not borrowings and accrue finally to the government) and total expenditure including loans net of repayments. In other words, fiscal deficit means net borrowings of all kinds by a government.

Fiscal Policy

It refers to the use of a government's taxation and expenditure policies to influence the level of economic activities at the macroeconomic level.

Monetary Policy

It refers to the expansion or contraction of money and credit policy in an economy.

Open Market Operations

The Central Bank can enter the money market for the purpose of purchase or sale of government securities on its own account. Every open market purchase by the Central Bank increases primary money by an equal amount while every sale decreases it.

Partial Convertibility

If conversion of a currency is applicable only in terms of certain other currencies or only for certain transactions (mostly on current account of balance of payments) or only for a few institutions or persons, it is considered to have only partial convertibility.

Revenue Deficit

It refers to the excess of revenue expenditure over revenue receipts.

Revenue Expenditure

All those expenditures of an organisation which do not result in the creation of physical or financial assets are treated as revenue expenditures.

Revenue Receipts

The finances obtained in the normal course of business are called revenue receipts, e.g., sale proceeds, interest on deposits and dividends on investment.

11.11 REFERENCES AND FURTHER READING

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11.12 ACTIVITIES

1. Examine the highlights of the current year's Budget.
2. Based on newspaper reports, attempt to follow the various stages of the legislation of budget in the Parliament and record your observations.

UNIT 12 MATERIALS/ LOGISTICS MANAGEMENT

Structure

- 12.0 Learning Outcome
- 12.1 Introduction
- 12.2 Logistics Management: Meaning and Significance
- 12.3 Classification of Logistics Application
 - 12.3.1 Decision-wise
 - 12.3.2 Actor-wise
 - 12.3.3 Inbound Logistics and Outbound Logistics
 - 12.3.4 Other Types of Classification
- 12.4 Inventory Control: Concept and Techniques
 - 12.4.1 Inventory Control Techniques
- 12.5 Logistics Infrastructure in India
- 12.6 Conclusion
- 12.7 Key Concepts
- 12.8 References and Further Reading
- 12.9 Activities

12.0 LEARNING OUTCOME

After going through this Unit, you should be able to:

- Provide a classification of logistics application
- Discuss the concept and techniques of inventory control; and
- Describe the logistics infrastructure in India

12.1 INTRODUCTION

In any organisation involved in manufacturing or production of goods and services, management of logistics assumes significance. Appropriate planning, implementing and controlling the flow of goods, its storage and the effectiveness with which several activities follow from the point of origin to the point of consumption occupies a significant place. The function of logistics includes sourcing, procurement, production planning, scheduling, packaging, assembly and customer services. Each one of these activities is very important. The developments in the field of transportation and communication are resulting in emergence of global supply chains and logistics processes. Technology is also having impact on logistics management. In present times, technology enables one to know where each truck and piece of freight is, till it reaches the customer at the scheduled delivery time. Hence there are several dimensions involved in the logistics management activity.

This Unit attempts to acquaint you with the meaning and significance of logistics management, techniques of inventory control and logistics infrastructure in India.

12.2 LOGISTICS MANAGEMENT: MEANING AND SIGNIFICANCE

Logistics can be viewed as a logical extension of transportation and related areas to achieve an efficient and effective goods distribution system. Logistics is concerned with getting products and services where they are needed when they are desired. It involves activities encompassing transportation, inventory, warehousing, material handling and packaging. Logistics broadly speaking is a framework for the management of material, service, information and capital.

A formal definition of logistics management can be, “Design and operation of the physical, managerial, and informational systems needed to allow goods to overcome time and space (from the producer to the consumer)”. The definition implies that a number of different activities or functions may be required in an organisation in the movement of goods. In public systems management, this area has a key place as it involves interface between several players including government. Logistics management activities are wide ranging in nature. It includes transportation management, fleet management, handling of materials, warehousing, inventory management, etc.

The various components of logistics management are:

1. Product design
2. Plant location
3. Choice of markets/sources
4. Production structure
5. Distribution/dealer network design
6. Location of warehouses
7. Plant layout and logistics
8. Allocation decision
9. Production planning
10. Inventory management – stocking levels
11. Transportation-mode choice, shipment size and routing decision and transport contracting
12. Packaging
13. Materials handling
14. Warehouse operations

The significance of logistics management arises from its integrating functions that coordinates and optimises logistics activities as well as attempts to combine logistics function with other activities like sales, marketing, manufacturing, finance, etc.

12.2 CLASSIFICATION OF LOGISTICS APPLICATIONS

While examining and evaluating alternatives in logistics management, classifying the applications on various dimensions would help clarify the issues and focus our attention on its important facets. We shall discuss the various ways of classification of logistics applications as follows:

12.2.1 Decision-wise

- A manufacturer of large moulded plastic water tanks has transport costs as a significant portion of the product cost. This is because the weight-based capacity of the trucks is under-utilised by these large volume tanks. In order to build a competitive edge by reducing product cost, attempts are being made to change the product design in which the lid is a separate piece, thereby enabling smaller sided tanks to nest in larger sized ones resulting in reduced transportation costs. Since at present, the results of the research are uncertain, a location decision has been taken to manufacture the product in four regions rather than at one place.
- A few cement manufacturers are modifying their production structure in response to non-availability of covered railway wagons. Cement is being sent to the distribution centres in a granulated form so that open wagons can be used. Fine grinding is being done prior to the secondary distribution. Packaging decisions as to whether cement should be transported in bulk or in jute bag or in high-density polyethylene bags are also under consideration.
- A two-wheeler manufacturer is re-examining its distribution network design as well as its warehouse locations to ensure better response times to satisfy customer requirements and lower total product cost by optimising on costs related to primary distribution, secondary distribution, warehouse operations and sales tax.
- A manufacturer of sponge iron in western India is deciding on a movement plan for both its incoming raw material and outgoing finished product. The significant issues are the transportation mode choice, shipment size and stocking levels, especially since water, rail and road are possible alternatives. The issues are more complicated since the port serving the plant is a minor one, with limitations of vessel draft and movement being inhibited during the monsoon. Possibilities of cost savings by coordinating inbound and outbound movement add another dimension to the problem.
- Certain pharmaceuticals and chemical industries could examine their production planning with respect to their production batch size by considering the profile of orders from the dealers, thereby optimising on set-up costs, work-in-progress, inventory costs and finished goods' inventory costs. In such industries, choices can also be made regarding transportation of some products in liquid, paste or powder form. There are implications on transportation costs, conversion energy costs, packaging and loss costs.

12.2.2 Actor-wise

The key actors involved in ensuring an efficient and effective logistics system are:

I. Shippers (Users of logistics)

II. Suppliers of logistics services

- a. Carriers- rail, road, air, water, pipeline, ropeway etc.
- b. Terminal operators – ports, etc
- c. Warehouse providers
- d. Freight forwarders

III. Government (Regulator of logistics)

The very fact that there are so many actors means that there is need for better coordination among them. Often this is lacking, leading to inefficient logistics

management. Proactive managerial attention in this area by organisations will generally yield results in reducing logistics costs and improving customer services.

In the Indian context, the government plays a significant role in logistics management. Some of the important legislations that affect logistics are:

- a. Central Sales Tax and Local Sales Tax
 - b. Consignment Tax
 - c. Excise Duties
 - d. Octroi and Entry Tax
 - e. Use of Packaging Material
 - f. Modified Value Added Tax (MODVAT)
 - g. Motor Vehicles Act and similar acts for other modes of transport
 - h. Distribution Policies.
-
- a. Central Sales Tax (CST) is a tax on interstate commodity sales. In situations where there is a resale in the receiving state, local sales tax is also incurred. CST is not incurred if there is a branch in the receiving state for the organisation since the interstate movement, then would be considered as a stock transfer. Often, organisations set up branches in every state more as means of avoiding CST rather than as a functional requirement. Further, CST benefits the less industrialised states that earn their local sales tax due to resale.
 - b. Consignment Tax, which is a measure to collect tax even on the interstate stock transfers, counters the advantages that the less industrialised states have. Thus there is opposition to this tax from such states.
 - c. Excise duty is payable when the product leaves the factory. Excise duties have an influence of increasing finished goods inventory rather than pipeline, warehouse or dealer inventories since organisations would like to postpone the payment of this tax. A similar situation arises in the case of imports where customs duties are payable.
 - d. Octroi and entry taxes are levied before goods enter a city or state, respectively for sale or use therein. Shipping organisations have traditionally objected to this tax since they involve delays at the check-posts. A few states removed octroi and substituted it by the entry tax whose revenue is shared by urban administration according to an agreed formula. Some states have neither and still manage the costs of urban administration. A logistics implication of octroi and entry taxes is that warehouses and transshipment points mushroom outside the octroi / state boundaries. This results in a lot of time spent on paperwork leading to delays. The transshipment ensures that only goods that need to enter the octroi zone do so, since otherwise further delays are involved in prepaying octroi on other goods and collecting the refund later.
 - e. Regulations regarding use of packaging material, especially jute for commodities like food grain, sugar and cement are made to protect the jute farmers. This has implications on increased storage and transit losses since better packaging material such as high-density polyethylene cannot be much used.

- f. MODVAT, which stands for modified value added tax, ensures that double charging of excise duties is prevented and eliminates the need for prepayment and future collection of refund of such duties. When a product that attracts excise is used as a component for another product, the raw material inventory costs would now be lower, thus facilitating planned procurement.
- g. The Motor Vehicles Act, 1988, has brought in strict regulations to prohibit overloading of trucks and ensure better quality of drivers. This has met with a lot of resistance from the trucking lobby and also to some extent from shippers who now have to pay more for transportation.
- h. Distribution policies of various kinds are imposed by the government in an attempt to meet different developmental objectives. A few examples are canalisation of imports of strategic items like crude oil and petroleum, certain kinds of fertiliser, etc; allocation of commodities in shortage like fertiliser, distribution of essential commodities for the poor, freight equalisation etc. This policy affects the demand and distribution pattern of products since the cost of transportation is equalised in every part of the country (usually at the nearest rail head or branch stocking point). For example, in the steel industry where this policy is in operation, every final customer lobbies for a stockyard near area of operation, so that the additional cost of transportation that one has to bear is minimised. Often, this lobbying is done through political channels to which the industry has to respond. Consequently, more stockyards than are functionally desirable, are set up, leading to a higher cost for the nation as a whole. Of course, an initial motive for the freight equalisation policy in many products was to induce balanced regional development. This objective having largely been met, the policy is being withdrawn in many products (eg: sugar, cement, steel).

12.2.3 Inbound Logistics and Outbound Logistics

Most organisations have to manage their outbound logistics (that is, physically distributing the products to the customers from the factory) whereas inbound logistics are limited to the purchasing function. The logistics of purchased products are generally managed by the vendors. There are exceptions to this, like the steel industry, which is integrated, thereby managing its inbound (raw material) logistics also. Managing inbound logistics to some extent has got other benefits such as better control of production planning and reducing uncertainties. A further advantage of managing both inbound and outbound logistics is the possible cost savings when the two movements are coordinated. The theme of coordinating or directly managing both inbound and outbound logistics forms one of the bases for the shift from logistics management to supply chain management.

12.2.4 Other Types of Classification

Private vs. Public Sector

The nature of ownership of the organisation would influence the objectives of the organisation and hence, logistics management. The choice of modes, transport contracting, responses to socially oriented regulations, location choices, etc., could be on different considerations. In government sector, the Railways, the Public Works Departments, the Water Supply and Sewerage Boards, and the various public sector undertakings such as Electricity Boards, Transport Authorities etc. have to have sound logistics management for both internal management efficiency as well as better services delivery to the public.

Single vs. Multiple Plants

Certain decisions like allocation decisions, coordination in production planning across plants, product-wise specialisation of plants etc, etc., would be issues of significance in the multi-plant case.

Nature of Product

There could be various sub-dimensions here like, bulk vs. packaged products, perishable vs. non-perishable products, durable vs. non-durable products, single vs. multiple products and industrial vs. consumer products. Handling of bulk products (cement) is quite different from handling packaged products (cosmetics). Shipment size is an important decision for packaged products. In the case of perishable products (fruits), the total time from production to consumption is critical and needs to be minimised while in non-perishable products (stationery), conventional practices of inventory management would suffice. Replenishment policies and stocking levels would be more important in non-durable products (pharmaceuticals) than durable products (two-wheelers). An organisation making multiple products (finished steel), has a more significant problem in coordinating its production planning, inventories and transportation than an organisation making a single product (television). In the case of industrial products (fork lifts), the availability of the product any time when the customer wants it may not be as critical as for consumer products (thread). Further, the distribution channels could be leaner since the number of customers would be lesser than for consumer products.

Made to Stock vs. Made to Order

Decisions related to inventory, transportation and distribution network are more significant for an organisation in which the products are made to stock rather than made to order. For made to order products, it is usually the scheduling of internal operations (typically using some specialised facilities) that is the main decision area.

12.4 INVENTORY CONTROL: CONCEPT AND TECHNIQUES

Inventory is defined as the sum of raw materials, fuels and lubricants, spare parts, maintenance consumables, semi-processed materials and finished goods stock at any given point of time. The operational definition of inventory would be the amount of raw materials, fuel and lubricants, spare parts and semi-processed material to be stocked for the smooth running of the plant. Since these resources are idle when kept in the stores, inventory is defined as an idle resource of any kind having an economic value. Inventories include addition to:

1. Raw materials
2. Spare parts and components
3. Stores
4. Works-in-progress
5. Oil and lubricants
6. Semi-finished and finished goods

Inventory control system

Inventory control is a system by which material of the right quantity and quality is made available to the users, at the right time, for a given production programme, maintenance schedule or repairs with the minimum of investment. . Inventories constitute an important component of investment, which is defined as addition to

fixed assets and inventories. The implication of this distribution between fixed assets and inventories lies in the fact that where fixed assets need long-term capital, inventory needs working capital. The term lending institutions cater to first type of requirement while commercial banks meet the short-term requirements of working capital of an industrial enterprise. This necessitates the need for coordination between the operations of long-term lending and short-term financing institutions.

Inventories form a link between production and sale of a product. A manufacturing company must maintain a certain amount of inventory during production; the inventory is known as goods in process. Although maintaining other types of inventory namely in-transit raw material and finished goods is considered important, inventories are not necessary in the strictest sense; they allow the firm to be flexible. Inventory in-transit to the inventory between various stages of production or storage, permits efficient production, scheduling, and utilisation of resources. Without this type of inventory, each stage of production would have to wait for the preceding stage to complete a unit. Resultant delays and idle time gives the firm an incentive to maintain the in-transit inventory.

Raw material inventory gives the firm flexibility in its purchasing. Without it, the firm must exist on a hand to mouth basis, buying raw materials strictly in keeping with its production schedule. Finished goods inventory allows the firm to maintain flexibility in its production, scheduling and marketing. Production does not need to be geared directly to sales. Large inventories allow efficient servicing of customer demands. If a certain product is temporarily out of stock, present as well as future sales to the customer may be lost.

The efficiency of inventory control affects the flexibility of the firm. Two essentially identical firms with the same amount of inventory may have significantly different degrees of flexibility in operation, owing to differences in inventory control. Inefficient procedures may result in an unbalanced inventory-some items out of stock, others over stocked necessitating excessive investment. These inefficiencies ultimately have an adverse effect upon profits. Turning the situation around, differences in the efficiency of inventory control for a given level of flexibility affect the level of investment required in inventories. The less efficient the inventory control, the greater the investment required.

Similarly excessive investment in inventories reduces profits in the cost of carrying inventories. Importance of inventory control is all the more important particularly when raw materials, equipments and components are to be imported. Proper scheduling of imports is necessary. Since imports are shrouded by uncertainties, proper planning of imported inventories is very essential.

Thus the effects of inventory control on flexibility and the level of investment required in inventories represent two sides of the same coin.

12.4.1 Inventory Control Techniques

Economic Order Quantity

A principle that is widely accepted in the management of inventory systems is to have an Economic Order Quantity (EOQ) based on a consideration of one or more cost elements. The basic idea is that too small a batch or order quantity will involve low holding costs of inventory held ahead of demand, but will involve significant costs in ordering, setting up and transporting. Too large a quantity will swing the balance the other way.

The EOQ can be determined as

$$Q = \sqrt{2AD / iC}$$

Where

A= set up cost / ordering cost

i = inventory carrying cost (per cent per period)

C=cost of the item(unit cost)

D= demand rate

It can be seen that as inventory carrying cost or cost of the item goes up, the EOQ goes down and orders should be placed more often. Similarly if demand rate or set up/ ordering cost goes up, the EOQ goes up.

Always Better Control Analysis

One of the universal characteristics of inventory is that a small number of items carried in stock, account for a very large proportion of the total monetary value and large number of items add only marginally to the total costs. This phenomenon is revealed through an ABC analysis carried out for regular stock item on the basis of their annual consumption value.

ABC analysis popularly known as “Always Better Control” based on the principle of “Vital Few and Trivial many” is a method of grouping or dividing the regular items into three categories, ‘A’ (High Consumption Value), ‘B’ (Medium Consumption Value), and ‘C’ (Low Consumption Value) according to the value of annual consumption or usage in Rupees (quantity consumed per year x unit cost = annual consumption value). According to this, in an organisation for example in a hospital, there are some items that are very important, which consume a large part of the budget. These are ‘A’ items, while B are of medicine type of items that cost reasonable amount, while C items are those, which are not that important.

Various systems have been developed by business concerns to control their inventory. The ultimate aim of inventory control programme is to provide maximum customer service at a minimum cost. Where there are many items in the inventory, it becomes essential to have a value item analysis (popularly known as ABC analysis) which attempts to relate how the inventory value is concentrated among the individual items. This analysis is made by classifying the items into three categories- A, B and C; A being the most important and C being the least. The classification is based on value usage rates and criticality of the item. All these criteria maybe given specified weightages. Value and usage rates are easily quantifiable but its criticality is decided by judgement. After classification, the items are ranked by their value and then the cumulative percentage of total value against the percentage of total items is noted.

The importance of this tool lies in the fact that it directs attention to the key items. The term ABC means that the high value items are considered in the A Category, medium value in B Category and low value in C Category.

Vital Essential and Desirable Analysis

This analysis is made by Mechanical Engineering Departments to consider the vitality of an item and its effect on production and other services. It is used for classifying maintenance spares denoting the essentiality of stocking spares.

In order to build some technical or operational bias into ABC system and also to make the inventory control system more effective, these A, B and C categories are further classified into VED (Vital, Essential and Desirable) groups, according to their functional importance or operational criticality.

- V - stands for vital items without which the functions of organisation are adversely affected
- E - indicates essential items, which are necessary for an efficient and long-term performance of functions in the organisation and their absence would not cause interruption of any activity in the process.
- D – denotes desirable items which are necessary but do not cause any immediate loss in production and can be dispensed with.

12.5 LOGISTICS INFRASTRUCTURE IN INDIA

Logistics management concerns itself with two principal actors, suppliers and users. In India, the supply side to effective logistics is characterised by poor infrastructure, especially in the area of transportation and storage. While information technology infrastructure is improving at a faster pace, it is still inadequate. On the financial side, while banking services are improving, insurance is inadequate.

We now examine the status and trend of key infrastructure providers who enable physical, information and cash flows in Indian context.

The Indian Railways

In 1997-98, the Indian railways carried nearly 12 million passengers per day and lifted more than 1.2 million metric tonne of freight traffic daily on a network spread over 62,495 route km covering 6995 stations. As of March 1998, there were 7200 locomotives and 264000 wagons.

Indian Railways has been affected by competition from road, often attributable to poor customer orientation. For example, although wagon utilisation is going up, the time taken for the customer to get a wagon is increasing, with attendant uncertainty. The railways do not find a place in the consumer goods and durables market. In the bulk segment it is a major player, but it could be pricing itself out because of consistent fare increases. The financial support to the railways is inadequate to meet the investment requirements for various projects. This has prompted it to look for alternative means of financing and execution of projects. At the strategic level, the restructuring of railways is an issue to facilitate revenue increases and cost minimisation.

Roadways

Roads are classified into National Highways and State Highways that carry freight traffic and a few other categories that primarily provide connectivity. Road conditions in India are amongst the worst in the world. Commercial vehicles in India are able to run only 250 km per day on an average as compared to 600 km per day in the developed countries. The accident rates per vehicle/km are amongst the highest in the world. The economic losses due to poor conditions of roads are estimated at Rs. 200-300 billion per annum.

There is a need to create expressways to allow for rapid, unhindered and safe movement of fast-moving vehicles. For medium traffic density corridors, widening of two lanes and strengthening of pavement and support infrastructure would be essential. For low traffic density roads, construction of toll roads through organisations that could be a partnership between the government and the organised private construction industry be encouraged.

Trucking companies

There are over 1.5 million trucks on the Indian roads. The industry is completely in the private sector, with there being two kinds of players- trucking companies and truck operators. The former are really organised marketing companies, while the latter are generally owner driven, operating in a cut –throat competitive environment, with low overhead costs and margins. The trucking market in India is well developed, both in terms of geographical spread and market access through a brokerage system.

Due to the low margins, truckers tend to overload for short-term financial results. Further there are inordinate delays at the checkpoints, which makes up to 50 % of the total transit time for the trucks.

There is a move towards express distribution system, wherein the ownership of trucking companies becomes an important issue. Rather than private operators owning one or two vehicles, large operators with branded service will be essential. It is to the credit of the trucking sector that on price and service dimensions, it has competed with the railways. Trucking serves the consumer goods, consumer durables and industrial products almost entirely and is taking an increasing share of the bulk goods. Reforms like removal of roadside tax collections, and more liberalised financing of trucks are thus essential for further growth of the sector.

Shipping companies

The strength of the Indian fleet is around 400 ships of just under 7-m grt (a carrying capacity of 10 million tonnes). The average age of the Indian fleet is 15 years, which compares favourably with the average age of the world fleet. The importance of shipping is due to the fact that 95 % of Indian exports and imports by volume are by sea. The shipping industry has not been recognised as an infrastructure sector, denying it various concessions. The issues facing the shipping industry are technology upgradation, increased container carrying capacity and focus on coastal shipping.

Ports

India has an extensive coastline of around 6000 km with 11 major ports and 139 operable minor ports. The major ports account for 95 % of the total traffic that is handled. The major port traffic has been growing at 10 % annually over the past few years. However the unproductive time consisting of pre-berthing delays and non-working time at the berth for the vessels accounted for about Rs 25 billion as standing charges paid by the trade. This amount thus wipes out a significant portion of the foreign exchange earnings of the shipping sector. It is therefore imperative that ports be developed in a manner that they can be more efficient in stocking, loading, unloading and evacuating cargo.

Airlines and Airports

India has eight international airports, including those in the four major metros, and 85 domestic airports. The major airports handle over 90% of the international traffic along with substantial domestic traffic. There has been a significant increase in air traffic ever since the government introduced the policy of open skies. The first segment to be liberalised under this was the air cargo service.

Growth in the aviation sector is primarily due to the private operators and air express and courier companies. It is also the result of the need for an efficient and speedy door-to-door cargo delivery requirement. In this respect, airport operations are still a bottleneck. Recently airports have also been opened up for privatisation.

Pipelines

This is an emerging mode of transport for products like petroleum, iron ore pellets, coal, etc., apart from traditional products of water and sewage. In the Indian context, petroleum transportation by pipelines is receiving significant attention. India's existing pipeline network is grossly inadequate for transporting petroleum products. The pipeline mode is preferable to the other modes as it is cheaper, safer, and more convenient and involves lesser losses, and is environmentally neutral.

The government has set up a holding company called Petronet, with equity participation by major oil public sector enterprises. As many as 18 product lines have been identified to be implemented by petronet. Private sector companies are also planning to set up their own pipeline networks.

Materials Handling and Warehouses

Scientific warehousing is largely provided by public sector organisations like the Central Warehousing Corporation (CWC) and state warehousing corporations. These are generally perceived to be only for food grains and fertilisers, since they were historically developed for the agricultural sector. However most organisations still resort to their own warehousing systems, often in privately rented premises equipped poorly, rather than public warehousing facilities.

Availability of sophisticated materials handling technologies is limited. Labour is most commonly used for materials handling. Consequently in India, the total loss of goods while transporting from the production centre to the final user is estimated to be 14%, while in developed countries it is in the range of 4-6 %. Important decisions related to warehousing are: own vs. rent, centralised vs. decentralised warehousing, number of warehouses, capacity of warehouses, location, layout and design, and level of technology, especially for materials handling.

Banks

Banks are a key infrastructure in the cash flow part of supply chain management. Quick clearance of cheques, advances against letters of credit, insurance against payment defaults, etc., are essential services. Banks are making increasing use of information technology, including mechanised clearance of cheques.

Information Technology Services

Information technology (IT) plays a key role in improving the service levels of any company. Electronic transfer of documents through electronic data interchange, on-line transaction processing and other network services are beginning to be commercially available. A new revolution in terms of e-commerce is expected to influence the nature of logistics considerably. However, adoption of IT has been slower than what is technologically possible due to lack of availability of wide communication networks in the public domain, lack of awareness on the part of users and dearth of suitable legislation for dispute settlement

12.6 CONCLUSION

Logistics management is in general concerned with operations and coordination of activities involved in materials movement. Logistics operations deal with effective movement and storage of materials. The holistic approach to logistics operations aims at integrating the physical distribution, manufacturing and procurement of materials into a simple logistical process.

The effectiveness of logistics management is measured in terms of total costs involved and the performance of the system. There is a blend of effective service delivery and balanced expenditure to achieve effective logistical performance.

12.7 KEY CONCEPTS

ABC Analysis

It is the analysis of range of items in an organisation on cost criteria. A items are considered very important which consume high costs and hence need tight controls on usage. B items are of intermediate cost centre, which require moderate control while C items are of low cost centre.

E-Commerce

Electronic commerce is defined as the conduct of financial or business transactions through electronic means. With the growth of commerce on the internet and web, e-commerce often refers to purchases through electronic means, where prices are also negotiated over an online system.

Economic Order Quantity

It implies the amount of orders that minimises total variable costs required to order and hold inventory. It is a method of comparing cost of keeping a certain inventory level with cost of frequency of ordering.

VED Analysis

It is the process of analysing the intrinsic value of the investments for achieving the objectives of the organisation.

12.8 REFERENCES AND FURTHER READING

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12.9 ACTIVITIES

1. Visit any manufacturing unit in your area and discuss the various steps involved in movement of the manufactured goods from that unit till the retail market.
2. Approach any hospital or a school dispensary or any other agency (public or private) and examine the methods of inventory control adopted by it.

UNIT 13 STRATEGIC MANAGEMENT

Structure

- 13.0 Learning Outcome
- 13.1 Introduction
- 13.2 Strategic Management: Concept
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- 13.7 Conclusion
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- 13.10 Activities

13.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Understand the concept and process of strategic management
- Analyse the organisational and environmental infrastructure within which strategic decisions are made; and
- Undertake exercises in strategically managing your organisation and provide a long-term sustainability to the functions.

13.1 INTRODUCTION

Public Administration has always had an inter-disciplinary perspective. It has borrowed concepts and principles from other disciplines to analyse and enhance the understanding of the nature and complexities of management of public affairs. The concept of strategic management has long been included in the business administration courses and has been an integral part of the practices of the corporate sector. But in the fast changing world of today, it has been found extremely relevant to public administration systems as well. Strategic management does not replace traditional management activities such as planning, budgeting, implementing, monitoring, reporting, and controlling. Rather, it integrates them into a broader

context, taking into account the external environment, internal organisational capabilities, and the organisation's overall purpose and direction. This Unit, provides you with a comprehensive understanding of the concept and origin of strategic management, and its various schools of thought and key processes.

13.2 STRATEGIC MANAGEMENT: CONCEPT

Strategic management is the process of specifying an organisation's objectives, developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It is the highest level of managerial activity, usually performed at the top with the help of the executive team. It provides overall direction to the whole enterprise. Ten schools of thought have emerged in strategic planning, whom Mintzberg, Ahlstrand and Lampel (1998), have classified into three groups.

The term strategy implies that there is some instability in the environment. If the world did not change, we would only have to develop one plan and stick to it. However, world is changing fast. Alvin Toffler (1970), described a trend towards accelerating rates of change. He illustrated how social and technological norms had shorter lifespans with each generation, and he questioned society's ability to cope with the resulting turmoil and anxiety. In 'The Third Wave', Toffler (1980), characterises the shift from relative stability to shortening of such periods and consequently relentless change as the defining feature of the third phase of civilisation (first two phases being the agricultural and industrial waves).

In such a world, there is need for a planning model that helps in anticipating the future and using this anticipation in conjunction with an analysis of the organisation--its culture, mission, strengths and weaknesses--to define strategic issues. For example, subsidy for farmers may be a contentious issue. For a developing country like India, subsidy may be necessary for poverty-stricken farmers, whereas subsidy to farm producers in developed countries is often given to make them competitive in the world market. So, negotiations in the World Trade Organisation, where subsidies are not favoured except under few clauses, may require strategy formulation by both the parties to counter each other's arguments and to save their respective interests.

Mintzberg and Waters (1985), believe that strategic planning is at the deliberate end of the continuum between deliberate and emergent strategies. Deliberate strategy is consciously intended, designed and controlled in contrast to emergent strategy which is uncontrolled or unintended. It is argued that the more stable the environment and more centralised the control, there are more chances of employing a deliberate strategy. Reverse is true for the opposite.

At the organisational level also, the institutional pluralism being increasingly witnessed in public service provision requires the public service managers to take strategic positions. New Public Management has also focused in great detail on the efficiency and accountability of public service functions. The notion of strategy is implicit in the enforcement of efficient and accountable response. The importance of strategy lies in the following factors:

- i) Its concern with the long term direction of the organisation
- ii) Its distinct identity separate from the operational matters which are deemed to be concerned with day-to-day matters
- iii) The need to put the organisation into a position to carry out its mission effectively and efficiently;and

- iv) Integrate an organisation's goals, policies, and activities into a cohesive whole.

Bowman and Asch (1987), state that "Strategic management is the process of making and implementing strategic decisions.....[it] is about the process of strategic change. [It is] the match an organisation makes between its own resources and threats and risks and opportunities created by the external environment in which it operates. So, strategy can be seen as a link between what the organisation wants to achieve and – its objectives – and the policies adopted to guide its activities".

Strategic management can also be referred to as a technique that can be used to create a favorable future for the organisation. Stakeholders (i.e., anyone with an interest in the organisation's goals) are involved in envisioning the most desirable future and then in working together to make this vision a reality.

There are short term strategies focusing on planning and managing for the present and there are long term strategies involving preparing for and preempting the future. Derek Abell (1993), has suggested that understanding this dual nature of strategic management is the least understood part of the process. He claims that balancing the temporal aspects of strategic planning requires the use of dual strategies simultaneously. This could be specifically useful for the public sector organisations.

13.3 STRATEGIC MANAGEMENT: ORIGIN

Although the literature on the subject matter can be traced back to earlier periods, strategic management as a discipline originated in the 1950s and 1960s. Alfred Chandler, Philip Selznick, Igor Ansoff, and Peter Drucker have been the notable contributors.

Alfred Chandler(1962), recognised the importance of coordinating the various aspects of management under one all-encompassing strategy. While many thinkers like Fayol had discussed the importance of coordination in the organisations, the discourse was not related to strategy. Chandler says it concisely, "structure follows strategy". Today, however, it has been observed that strategy also follows from structure.

Philip Selznick (1957), favoured matching the organisation's internal factors with external environmental circumstances. This core idea was developed into what is known as Strengths Weaknesses Opportunities and Threats (SWOT) analysis. Harvard Business School is credited for developing this concept. Here, the strengths and weaknesses of the enterprise are assessed in light of the opportunities and threats from the environment.

Igor Ansoff (1962), built on Chandler's work by adding a range of strategic concepts and inventing a whole new vocabulary. His focus was more on the businesses in the market. In his classic *Corporate strategy*, he developed the "gap analysis" which is still used in understanding the gap between the current position and desired position, and then developed what he called "gap reducing actions".

The contribution of Peter Drucker to strategic management is very significant, but two aspects are most important. Firstly, he emphasised the importance of objectives. An organisation without clear objectives is considered a ship without a rudder. As early as 1954, he propounded a theory of management based on objectives, which later evolved into theory of Management by Objectives (MBO). According to Drucker, the procedure of setting objectives and monitoring the organisation's progress towards them should permeate the entire organisation, from top to bottom. His other seminal contribution was in predicting the importance of intellectual capital. He predicted the rise of what he called the "knowledge worker" and explained the consequences of this

for management. He opined that knowledge work is nonhierarchical. Temporary leadership would be vested in teams having the most knowledgeable person knowing about the task at hand.

Chaffee (1985), summarised what he thought were the main elements of strategic management theory. These are:

- It involves adapting the organisation to its environment.
- It is fluid and complex. Change creates novel combinations of circumstances requiring unstructured non-repetitive responses.
- It affects the entire organisation by providing direction.
- It involves both content (strategy formation) and process (strategy implementation).
- It is partially planned and partially unplanned.
- It is done at several levels, both at macro and micro levels.
- It involves both conceptual and analytical thought processes.

Mintzberg and Quinn (1988), reexamined the process of strategic management. He concluded that it was much more fluid and unpredictable than people had thought and came up with five types of strategies. They are:

- Strategy as plan – It is comprehensive, rational and linear approach to objective setting, implementation and appraisal, proceeding in a logical manner.
- Strategy as ploy –It is a manoeuvre intended to outwit a competitor
- Strategy as pattern –It is a consistent pattern of past behaviour - realised rather than intended
- Strategy as position –It is determined primarily by factors outside the firm
- Strategy as perspective – It is determined primarily by a master strategist

In the 1970s, however, when strategic planning was being widely applied, external events were still viewed as relatively stable and planning was typically retrospective, or, at best, present oriented. A more detailed description about the literature can be found, if we study the important schools of thought in strategic management.

13.4 SCHOOLS OF THOUGHT IN STRATEGIC MANAGEMENT

The following are ten important schools of thought in strategic management. They are categorised in three groups.

13.4.1 The Prescriptive Schools

Thinkers in these schools focused on the ways of formulating strategies rather than how they form in reality. So in a way they are prescriptive about the formulation of strategies. This group comprises the following schools.

a. The Design School

Strategy formulation is seen as a conceptual process by the thinkers. Selznick was one of the earliest thinkers who prescribed the design principles for strategic management. More recently this approach has been represented in the SWOT analysis. It suggests assessing the environmental influences in the form of opportunities and threats and

emphasises the need for an objective appraisal of the strengths and weaknesses of the enterprise compared to competitors.

Mintzberg and others critically analysed the approach and found that it:

- ignores the process of incremental learning and the ‘emergence’ of strategy
- fails to take into account the influence of the existing structure and culture of the organisation
- over emphasises the role of the chief executive
- is questionable how far an organisation can determine its own strengths and weaknesses.
- leads to inflexibility and is susceptible to environmental turbulence;and
- creates an artificial separation between strategy formulation and implementation.

b. *The Planning School*

Thinkers in this school focused more on the planning aspect of strategic management. This approach revolves around setting objectives, external audit including scenario building, industry analysis and competitor analysis, internal audit including strengths and weaknesses, strategy evaluation and scheduling in terms of time-frame for each stage. Mintzberg and others noted that this approach ran into trouble in 1980s when industrial activities were reduced. Mintzberg critically examined this approach in his book “The Fall and Rise of Strategic Planning” (1994).

c. *The Positioning School*

This view point suggests that only a few key or generic strategies are desirable or defensible in any given organisation. The basic premise is that a strategy should not be judged by internal organisational factors, but by the way recipients of service see it relative to the competition. Mintzberg (1994), summarised the premises of the school as following:

- strategies are generic positions in a market place
- market is guided by economic rationality
- strategy formulation process is about selecting a generic position based on analysis;and
- analysts are key actors

Several techniques were applied to positioning theory, some newly invented but most borrowed from other disciplines. However, Mintzberg *et al* (1998), asserted that ‘no one has ever developed a strategy through analytical technique’. They said that though analysts may feed useful information into the strategy making process and organisations may extrapolate current strategies but no one has ever developed a strategy through analysis alone.

13.4.2 The Descriptive Schools

As compared to the Prescriptive Schools, where a single person usually at the top position held the centre stage, the Descriptive Schools give the prime position to the ‘visionary’ who could be gifted with abilities such as intuition, judgment, wisdom, experience or insight. This visionary could translate ideas into strategy around which strategic management revolved. The writings of this school can be traced back to

1930s to Schumpeter. The recent exponents of this school are Drucker, Kaplan and Mintzberg. This school comprises the following approaches-

a. *The Entrepreneurial School*

‘Vision’ is the central concept of this school. The individual leader is supposed to initiate the strategy formulation activities based on his judgement, intuitive and other knowledge management abilities. The premises of this school are:

- The leader has a vision for the strategy
- Strategy formulation is only partly a conscious process
- The leader promotes the vision and keeps close control over implementation, reformulating it if required;and
- Strategy is deliberate in overall vision and emergent consequent to implementation (Saddler, 2004).

b. *The Cognitive School*

Proponents of this school emphasised the pre-eminence of strategising minds. Strategists are credited with having idea of strategic cognition as a process of construction and they process the information from the environment on the basis of their special cognitive abilities. Thus the designs are actually the result of thinking of an individual. Some of the important premises of the cognitive school are as given below:

- Strategy formulation is a cognitive process that takes place in the mind of the strategists.
- Strategies thus emerge as perspectives in the form of concepts, designs, schemes and scenarios;and
- Some information available to all is deciphered differently by the strategists.

The practicing managers may contest these premises. Mintzberg and his fellow critics do not give enough weightage to these propositions but concede it to be a distinct approach in strategy formation (*Ibid*).

c. *The Learning School*

Strategy is seen as an emergent process by the thinkers in this school. It discarded the traditional image of strategy formulation, which the thinkers thought was far away from reality. They focused on the actual process where often the strategies were the result of the interplay between external environment and actions of members of the organisation who were not in top managerial positions.

Hamel and Prahalad (1994), conceive of strategy as a collective learning process aimed at developing and exploiting ‘core competencies’. They showed how important it was to know the one or two key things that the organisation does better than the competition. They conceptualised ‘strategic intent’, which defines emerging opportunities and mobilises the employees. They also used few other terms as well to argue their theory. They talked about stretch (having high aspirations), leverage (making optimal use of available resources) and revolution (the need to seek to change the basis of competition).

The school stressed that an organisation emphasising knowledge rather than finance, and seeing itself as an ongoing community of human beings, is an organic entity capable of learning (called “learning organisation”) and creating its own processes

and goals. Some other notable contributors to this school are Mintzberg, James Brian Quinn, Senge etc. The premises of this approach are summarised below:

- Deliberate strategy making is difficult due to complexity of environment. So mostly it is emergent.
- Strategising involves a process of learning over time.
- Strategy making is not restricted to top management alone.
- The role of leadership is not to make strategy but to manage the process of strategic learning; and
- Strategies first appear as logical incrementalism but gradually accepted by organisational actors as plans for future.

d. *The Power (or Political) School*

There are factors beyond economic rationality which influence the functioning of the organisations, which are referred to as power by this school. The thinkers focused on the internal dynamics of the organisations, which they argue lay the basis for the emergence of strategy. They also made a distinction between ‘micro power’ and ‘macro power’. While the former relates to the exercise of power within the organisation in connection with the strategic management processes, the latter refers to exercise of power by the organisation in its external relationships. Use of macro power is often the result of interplay between values and desired behavior. The premises of the Power School are-

- Strategy formulation is shaped by power and politics.
- The strategies that result tend to be emergent as they take the form of positions rather than perspectives
- Micro power enables strategising by aligning interests of stakeholders; and
- Use of macro power enables organisation to achieve their objectives by controlling or cooperating with other organisations.

e. *The Cultural School*

Shared beliefs reflected in traditions and habits define the organisational culture. In Japan, the task of management is seen as managing the whole complex of human needs, economic, social, psychological, and spiritual. Herbert Simon had long back emphasised the importance of values in the decision making process. Further works have been carried out by Rhenman (1973), Normann (1977), and Kotter and Heskett (1992). The premises of this school are:

- Shared values and beliefs of the members of the organisation define the process of strategy formulation
- These values and beliefs are acquired through interaction in the society and are usually in their subconscious; and
- Strategy is deliberate and takes the form of a collective perspective.

f. *The Environmental School*

The thinkers of this school propounded that the organisations are passive and react to the changes in their environment. Thus, environment, leadership and the organisation are three forces in shaping the strategy. So, as a contingency theory, it focuses on the situation. The basic premises of this school are:

- The environment holds the center-stage in decision making.

- The organisation either adapts or vanishes.
- The leadership is responsible for analysing the environmental changes and facilitating adapting by organisations.
- Organisations exist till the conditions become too hostile.

13.4.3 The Configuration School

Distinctly different from prescriptive and descriptive schools, the configuration school 'offers the possibility of reconciliation, one way to integrate the messages of other schools' (Mintzberg *et al*, 1998). There are two aspects that describe this school-configuration describing the state of the organisation and its context, and transformation describing the process of strategy making. Some of the premises are mentioned below:

- At a particular point of time the organisation has a stable configuration and structure that fits a particular context and gives rise to a particular strategy.
- Changes in environment induce transformation to another configuration
- The transformations have a pattern or life cycle
- Strategic management involves identifying the occasions for effecting transformation; and
- The resulting strategies can take the form of plans, perspectives, patterns or positions.

13.5 STRATEGIC MANAGEMENT IN PUBLIC AND PRIVATE SECTORS

It can be appreciated by now that the opportunities for formulation of strategy occur in both private and public sector organisations. Bozeman and Straussman (1990), offered a middle way that public management is most like private management at the operational level and least like it at the strategic level. They argued that strategic public management is guided by four principles:

- i) concern with long-term goals
- ii) the integration of goals and objectives into a coherent hierarchy
- iii) the recognition that strategy is not self implementing; and
- iv) an external emphasis on anticipating and shaping environmental change rather than just responding to it.

However, Ranson and Stewart (1994), found three differences in the application of the concept in private and public sectors:

- i) Public sector does not always face market choices. In fact often they have to provide services because of market failures. Reliance on public sector enterprises (PSEs) in India in the post independent era was a strategic decision largely due to physical and financial incapacity of the private sector. Another example is that of provision of loans at concessional rates to poor people under Priority Sector Lending. This may not be financially viable for banks but it is a strategy for poverty alleviation.
- ii) Public services managers are required to respond to voices raised in the policy arena and not necessarily to the logic of demand and supply. Many loss-making enterprises have been supported by the government in the past, to save

employment of workers. In this case, the strategy was to provide employment. Similarly, Reserve Bank of India keeps a tab on the currency rate so that it does not fall down drastically and remains stable.

- iii) While 4 Ps (Purpose, Process, Place and Person) guide the selection of the projects that whether they are viable or not, public sector may not have this choice. Many PSEs were established in backward areas which did not make economic sense, to achieve the strategic objective of balanced regional development. The national governments have to strike a balance between regions in setting development priorities.

Richards and Rodrigues (1993), argue that there are two types of strategies in public services:

Type A: It is driven by centralised planning and control with specific directions for implementation.

Type B: It is driven by market considerations.

Strategic management in private sector attempts to bring drastic changes keeping in view the prevailing environment. Whereas in public sector, a balance has to be struck between change and status quo guided by public policy considerations.

Moore (1995), in his work *Creating Public Value, Strategic Management in Government* considers public managers as strategists rather than technicians. They look out to the value of what they are producing as well as down to the efficacy and propriety of their means. They engage the politics surrounding their organisation to help define public value as well as engineer how their organisations operate. The goal of public managers is considered to be creating public value of the services being provided by them.

13.6 STRATEGIC MANAGEMENT PROCESS

The strategic management process allows for the structured, systematic and ongoing strategic management of an organisation. The process consists of four phases:

- i) Strategic Assessment
- ii) Strategic Planning
- iii) Strategy Implementation
- iv) Performance Evaluation

13.6.1 Strategic Assessment

Strategic assessment is done in three stages.

a. *Anticipating Environmental Change*

Firstly, the impetus for organisational change (the case for action) is identified. It makes clear why maintaining the status quo is not a viable option for the future. Various techniques are used for this. STEP analysis (Social, Technical, Economic and Political) is useful in this context.

Social: This covers the target clientele, their value systems, their aspiration levels, how they are organised, and the 'power' they can exercise over the decision making process.

Technical: This encompasses the technological developments which may require alteration or altogether abandonment of organisational objectives.

Economic: This refers to changes in the economy generally but also to disparities in income, higher unemployment or diminishing resources.

Political: This includes international agreements, domestic legislation, political values etc.

b. Strategic Analysis

The second step in strategic assessment is to identify and focus on the core purpose of the organisation. The Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis is a useful and powerful tool to analyse consequences of environmental change for the organisation. The SWOT model provides direction and serves as a basis for the development of organisational plans. It accomplishes this by assessing an organisation's strengths (what the organisation can do) and weaknesses (what the organisation cannot do) in addition to opportunities (potential favourable conditions for the organisation) and threats (potential unfavourable conditions for the organisation). The role of SWOT analysis is to take the information from the environmental analysis and separate it into internal issues (strengths and weaknesses) and external issues (opportunities and threats).

c. Strategic Direction

The third step in strategic assessment is to determine the appropriate strategic directions in which the organisation should head and what objectives to achieve. It creates a picture of the desired future. The information developed through techniques like STEP and SWOT is used to review the organisation's mission, set goals, develop strategic vision, and determine the most critical issues the organisation must address if it is going to achieve this vision.

The objective of the strategic direction is to help ensure that the organisation's vision and goals

- are compatible with the organisation's capabilities and complement its culture,
- foster commitment and cooperation among stakeholders; and
- maximise the benefits inherent in environmental opportunities and minimise the risks inherent in environmental threats.

13.6.2 Strategic Planning

After the strategic assessment, the planning activity is undertaken. The most popular technique is Scenario Planning. It deals with creating range of scenarios to cover different situations in terms of favourability – an optimistic scenario, a pessimistic one and one in between these two. Probabilities of occurrence are assigned to each of them.

It has some limitations also. The number of possible situations in the future may be large especially in the case of public management systems, which may require envisioning several scenarios. Besides this, value of a scenario is a function of several variables and it may be beyond the capacities of the strategists to identify all future variables.

Contingency planning is another technique, which in a way supplements the scenario planning. It requires plans to be made for possible damaging combinations of events. For example, construction of nuclear power centres in seismic zones may require contingency plans to be included in case of a disaster.

Strategic Choice

Making strategic choice is the final step in the planning. This choice is again guided by the capacities of the organisations. Different types of organisations may respond

differently in the same environment and often the strategies are better accounted for by prevailing beliefs than by environmental stimuli (Miles and Snow, 1978). Over time, because of this there is strategic drift between environmental change and strategic change.

13.6.3 Strategy Implementation

This involves executing the chosen strategy effectively and efficiently. It encompasses:

- Allocation of sufficient resources- financial, personnel, infrastructure
- Establishing a chain of command or structure to carry out tasks efficiently
- Assigning responsibility for specific tasks or processes to specific individuals or groups
- Managing the process, which includes monitoring results, comparing them with benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary.
- Implementing specific programs, which involves acquiring the requisite resources, developing the process, training, process testing, documentation, and integration with (and/or conversion from) legacy processes.

However, it may be remembered that the delivery of public services requires discretion on the part of frontline professionals or staff at service delivery point. Demands by the clients or technical innovations may have impact on the implementation, which may not necessarily be in consonance with social, political or economic factors considered at the assessment or planning stages.

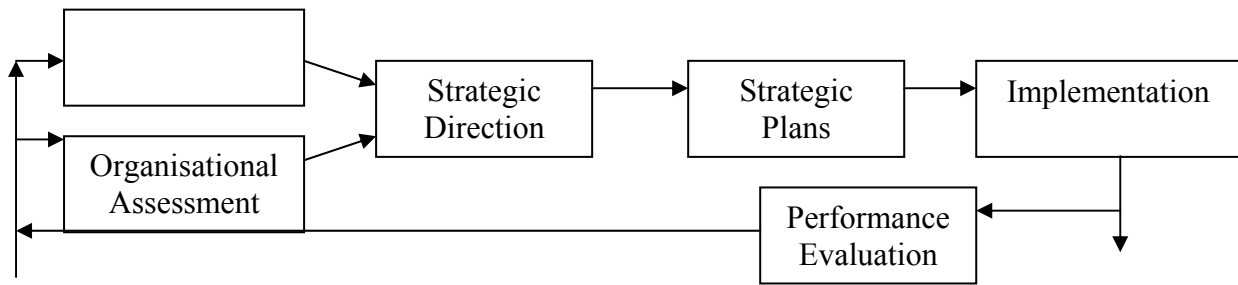
13.6.4 Performance Evaluation

Strategy formation and implementation is an on-going, never-ending, integrated process requiring continuous reassessment and reformation. Performance evaluation system helps in knowing if the plan is being carried out as desired and if it is achieving the desired results. Apparently, it compares actual results and desired results. This subsequently enables the strategists in modifying or introducing corrections in the plan, strategies, resources, and timing, as circumstances warrant.

A system is established to monitor use of resources by the organisation and its efficacy. The monitoring and reporting system is continuous, with periodic output reviewed by teams. However, major evaluations may be conducted on a rather long term basis.

The Strategic Management Model

Morrison and Wilson (1996), devised a comprehensive strategic management model as given below:



As can be seen, the building blocks correspond to the stages discussed above.

13.7 CONCLUSION

Strategic management is dynamic. It involves a complex pattern of actions and reactions. It is partially planned and partially unplanned. Because the environment is constantly changing, effective strategic management requires a continuous flow of new theories suitable for the new circumstances. The problem with most theories is that they solve yesterday's problems. Gary Hamel (2000), laments that strategies converge because the more successful ones get imitated by others who do not understand that the strategic process involves designing a custom strategy for the specifics of each situation. Ten Schools of thought have emerged in the area of strategic planning. Strategies are formulated both in public as well as private sectors. But there is variance in the environment in which they are formulated. Strategic management process is quite comprehensive comprising assessment planning, implementation and evaluation.

13.8 KEY CONCEPTS

Gap Analysis

This brings out the gap or difference between projected outcomes and the desired or needed outcomes arising out of any activity. This could be at times in terms of profits or revenues also.

Institutional Pluralism

It is a situation, wherein multiple institutions ranging from government, private sector, community groups, political parties, NGOs, function pursuing various strategies to achieve the objectives of development. It is the combination of all the efforts that contributes to development.

Intellectual Capital

It is the collective knowledge, experience, skills, competencies and abilities.

Knowledge Worker

A member of an organisation who makes use of knowledge of all varieties in performance of activities.

Learning Organisation

The increasing pace of change on all fronts is making organisations integrate the process of learning from work and give importance to innovation. Learning organisation is one that learns and encourages learning among the people. It promotes exchange of information between employees creating a more knowledgeable work force. A learning organisation is a flexible one and adapts to new ideas and changes through a shared vision. In a learning organisation, there is willingness on the part of

people at all levels, individually and collectively to increase their capacity to produce results.

Management by Objectives

It is a process of agreeing upon the objectives within an organisation, which are jointly determined by superiors and subordinates, periodic review of progress in achievement of objectives, and evaluation of results.

Scenario Analysis

It is the process of analysing possible future events by considering alternative possible outcomes or scenarios. This analysis is designed to facilitate improved decision making through analysis of outcomes and their implications. For example, a financial institution attempts to forecast several possible scenarios for the economy with regard to growth, productivity etc.

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13.10 ACTIVITIES

1. Go through any business magazine, or journal and collect material on strategic planning management processes being brought about in the corporate sector.
2. Visit any public sector enterprise and enquire about strategic planning activity in the organisation.

UNIT 14 KEY MANAGEMENT TOOLS

Structure

- 14.0 Learning Outcome
- 14.1 Introduction
- 14.2 Total Quality Management: Concept
- 14.3 Total Quality Management: Principles and Techniques
- 14.4 Total Quality Management in Public Systems Management: Problem Areas
- 14.5 Project Management Technique
- 14.6 Project Management Life Cycle
- 14.7 Systems Analysis: Concept and Approaches
- 14.8 Systems Analysis: Phases
- 14.9 Conclusion
- 14.10 Key Concepts
- 14.11 References and Further Reading
- 14.12 Activities

14.0 LEARNING OUTCOME

After reading this Unit, you should be able to:

- Explain the concept of total quality management
- Discuss the principles and techniques of total quality management
- Identify the problem areas in the application of total quality management
- Analyse the concept and life cycle of project management
- Highlight the tools and techniques of project management
- Examine the concept and approaches of systems analysis; and
- Describe the phases of system analysis

14.1 INTRODUCTION

Public systems management catering to the needs of the citizens, is expected to adhere to the norms of quality, cost effectiveness, efficiency and promptness. The emphasis on 'quality' is assuming importance, especially after the spread in recent times of the principles of new public management. The application of management techniques is aiding public systems management to fulfil its activities. Though these are adapted from the corporate sector, efforts are being made to introduce in various aspects of public service delivery too. Total quality management, project management and systems analysis are amongst the key management tools, which shall be discussed in this unit. As you are aware, Business Process Reengineering, another important management tool has been discussed in Unit 16 of MPA 011.

14.2 TOTAL QUALITY MANAGEMENT: CONCEPT

The Total Quality Management (TQM) is a technique of managing the organisation to achieve excellence with focus on customer. It incorporates the concepts of product quality, process control, quality assurance, and quality improvement. Consequently, it is the control of all transformation processes of an organisation to satisfy customer needs in the most economical way by applying quantitative methods and integrating fundamental management techniques.

The simple objective of TQM is "Do the right things, right the first time, every time". TQM is infinitely variable and adaptable. For long, it was applied to manufacturing operations only, but now it is recognised as a generic management tool, equally applicable to service and public sector organisations. The basic assumptions of the Total Quality Control approach are:

- Work can be broken down into tasks, which are a series of related steps.
- All related tasks are grouped through a process to achieve the pre-determined outcome.
- People completing a series of related tasks have interdependent roles in the organisation.
- The system is a group of related processes.
- The practice of defining the steps and outcomes (products and services) in their processes and systems, enlists employees' participation and makes them aware of their responsibilities.
- Scientific approach is applied for measurement and improvement of quality by using flow charts, work-flow diagrams, deployment charts, pareto charts and cause and effect diagrams etc.

Total Quality Management originated in Japanese industry in the 1950s and became popular in the West in the early 1980s. Many of the TQM concepts originated with the work of Dr. W. Edwards Deming, the American statistician, who guided the Japanese industry's recovery after World War II. Many of his ideas were formed during World War II when he used statistical methods to improve the quality of military products in American industries. Due to absence of competition, there were a few takers of his ideas in the American industrial sector. However, Japanese industrialists, who then were facing problems in producing quality products and services, showed interest, in adopting this technique.

In this new paradigm, Deming urged for a new management approach that shifted the focus from profits to quality. He emphasised upon the Japanese industrialists to find out what their customers wanted, then study and improve the design and production processes until the quality of their product exceeded the customers' expectations. He emphasised that employees should learn how to monitor, control and continually improve their work processes and systems with the application of a scientific approach. Consequently, decisions were based on data gathered with scientific tools and approaches, which led to improved products and services. Thus, it differed from the traditional management practice of management-by-objectives (MBO) with a hierarchy of objectives and standards that were passed down in the organisation from the top.

In quality management, there is a rule of thumb called the 85/15 Rule which suggests that the root cause of 85% of organisational problems is faulty systems and that a few problems are the result of the behaviour of employees. It implies that systems are viewed as the producer of quality.

14.3 TOTAL QUALITY MANAGEMENT: PRINCIPLES AND TECHNIQUES

In TQM, each organisation is expected to develop its own core values. However, some principles that define TQM need to be kept in focus during the exercise. Let us now discuss the important principles and techniques of TQM.

1. Customer-driven quality

TQM has a customer-first orientation. It is directed toward customer retention, market share gain and growth, and demands constant sensitivity to changing and emerging customer and market requirements. The concept of requirements is expanded to take into account not only product and service attributes that meet basic requirements, but also those that enhance and differentiate them for competitive advantage. Each part of the organisation is involved in total quality, operating as a customer of some functions and as a supplier to others. Continuous customer feedback may enable organisations to assess the customer requirements. Various techniques are used for collecting the feedback. Some of them are mentioned below:

- a) **Comment Card:** It is a low-cost method, that involves attaching a comment card at the product / service delivery point. The problem with this, is that customers often do not respond and where they respond the quality of response may not be so good.
- b) **Survey:** It is a popular tool for obtaining opinions and perceptions about an organisation or its product and services. Mostly the responses are recorded on a one-to-five or one-to-ten scale. However, the survey may not always be a true representation of normal population.
- c) **Report Card:** This has emerged as an effective performance measurement technique. It is sent to customers at periodic intervals and the data are analysed to determine areas for improvement.
- d) **Internet:** The advancement of technology has given service providers a cost effective opportunity to gather information. Many organisations put a discussion forum or complaint box on their websites to be used by customers. However, the limited accessibility of internet, especially in a country like India where the net-penetration is very low, may restrict the scope of feedback.
- e) **Toll Free Numbers:** This is also a low cost method to collect information. Herein, the service provider makes available a dedicated telephone line to its customers where they can complain or seek information. The use of this technique has grown tremendously in recent times.

Leadership

TQM has to be introduced and led by top management. Commitment and personal involvement is required from top management in setting directions, creating and deploying clear quality values and goals consistent with the objectives of the company. The leadership also has to create and deploy well-defined systems, methods and performance measures for achieving those goals. Tools like Quality Function Deployment (QFD) are used for planning to fulfill customer expectations. These systems and methods guide all quality activities and encourage participation by all employees.

3. Continuous Process Improvement

Continuous improvement of all operations and activities is essential for TQM. Achieving the highest levels of performance requires a well-executed approach to continuous improvement and learning. This refers to both 'incremental' and 'breakthrough' improvement. Improvement cycles are encouraged for all the activities of the organisation. This implies that all activities include measurement and monitoring of cycle time and responsiveness as a basis for seeking opportunities for improvement.

The elimination of waste, with strong emphasis on prevention rather than detection and quality at the design stage, is a major component of the continuous improvement approach. Let us discuss some techniques of continuous process improvement.

Plan-Do-Study (PDSA) Cycle

It is a simple adaptation of more elaborate problem-solving method. According to Besterfield *et al* (2001), the method has seven phases:

- i) identify the opportunity
- ii) analyse the current process
- iii) develop the optimal solutions
- iv) implement changes
- v) study the results
- vi) standardise the solutions

Benchmarking

Benchmarking is the comparison of the processes and systems of a given function across organisations, particularly those that excel, and identifying how they differ. It can be applied to any area of an organisation. Benchmarking can be done by:

- Measuring performance against that of best-in-class organisations
- Analysing the methods that enable these organisations to enhance their performance level; and
- Using the information as the basis for evaluating targets, strategy, and applications of the organisation.

Failure Mode and Effect Analysis (FMEA)

It is an analytical technique that combines the technology and experience of people in identifying foreseeable failure modes of a product or a process and planning for its elimination.

4. Fast Response

To achieve customer satisfaction, the organisation has to respond rapidly to customer needs. This implies short product and service introduction cycles. Major improvements in response time often requires simplification of work processes. Simplification is achieved through concurrent product and process development. Efficiencies are realised from the elimination of those activities which do not add any value. Consequently, there is improvement in organisation, quality and productivity.

5. Management by Facts

Modern organisations depend upon measurement and analysis of performance. Data required for measurement and improvements are of many types, including customer, product and service delivery operations, supplier, employee, cost and financial

aspects. Facts derived from measurement and analysis, provide the basis for planning, review and performance tracking, improvement of operations, and comparison of performance with competitors. Unless the right information is available, the analysis cannot take place and errors cannot be identified and corrected.

Statistical Process Control: This is an effective technique in collecting data.

There are seven basic techniques:

- i) **Pareto Diagram:** It is a graph that ranks data classifications in descending order from left to right. It is used to identify most important problems.
- ii) **Process Flow Diagram:** These diagrams show the flow of the product or service as it moves through the various processing operations.
- iii) **Cause and Effect Diagram:** This diagram is presented in the form of a picture composed of line and symbols to represent the relationship between an effect and its causes.
- iv) **Check Sheets:** The pattern of check sheet is customised depending on the requirements by the project team.
- v) **Histogram:** it describes the variations in the process.
- vi) **Control Charts:** These are used to control in particular, quality characteristics by checking variations.
- vii) **Scatter Diagrams:** The simplest way to examine if a cause and effect relationship exists between two variables is to plot a scatter diagram.

6. Employee Involvement

The skills and motivation of the work force determine the level of success of any organisation. The organisations need to offer opportunities to their employees to participate in decision making. Such participation is reinforced by reward and recognition systems and also through education and training. In TQM, employees are encouraged to take more responsibility, communicate more effectively, act creatively, and innovate. TQM links remuneration to customer satisfaction levels.

Experts suggest that the Employee Involvement (EI) strategy should include:

- a) **Readiness Assessment** to identify: 1) barriers to implementation of EI and the related practices, and 2) the existing practices. Such information helps decision-makers to make choices about the practices that could be most appropriate for the organisation to adapt them. Various methods like interviews, questionnaires, focus groups, observation, and examination of records are used to assess these aspects.
- b) **Communication** of specific goals for EI set by management. The leadership or the top management informs or publicises policy statements, rewards, shares work-related information and accomplishments through various means.
- c) **Training** to enable both managers and employees to learn the skills required for EI practices. The training may be related to group leadership, providing feedback, and problem-solving in order to work together effectively on improvement efforts.
- d) **Performance Appraisal** to let employees know how they are doing. They need to be made aware of the appraisal process. The appraisal should bring out the strengths and weaknesses so that performance can be improved.

- e) **Evaluation of the program features and effects** include formal measurement of target results and monitoring the implementation and support of employee participation in planning, problem solving and decision-making.

Teams and Teamwork

The most common vehicle for EI is a team. A team is defined as a group of people working together to achieve common objectives. Teams range in scope and responsibility from problem-solving groups to self-managed work teams that schedule work, assign jobs, hire members, and set the standards and volume of output. Teams are effective because each member of the team has special abilities that can be used for decision making. A participative work culture is encouraged when quality becomes everybody's responsibility.

7. The TQM culture

Introducing TQM requires an open and cooperative culture. Employees have to be made to feel that they are responsible for customer satisfaction. They will feel so if they are not excluded from the development of vision, strategies and plans, and participate in decision making. Again the leadership has to lead the way by practicing what it suggests.

14.4 TOTAL QUALITY MANAGEMENT IN PUBLIC SYSTEMS MANAGEMENT: PROBLEM AREAS

As mentioned earlier, TQM has emerged as a generic management tool equally applicable to public sector organisations. However, there are certain issues which need to be resolved.

- i) **Resistance to TQM change:** Active resistance through effective and creative use of skills and competencies to prevent change is experienced by all the organisations.
- ii) **Planning the Initiative:** Public sector organisations are most of the times mammoth in size and often have several locations. It poses problem in designing the initiative for the entire organisation. Sometimes new quality structures are put in place, which effectively create new layers of decision-making, and consequently create confusion.
- iii) **Role of Top Management:** Apart from formulating a policy, the leadership is mostly not visibly committed to TQM implementation.
- iv) **Political Support:** Political support for the initiative will be only for the period that tangible results are seen. Since, TQM does not guarantee success, the moment failures are noticed, there is fear that the commitment of political leadership will vanish.
- v) **Identifying Customers:** The definition of customer is altogether different in public service organisations and often there are different interpretations. It could be the beneficiary, funding agency, political leader or any other stakeholder.
- vi) **Benchmarking:** Often the welfare objectives guide the State actions and productivity or efficiency is compromised. It would not be fair to compare with the best-in-class companies. However, such problems can be taken care of at the design stage.

With increasing globalisation and competitive pressures, the public sector organisations would have little choice. They will have to adopt TQM principles to meet the growing aspirations and expectations of the people.

14.5 PROJECT MANAGEMENT TECHNIQUE

To understand the technique of project management we first need to know what is a project. A project comprises a number of activities that must be completed in a pre-determined manner. Wysocki *et al* (1995), define project as “a sequence of unique, complex and connected activities having one goal or purpose and that must be completed by a specific time, within budget and according to specification”. The activities under a project are unique because the environmental conditions are never the same and they are complex because they are not repetitive and require special skills, creative inputs and effective decision-making capabilities. All the activities are connected, because the output of one activity is input for another activity. These activities lead to achievement of the pre-determined goals in the specified time period and within the resource limits. Projects are different from programmes as the latter are larger in scope and comprise multiple projects.

Project Management (PM) has evolved in order to plan, coordinate and control the activities of the project. Its purpose is to foresee or predict the potential risks which may come as barriers, so that they can be planned for and project goals are achieved in time. It is important because there is a direct relationship between time and costs. If the planned timescale is exceeded, the original cost estimates and budgets will exceed too. The cost overruns could be direct as well as indirect due to various factors like inflation, price rises, and overhead costs of administration. Every project is constrained by factors such as time, cost and resources.

14.6 PROJECT MANAGEMENT LIFE CYCLE

The principles of management which are associated with management of an organisation are equally applicable to the project management. Consequently, the life cycle of project management has different phases.

1. Planning

A complete plan delineates all the activities to be undertaken, the reason for each activity, the person responsible for each activity and the resources required for each of them. Though, a project plan is dynamic and is often subject to change, the mere act gives an understanding of the goals and objectives of the project. There are a number of participatory approaches that have emerged, like the Participatory Rural Appraisal (PRA), which can be used to plan the projects.

Planning Process

There are several steps in the planning stage:

- (i) **Project Overview Statement:** It defines the scope and goals of the project. It has five components (Wysocki *et al*, 1995)
 - Problem/ opportunity
 - Project goal
 - Project objectives
 - Expected outcomes

- Assumptions, risks, obstacles- technological, environmental, interpersonal, cultural, and causal relationships
- (ii) **Identifying Project Activities:** As mentioned earlier, project is a sum of various interconnected activities. This list of work is generated through various techniques. Work Breakdown Structure (WBS), is a popular technique that deconstructs the projects into chunks of work, proceeding from major chunks of work to smaller chunks of work and finally to a level of detail that meets planning and scheduling needs.
- (iii) **Estimating Activity Durations:** Various factors like varying skills, unexpected events, efficiency of people etc., have an impact on the duration of the project completion. But a standard is set to set up milestones keeping these risks in mind. Delphi Technique is popular for estimating activity duration. We shall be discussing this in detail in Unit 18 of this Course.
- (iv) **Determining Resource Requirements:** There are various types of resources:
- Human
 - Facilities
 - Equipment
 - Materials
 - Money
- There are three ways to assign resources to activities
- a. At constant rate or *pro rata*
 - b. A lump sum amount for each activity
 - c. Assign the worker to an activity till it is completed.
- **Constructing the Project Network:** Since all the activities are connected and depend on each other, it is beneficial to have a network representation of the project.
- (v) **Finalising Project Proposal:** It is the sum of all the activities done so far and it has the following features:
- a. Background
 - b. Objectives
 - c. Approach to be taken
 - d. Detailed statement of work
 - e. Time and cost summary

2. Executing

Executing involves a number of steps. In addition to organising people, resources-personnel, materials and money, have to be identified. The scheduling of activities with start and closing dates is done. A number of tools and techniques have been developed to facilitate this activity. Following steps are involved:

- i. **Organising Project Team:** The project manager, the core team and other team members are recruited with specific responsibilities. Their authority should be commensurate with their responsibilities.

- ii. **Operating Rules:** The rules regarding authority to take decisions, limits on the exercise of power and conflict resolution mechanisms needs to be put into place. We have already discussed conflict resolution in Unit 20 of Course 011.
- iii. **Scheduling Activities:** A detailed working schedule reflecting personnel, money and material needs to be calculated and put in place. Programme Evaluation and Review Technique (PERT) and Critical Path Analysis (CPA) are useful techniques in scheduling activities. We shall be explaining these concepts in Unit 17 of this Course.

3. Controlling

All the projects require constant monitoring, otherwise there is a risk of exceeding the laid down schedules. Controls are put in place to ensure that performance levels, costs and time schedules are maintained and also to enable tracking the progress of works. Tracking the progress is important because if any variance from the plan is detected, corrective action can be taken. If a significant variance from plan is noticed, the next step is to find out the causes and take remedial actions. It is pertinent to note here that controls reduce the project risks only to a point. If there are more controls, the project team may have to spend substantial time in preparing and defending progress reports. The project manager will need to strike a balance between the two. One solution to this is establishing an effective progress reporting system.

Progress Reporting System

Such a system

- gives periodic, timely, complete and accurate status information
- becomes part of routine and does not interfere with the activities of the project in terms of time
- enables a prompt response to a problem; and
- is readily available to the project team and senior management.

Levels and Frequency of Reports

Progress reporting should be frequent enough to establish accountability and control, but not so frequent as to hamper the activities of the project. Adequate care must be taken that the process is neither ambiguous nor complicated. Progress is tracked at three levels-

- (i) **Activity level:** The person in charge is responsible for getting the work done. So this requires a detailed report at shorter durations.
- (ii) **Project Management level:** Reports at this level need to show scheduling information, planned works and actual performance. These may not be so detailed as at the activity level, but should reflect important details. These reports need to be furnished either at the pre-determined stages or periodically.
- (iii) **Senior Management level:** At this level, strategic decisions are taken, so the details need not be elaborate. Rather a brief summary with graphical reports may suffice. Gantt Charts are usually used to furnish these reports. These reports need to be available when a strategic decision is to be taken about a problem or completion of a phase.

Tools and Techniques

Various tools and techniques are used for reporting. Some of them are mentioned below:

(a) Variance Reporting Tools

These reports have three columns- the planned number, the actual number and the difference between the two.

(b) Graphical Reporting Tools

Graphical representations save time. Some techniques are:

- **Gantt Charts:** The format of Gantt chart is two-dimensional with activities down the rows and time across the horizontal axis.
- **Milestones Charts:** Milestones are zero-duration activities that represent significant events in the project. This chart plots the difference between the planned and estimated date of a project milestone.
- **Cost Schedule Control:** It is used to measure project performance. Actual work performed is compared against planned and budgeted work in this. These are referred as Budgeted Cost of Work Scheduled, Budgeted Cost of Work Performed and Actual Cost of Work Performed.

Review Meetings- Periodic review of the project status is necessary for control. Normally, the project status should be reported weekly, by activity level manager to project manager and fortnightly or monthly by project manager to senior management. However, the frequency or the periodicity depends on the scope of the project as well.

4. Closing

The completion of the works related with the projects is followed by a formal project closure statement. But sometimes the projects are closed without completion also, which is either due to redundancy of the project goals or the infeasibility of the project itself. The purpose behind issuing a closure statement is to avoid indicating further expenditures against the accounts of the project. However, in large projects this statement is issued late because invoices from subcontractors or suppliers come after the completion of the project. The formal closure notice is fairly routine, but it should contain the following information:

- Project title
- Project number
- The Effective closure date
- Reason for closure
- Special instructions, if required
- Closure, with authorisation signature

Steps in Closing a Project

- (i) **Obtaining client acceptance-** The client has to approve the deliverables, which should meet the prescribed or agreed to specifications. A checklist

is often used. Sometimes tests are also conducted to check the specifications.

- (ii) **Final Project Cost Records-** The final cost accounting information needs to be handed over to the client. These records, also show whether the expenditures were within the limits of the sanctioned funds or exceeded the budgeted sums.
- (iii) **Documenting the Project-** Documentation helps in future references. It may also provide inputs for planning similar other projects. In a way it is also a feedback system.
- (iv) **Post implementation Audit-** This helps in evaluating the project's goals and objectives, quality of deliverables, specifications and time deadlines.

Project Management in Public Systems

The public sector project especially in a country like India are subject to various constraints. These include location in remote areas, scarcity of inputs like power, communications and building materials, delays in land acquisition, constraints in selections of contractors and suppliers as well as in recruitment of personnel, lack of adequate basic data, frequent changes in personnel etc. There are a very few projects in the public sector like the Delhi Metro Rail Corporation (DMRC), which can claim to have been completed in time within the sanctioned cost, with production schedule and capacity utilisation. This is often due to the feeling that “heavens won't fall”, which reflects the lack of accountability of the project team members. So, the factors mentioned above need to be planned for in the project proposal itself.

14.7 SYSTEMS ANALYSIS: CONCEPT AND APPROACHES

Systems Analysis is the study of a system and its components as to how they work and interact to achieve their objectives. It is an explicit formal inquiry carried out to help decision maker identify a better course of action. Fundamentally, it is about problem solving. A problem situation marked by complexity of the issue and uncertainty of the outcome of any course of action requires systems analysis. Systems analysis usually has some combination of the following: identification and re-identification of objectives, constraints and alternative courses of action, examination of the probable consequences of the alternatives in terms of costs, benefits, and risks, so that the decision maker can make an informed choice.

Systems analysis has different connotations. While a systems analysis related to public decisions is often referred to as **Policy Analysis**, that which concentrates on comparison and ranking of alternatives on basis of their known characteristics is referred to as **Decision Analysis**. That part or aspect of systems analysis that concentrates on finding out whether an intended course of action violates any constraints is referred to as **Feasibility Analysis**. Similarly, a systems analysis in which the alternatives are ranked in terms of effectiveness for fixed cost or in terms of cost for equal effectiveness is referred to as **Cost-effectiveness Analysis**. **Cost-benefit Analysis** is also a variant of systems analysis.

Approaches

Since it has so many variants, there are bound to be many approaches. However, more popular approaches are:

- a. **Model Driven Analysis Approaches:** In this approach, pictures communicate problems, requirements and solutions. These include flowcharts, structure charts and organisation charts. Some examples are given below in brief:

- i. **Structured Analysis:** It is process-oriented and focuses on the flow of data through enterprise and software processes. Data Flow Diagrams depict the processes along with their inputs, outputs and files.
 - ii. **Information Engineering and Data Modeling:** It focuses on the structure of stored data in a system and therefore is data-centered. The data models in this approach are known as entity relationship diagrams.
 - iii. **Object Oriented Analysis:** It eliminates the artificial separation of concerns about data and processes and integrates them into constructs called objects.
- b. **Requirements Discovery Methods:** Putting up a system in place is not sufficient, the analysis should lead to identifying problems and opportunities. Consequently, all approaches of systems analysis require some form of requirements discovery. Two techniques are widely used for this:
- i. **Fact Finding Techniques:** These are related to sampling of existing documentation, reports and databases; observation of the existing system in action; soliciting opinions of users as well as managers.
 - ii. **Joint Requirements Planning:** This technique is used to reduce time as is taken in fact finding techniques. A workshop is organised, where a facilitator helps both the system owner and the user to participate in systems analysis.
- c. **Process Redesign Methods:** Triggered by TQM, these focus on all processes regardless of their automation. Each process is thoroughly studied and analysed to find out problems and opportunities. However, finally it is examined as to how best the information technology may be applied to further improve the processes.

14.8 SYSTEMS ANALYSIS: PHASES

There are five distinct phases of systems analysis:

- i. **Identifying the Scope:** This is the preliminary investigation phase to determine the *raison deters* for the analysis. The scope is defined in terms of scale, development strategy, schedule, resource requirements and budget. Whitten *et al* (2003), have identified five tasks in this phase:
 - **Identify baseline problems and opportunities:** This framework summarises urgency, visibility, benefits, priority and possible solutions.
 - **Negotiate baseline scope:** This task uses the Preliminary Problem Statement generated by the first task to define the boundary of the project.
 - **Assess baseline project worthiness:** Once the scope of the project is determined, it becomes important to assess whether it deserves to be undertaken or not in terms of whether it will solve the problem.
 - **Develop baseline schedule and budget:** If the project worthiness is proved, a preliminary plan that includes schedule and resource assignments is prepared.
 - **Communicate the project plan:** This task launches the project.
- ii. **Problem Analysis:** The goal of this phase is to study and understand the problem domain so that it can reveal the problems, constraints and opportunities in the existing system. Six tasks facilitate problem analysis (Whitten *et al*, *op.cit*):
 - **Understand the Problem Domain:** All parties- systems owner, users and analysts, come together to provide their perceptions, which helps in finding out the domain in which the problems, opportunities and constraints exist.

- **Analyse Problems and Opportunities:** The problems and opportunities identified in the preliminary phase are analysed in detail in this phase, in terms of causes and effects. Fact finding techniques are used in this task.
 - **Analyse Process:** This task is more suitable where process redesign or system development projects is required.
 - **Establish System Improvement Objectives:** Identification of objectives is important to assess the efficacy of the improvements
 - **Modify the Project Plan:** After detailed analysis it becomes imperative that the suitable modifications are introduced in the preliminary project plan.
 - **Communicate Findings:** The modified project plan needs to be communicated to all so that further action can be taken,
- iii. **Requirements Analysis:** As the name suggests, in this phase, the requirements for new system are analysed. It includes the following tasks:
- **Identify and Express System Requirements:** Functional requirements are identified in terms of inputs, outputs, processes and data, and non-functional requirements are identified in terms of budgets, costs, timetables, documentation and training needs, quality management etc.
 - **Prioritise System Requirements:** It is essential to identify requirements more important than others.
 - **Communicate:** Communication is an ongoing task. It is important to convey decisions taken. Therefore, requirements need to be communicated so that they can be arranged for.
- iv. **Decision Analysis:** Finally, the assessment is made about installing the system with the use of technology. The purpose of this phase is to recommend the solution to the problems. Following tasks, which are quite similar to what Simon had suggested in decision making, facilitate this:
- **Identify Alternatives:** Various possible alternatives are explored which can be solutions to the identified problems.
 - **Develop the Solutions:** All the identified courses of action are analysed to assess technical feasibility, operational feasibility, economic feasibility and schedule facility.
 - **Selecting the Best Solution:** Finally, choice of the best possible course of action is made by system owners and users.
 - **Finalising the Project Plan:** On the basis of recommended solution, the project scope and objectives are reevaluated and project plan is finalised.

Finally, the system solution is accepted and put for implementation. This concludes the system analysis phase.

14.9 CONCLUSION

The key management tools which have just been discussed are quite comprehensive and have certain principles and techniques. The focus of all these tools is on improving managerial processes, planning, coordinating and controlling the activities. It also aims at reducing cost and time overruns and ensuring accountability. Public systems management is set in a particular contextual setting and faces certain unique

problems. Yet exposing it to these managerial tools could prove beneficial in the long run both from the organisational and client angles.

14.10 KEY CONCEPTS

Customer

Any person or group inside or outside the organisation who receives a product or service. A customer functions in a market atmosphere, has certain rights and responsibilities and is willing to pay for the services rendered.

Continuous Improvement Process

The ongoing enhancement of work processes for the benefit of the customer and the organisation; activities devoted to maintaining and improving work process performance through small and gradual improvements as well as radical innovations.

Customer Expectations

The "needs" and "wants" of a customer that define "quality" in a specified product or service.

Gantt Chart

It has been developed by Henry Gantt, an American Engineer in 1917, to facilitate the production flow in organisations. It is a scheduling chart which indicates the time taken to complete each section of a project. The project is subdivided into several sections. The chart has a horizontal axis based on time and a vertical axis based on the sections of a project. Horizontal bars are drawn in the chart that show the time taken to complete each section of the project.

Participatory Rural Appraisal(PRA)

It is a label given to a growing family of participatory approaches and methods that emphasise on local knowledge and enable local people to make their own appraisal, analysis and plans. PRA uses group animation and exercises to facilitate information sharing, analysis and action among stake holders. The purpose of PRA is to enable development practitioners, government officials and local people to work together to plan context based programmes (World Bank Source Book, 2005).

Quality Function Deployment

A structured method in which customer requirements are translated into appropriate technical requirements for each stage of product development and production. This process is referred to as listening to the voice of customer (www.asq.org/info/glossary.html)

Total Quality Control

A management approach advocating the involvement of all employees in the continuous improvement process and not just quality control specialists.

14.11 REFERENCES AND FURTHER READINGS

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14.12 ACTIVITIES

1. Identify the important total quality management activities with regard to a school or hospital or any public service agency.
2. Attempt to enquire about project management techniques being used in a public or private sector organisation.

UNIT 15 MANAGEMENT INFORMATION SYSTEM

Structure

- 15.0 Learning Outcome
- 15.1 Introduction
- 15.2 Relevance of Information
 - 15.2.1 Types of Information Systems
- 15.3 Management Information System: Evolution and Framework
 - 15.3.1 Evolution of Management Information System
 - 15.3.2 Characteristics of Management Information System
- 15.4 Structure of Management Information System
- 15.5 Management Information System in Practice: A Case Study
- 15.6 Management Information System in Public Services: An Appraisal
- 15.7 Conclusion
- 15.8 Key Concepts
- 15.9 References and Further Reading
- 15.10 Activities

15.0 LEARNING OUTCOME

After reading this Unit, you should be able to:

- Appreciate the relevance of information in public systems management
- Understand the evolution and framework of Management Information System
- Explain the structure of Management Information System; and
- Appraise the Management Information System in public services.

15.1 INTRODUCTION

In recent times, a great emphasis is being put on public management systems' effectiveness and efficiency in service delivery, ostensibly under pressure from increasing public aspirations and demands. The enforceability of accountability is gaining currency and the stakeholders are increasingly becoming vocal. Consequently, the tasks of public service managers are under greater scrutiny. They have to respond to challenges efficiently and take judicious decisions. Information is a critical factor in decision-making. Sound managerial decisions are not made in vacuum. They are to be made with awareness of general conditions, competition, public policies and above all with adequate knowledge of management information. In modern world information has become an important resource.

In this Unit, an attempt is made to equip the learners with with the knowledge of the processes, techniques and tools that form the basis for Management Information System (MIS). Moreover, an effort is made to make the learners understand the utility

of the technique of MIS to plan and control the organisation's activities and also in the policy arena.

15.2 RELEVANCE OF INFORMATION

Information in an organisation is the collection of expertise, experience and database that individuals and workgroups use for discharging their responsibilities. It is produced and stored by individual minds, or implicitly encoded and documented in organisational processes, services and systems. It is required for better planning and control. Shammon and Weaver (1949), define information as “the amount of uncertainty that is reduced when a message is received”. Public service managers need information to

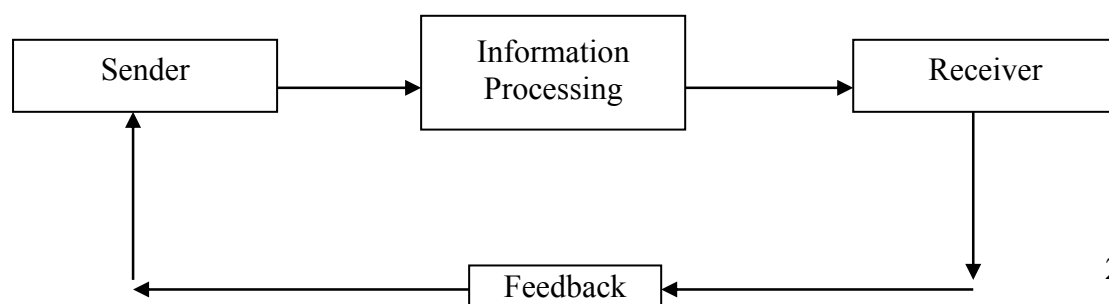
- Decide the mission and objectives of the organisation
- Determine the plan of action for achieving the objectives of the organisation
- Implement the plans and programmes
- Evaluate the performance; and
- Facilitate feedback, to enable the modification of plans / programmes if required.

It is pertinent to mention here that importance of information has been recognised ever since the emergence of the discipline of public administration. Taylor had emphasised collecting information through studies to find out the ‘one best way’ to do things. Simon in his treatise focused on ‘designing’- one of the activities of ‘decision-making’, which was related to finding as many alternatives as possible so that a rational decision could be taken. It again depended on the knowledge of the decision maker derived from the information. Moreover, in the absence of models, people tend to rely on simplistic “rules of thumb” in decision making and fall prey to a variety of common mistakes. These errors can be minimised with training and experience. It is by now, clear that we need organised means to evaluate data and make decisions.

WHAT IS INFORMATION?

Information is knowledge derived from data that is placed within a context. It is a message, something to be communicated from the sender to the receiver. The view of information as a message came into prominence with the publication in 1948 of an influential paper by Claude Shammon, "A Mathematical Theory of Communication." This paper provided the foundations of information theory.

In many organisations, the information used to solve problems, to direct actions and to make decisions, together with any lessons learnt, are lost in the 'noise' of a turbulent environment (Vasconcelos *et al*, 2003). It is something that inhibits the flow of communication or creates misunderstanding. In addition, information may be geographically distributed and stored in a variety of different representations, e.g. tacit knowledge in peoples' minds and structured information in databases. In the communications discipline, a message is information which is sent from a source to a receiver. The following diagram explains the system.



The nature of information, as evident from this figure is as follows:

i. Information as a pattern

Information is any represented pattern. This view assumes neither accuracy nor directly communicating parties, but instead assumes a separation between an object and its representation, as well as the involvement of someone capable of understanding this relationship. The quantity of information is totally distinct from its medium.

ii. Information as a sensory input

Information is any type of sensory input. It receives the input and transforms the input into information. Often it is abstract.

iii. Information as an influence which leads to a transformation

Information is any type of pattern that influences the formation or transformation of other patterns. Systems theory at times seems to refer to information in this sense, assuming that information does not necessarily involve any conscious mind, and patterns circulating (due to feedback) in the system can be called information.

Characteristics of Good Information

Good information must be

- a) pertinent
- b) timely
- c) accurate; and
- d) certain

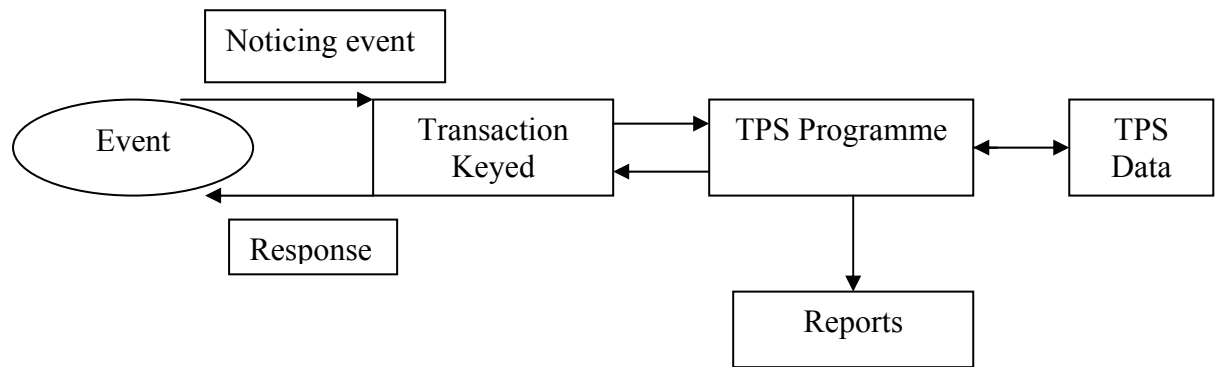
15.2.1 Types of Information Systems

There is need for effective information systems to be put in place. An information system has been described as "a system consisting of the network of all communication channels used within an organisation". Kroenke (1992), puts forth the following fundamental types of information systems.

i) Transaction Processing System (TPS)

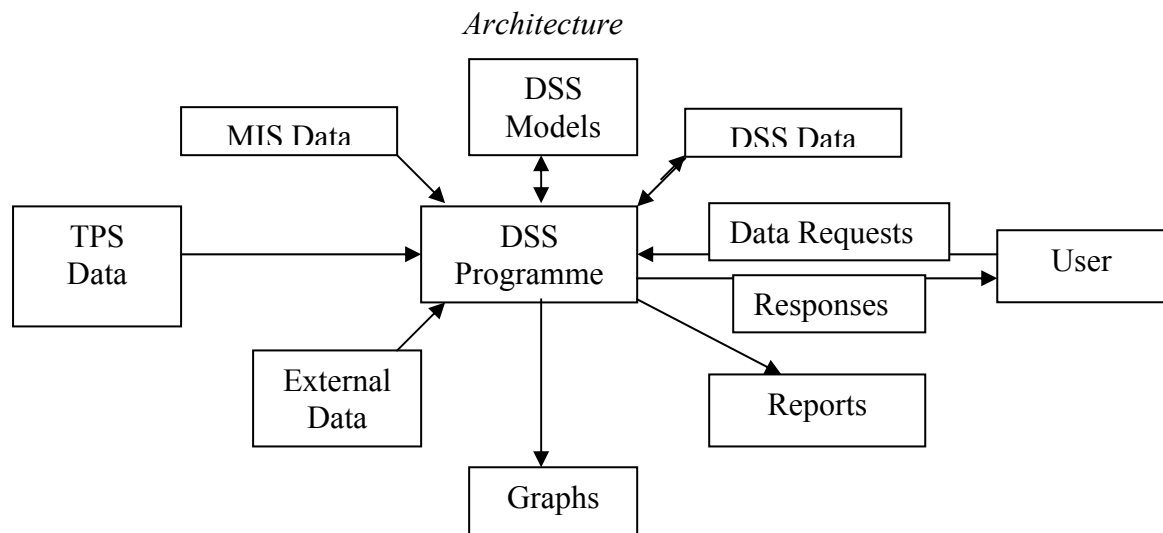
These support day-to-day operations and help organisation to conduct its operation and keep track of its activities. The TPS programme generates two types of output. It sends messages back to the operator terminal and it generates printed documents. On-line Transaction Processing Systems is a type of TPS. On-line interactive systems or simple on-line systems involve a direct connection between the operator and the programme.

Architecture of TPS



ii) Decision Support Systems (DSS)

These are interactive computer based facilities for assisting decision making in less structured environments. DSS differ from TPS or MIS in that they do not always support an ongoing process. Often DSS are created to solve particular problems on an ad hoc processing basis and are not needed on a regular basis.



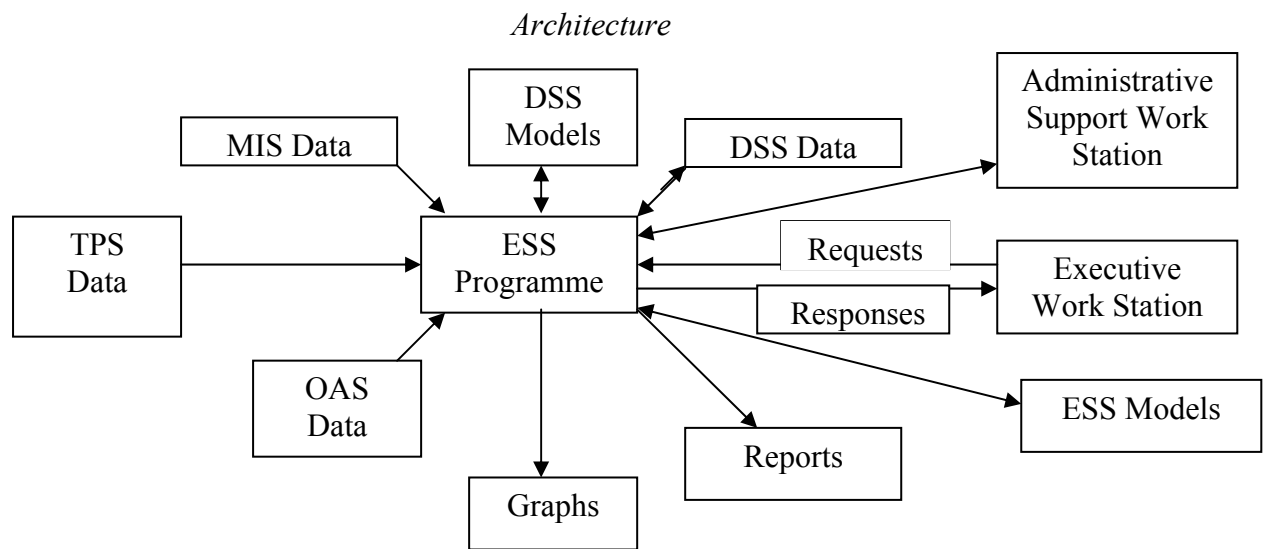
Source: Kroenke (1992)

iii) Office Automation Systems (OAS)

OAS are information systems that create, store, modify, display and communicate the information. Computers, internet, facsimile machines, electronic bulleting boards etc. are part of OAS. There are various models and as such a generic architecture is not possible.

iv) Executive Support Systems (ESS)

The information systems that support the information needs of senior executives are called ESS. They summarise and present data at the highest levels of aggregation. Usually they involve presentation of reports in standard formats, often involving graphics as shown below:



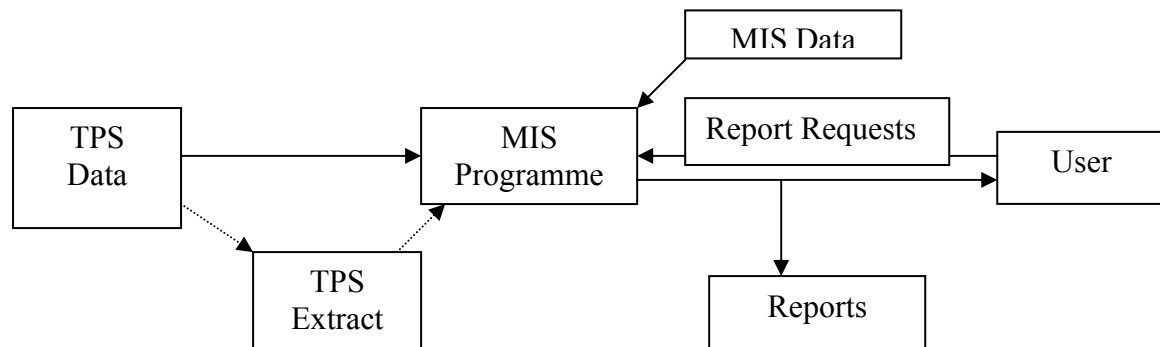
Source: Kroenke (1992)

v) Management Information System

In this Unit, we are focusing on Management Information System (MIS). Conceptually, MIS is a level above TPS. It is not concerned with day-to-day operations, but rather with the management of activities that do support operations. MIS are typically computer based information systems, that are used within an organisation. Peter Keen (1978), defines MIS as “the effective design, delivery and use of information systems in organisations.” MIS has much larger perspective and is not intended solely for managers. It includes all the people in the organisation and the structure and design of the organisation as well. The goal of MIS is to enable managers to make better decisions by providing quality information. The following table illustrates the kind of information required for different levels of decision making.

Decision Level	Description	Type of Information
Strategic	Long-term outlook, competitive advantage	External events, competing agencies, financial, quality, trends
Tactical	Improving operations with restructuring organisations	Cutting expenditure, forecasts, revenues
Operations	Day-to-day actions to keep the organisation functioning	Transactions, accounting, human resource management, inventory

The three levels of decisions vary in the type of information they need. Whereas the first two are largely concerned with unprogrammed decision making, the third one is to a large extent programmable. Apparently, the role of leadership in deciphering information remains crucial.



Source: Kroenke (1992)

15.3 MANAGEMENT INFORMATION SYSTEM: EVOLUTION AND FRAMEWORK

It is being envisaged that a world is emerging in which executives would be supported (guided) by operations research staff employing computers to do sophisticated modeling, simulation, and analysis. Initially, there were two strong trends in the use of computers in organisations: the one was the automation of transaction processing and routine reporting; and the other was the use of computers to support analysis and decision-making. The combination was termed Management Information System to emphasise the second role. Prior to 1965, it was very expensive to build large-scale information systems. In the late 1960s, a new type of information system became practical i.e. model-oriented DSS or management decision systems. In 1966-67, Scott Morton had studied how computers and analytical models could help managers make a key decision. In 1974, Gordon Davis, a Professor at the University of Minnesota, published his influential text on Management Information System. He defined a Management Information System as, "an integrated, man/machine system for providing information to support the operations, management, and decision-making functions in an organisation".

In 1979, John Rockart of the Harvard Business School published a ground breaking article in the Harvard Business Review that led to the development of Executive Information System (EIS) or Executive Support Systems (ESS). By the late 1970s, a number of researchers and companies had developed interactive information systems that used data and models to help managers analyse semi-structured problems. In the early 1980s, academic researchers developed a new category of software to support group decision-making (Gray, 1981; Huber, 1982; Turoff and Hiltz, 1982).

In 1978, development of an EIS called Management Information and Decision Support (MIDS) System began at Lockheed-Georgia. In 1990s, DSS built using relational database technologies, were highly promoted.

15.3.1 Evolution of Management Information System

The evolution of MIS can be discussed in two parts.

i) First Generation MIS

The first generation MIS involved the capture of information and experience so that it was easily accessible. An alternate term was "knowledge capture". Managing this capture allowed the system to grow into a powerful information asset. Technology had primacy in this phase. Accordingly, MIS was an issue of information storage and retrieval. It used ideas derived from systems analysis and management theory. It typically involved developing sophisticated data analysis and retrieval systems with little thought as to how the information they contained would be developed or used. This led to organisations investing heavily in technological fixes that had either little impact or a negative impact on the way in which knowledge was used.

Under the influence of econometric standards, managers treated information as if it were a commodity, forgetting that information is not a commodity but a process. Learning and doing became a 'black box' that was not really subject to management; the best that could be done was to make tacit knowledge explicit. Its failure to provide any theoretical understanding of how organisations learn new things and how they act on this information meant that first generation MIS was incapable of managing knowledge creation.

ii) Second Generation Management Information Systems

Faced with the theoretical and practical failure of first generation techniques to live up to its promise, theorists began to look more closely at the ways in which knowledge is created and shared. At the same time there was a realisation that organisations are capable of learning, and so a link grew between learning theory and management. At the same time hierarchical models of organisational structure were replaced by more organic models, which found effective organisations as capable of bringing structural change in response to their environment.

The second generation knowledge management gives priority to the way in which people construct and use knowledge. It derives its ideas from complex systems, often making use of organic metaphors to describe knowledge growth. It is closely related to organisational learning. It recognises that learning and doing are more important to organisational success than dissemination and imitation.

15.3.2 Characteristics of Management Information System

Some of the important characteristics of modern MIS are given below:

- 1) MIS is management oriented, where the management concerns all the employees of the organisation. The system is designed from top to bottom. The development of the system starts from the appraisal of organisational needs and its objectives.
- 2) The management actively directs, reviews and participates in the system development efforts to ensure that the implemented information system meets the requirements of the organisation.
- 3) An integrated system and MIS are not synonymous. However, the integrated concept is a necessary characteristic of MIS.
- 4) Due to the integrated nature of MIS, it is prudent to capture relevant data close to the source where the event occurs and use it throughout the functional areas. The common data flow concept supports several tenets of systems analysis avoiding duplication, combining similar functions and simplifying necessary functions wherever necessary.
- 5) MIS needs to be planned carefully and it evolves in due course of time.
- 6) While the integrated approach makes it appear a single entity, it is broken down into desirable sub-systems.

- 7) MIS should be developed with the flexibility so that future changes in the organisational needs may be accommodated in the system.
- 8) MIS includes every type of systems that gives information, whether it is formal or informal system (Srivastava, 2004).

15.4 STRUCTURE OF MANAGEMENT INFORMATION SYSTEM

Management information system is a system designed by an organisation to collect and report information on a programme, and which allows managers to plan, monitor, and evaluate the operations and the performance of the whole programme. To be successful, an MIS initiative must address both the 'hard' knowledge in databases and the 'soft' knowledge in people's minds (Hildreth and Kimble, 2000). MIS addresses these problems by providing a mechanism to capture, retain and distribute knowledge assets within and between organisational agents (e.g., employees and information systems). Information has several phases namely identification, acquisition, development, dissemination, use and preservation of knowledge (Abecker *et al*, 1998).

Components of Management Information System

There are five components of MIS.

Hardware

This includes the physical equipment used in computing the data.

Software

This comprises the set of instructions that control the hardware.

People

In the early days of introduction of computers, the people directly involved in MIS tended to be programmers, design analysts and a few external users. Today almost everyone in the organisation is involved with the information system

Procedures

These are instructions that help people use the systems. They include items such as users manuals, documentation and procedures to ensure that backups are made regularly.

Databases

These are collections of related data that can be retrieved easily and processed by the computers. Data is a statement accepted at face value. Raw data are numbers, characters, images or other outputs from devices to convert physical quantities into symbols in a very broad sense. Data Flow Diagrams (DFDs) help in representing information systems. They are designed to show how systems are divided into smaller portions and to highlight the flow of data between those parts. The basic elements of a DFD are:

- 1) *External entities*- These are some components in the environment that communicate with the system.
- 2) *Process*- In a DFD, a process is an activity that involves data. There are two important rules involving processes. First, a process cannot invent data, which means every process must have at least one flow of data entering it. Second, a

process cannot be a black hole- every process must transfer data somewhere else.

- 3) *Data Store*- A data store or file is simply a place to hold data for a length of time. It might be a filing cabinet, a reference book or a computer.
- 4) *Data Flow*- The data flows represent the inputs and outputs of each process or sub-system.

A MIS structure may be discussed in terms of three separate but related classifications:

Operating Elements: The components of MIS make available all the relevant information on the needs basis. These process transactions, maintain master files, produce reports and process interactive support applications.

MIS Support for Decision Making: MIS forms the basis of the decision making.

MIS Structure based on Organisational Activities: The MIS structure is concerned with all the activities of the organisation. We shall be explaining the structure of MIS with the help of the following case study.

15.5 MANAGEMENT INFORMATION SYSTEM IN PRACTICE: A CASE STUDY

An example of a governmental programme being implemented throughout the country may illustrate the various concepts discussed above. Swarna Jayanti Shahri Rozgar Yojana (SJSRY) is a Government of India scheme for urban poverty alleviation. Launched in December 1997, it covers all the urban areas in the country and the sharing of expenditure is in the ratio of 75:25 between centre and the states. It subsumed the earlier existing three urban poverty alleviation programmes, The remaining balances with the state governments became the opening balance for the states for the programme.

The Yojana has two components- urban self-employment (USEP) and urban wage employment (UWEP). There are three sub-categories of self employment component- micro credit for setting up own ventures (Subsidy), credit for groups of women known as DWCRA and the training of youths (Training) so that they can be gainfully employed thereafter. DWCRA members are also entitled for revolving fund as they are also expected to function as a Thrift and Credit Society (T&CS). A whole scheme of community organisations has been put in place for effective outreach.

Programme of this nature requires complete information about physical and financial performance of each urban area to be with the centre and state agencies. The centre only after assessing the performance may release the further funds. Similarly, states have to ensure effective utilisation of resources and monitoring of the implementation.

For the purpose, many formats have been developed to collect information, which then go on to create database for the programme. Some of the formats are given below:

Table 1. **QUARTERLY PROGRESS REPORT (QPR) ON SJSRY**

Name of the State/UT

CUMULATIVE REPORT FOR THE QUARTER ENDING

The report should be cumulative from the date of operation of SJSRY, i.e. from 1.12.1997 till the current quarter.

D	D	M	M	Y	Y	Y	Y

1. Fund Position

(a) Overall position of fund with the State for SJSRY as a whole (all components)
(Rs. in Lakh)

	Expenditure out of Unspent balance										
	Central Share received	State share actually released	Total fund (col. (1+2)	Central share	State share	Total	Central share (col. 1-4)	State share (col. 2-5)	Total share (col. 3- 6)	Required state share against the central share	Required state share against the central Share
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Opening balance as on 1.12.1997 for unspent balance of old UPA programmes as on 30.11.1997											
1997-98											
1998-99											
1999-2000											
2000-2001											
TOTAL											

b) State of Central Fund received expenditure incurred (out of it) and utilisation
certificates furnished in each financial year

(Rs. in lakhs)

		USEP (Sub- sidy)	USEP (Trai- ning)	DWCUA (Sub- sidy)	DWCUA (T&CS)	Infra- stru- cture support	Total (1 to 5)	UWEP	Commu- nity Struc- ture
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Opening* Amount balance received as on 1.12.1997									
1997-98	Amount received Expenditure UCs furnished								
1998-99	Amount received Expenditure UCs furnished								
1999- 2000	Amount received Expenditure UCs furnished								
1999- 2000	Amount received expenditure UCs furnished Amount received								
2000- 2001	Expenditure UCs furnished								
Total	Amount received Expenditure UCs furnished								

*i.e. amount transferred from Central funds of old Urban Poverty Alleviation Programmes

Note: Figures should include funds for Information, Education and Communication, Training and Administrative and Operative Expenses

c. Status of State share required, released and expenditure (out of it) in each financial year

(Rs. in lakhs)

		USEP (Subsidy)	USEP (Training)	DWCUA (Subsidy)	DWCUA (T&CS)	Infrastructure Support	Total (1 to 5)	UWEP (7)	Community Structure (8)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
As on	Amount								
1.12.1997	received*								
	Shortfall if								
	any								
1997-98	Required								
	Released								
	Expenditure								
1998-99	Required								
	Released								
	Expenditure								
1999-	Required								
2000	Released								
	Expenditure								
1999-	Required								
2000	Released								
	Expenditure								
2000-	Required								
2001	Released								
	Expenditure								
Total	Required								
	Released								
	Expenditure								

*i.e. amount transferred from State share of fold UPA Programmes

Note: Figures should include funds for Information, Education and Communication, Training and Administrative and Operating Expenses.

Table 2: INANCIAL PERFORMANCE

(a) Subsidy (Central and State Share together) disbursed by banks w.e.f..

1.12.1997

USEP & ALLIED COMPONENTS								
Thrift and Credit societies						Training and Infrastructure Support		
Category	USEP Subsidy	DWCUA Subsidy	Lump sum Grant	Incentive Subsidy	Total	Amount Spent under USEP Training	Amount spent on support to Training Institutes	Total

Each urban area submits the above information to state agencies and which are further submitted to central ministry. While the grass root level, information is still not fed into the computers in many areas due to resource constraints, at the state and central levels this information is fed into the computer.

15.6 MANAGEMENT INFORMATION SYSTEM IN PUBLIC SERVICES: AN APPRAISAL

As mentioned earlier, managing large scattered data, especially with public service delivery agencies in a vast country like India has several constraints. Let us discuss some of them

Field-mission information

Government projects and missions are often long term programmes. Since the public servants are often transferred frequently and have scarce time which is generally focused on bureaucratic/operational work, there is a great loss of knowledge and capital.

Some specific problems are:

- Personalisation of the information resulting in non-accounted overheads moreover when field-missions are of greater lengths;
- Loss of non bureaucratic/operational information (social and cultural) which is not referred in standard reports; and
- Loss of information in mission team turnover.

Communication between the Field and the Main office

Governments have a multi-level knowledge management which goes, in the field, from usually the district administration to the state agencies. Often the central ministries are partners in the programmes. In various developmental projects,

international donor agencies are also stakeholders. Due to the presence of several local, state, national and international players, too much information is lost.

Some specific problems include:

- a) A strict hierarchical top to bottom decision making, which works against a more participative approach to decision making built through local knowledge;
- b) The autonomy of field agencies, which could lead, sometimes, to an information crisis in the management of the project or even a crisis in the agency itself; and
- c) An absence of a communication platform accessible by levels of responsibilities for a timely and proper information flow and information register.

Communication between Different Agencies

Too often, several developmental agencies, work in the same area, without knowing about organisational purposes, projects and activities of each other.

Some specific problems are the absence of access to:

- a) A map of previous agency interventions, if possible through purpose and projects
- b) Simple and direct access to communication forums or to create one which could invite and congregate all the concerned agencies through purpose, project or activities in each field; and
- c) Absence of best practices and databases of projects.

Communication between Service Delivery Agencies and the Beneficiaries

State agencies' relations with beneficiaries of the projects are not so easy and well defined as the project is formulated without sufficient participation of the beneficiaries. In addition, at the implementation phase, authorities are often more aware of the project purposes and activities than the ones the project will directly benefit. Interface between service delivery agencies and beneficiaries should be done probably moreover in a face-to-face basis. Nevertheless, knowledge management through web interface tools could be an asset because besides and beyond information concerning the project, beneficiaries should have a continuous possibility of taking positions in relation to it.

Some specific problems are:

- a) Inadequate, non-participative analysis of the needs felt by a particular population in which the agency plans an intervention;
- d) Inadequate participation or representation of the beneficiary community in the formulation and implementation of the project.

Communication between Service Delivery Agencies and Civil Society Organisations

Each individual and each organisation could be an active development actor and agent if it has the proper knowledge capital (understood as social, symbolic and, therefore, economic capital) to make a difference. This utopia could be built through a good

communication network between development agencies and civil society organisations. The problem is absence of efforts to involve individuals and organisations in order to effect a participative effort toward development, both in a local and in a global sense. A system needs to be developed to deploy information concerning basic capacity building of citizens and organisational intervention, and institutional support.

15.7 CONCLUSION

Decision making is an important activity of public systems management. It requires information of varied nature, putting it in the form of appropriate data and format that the organisation can use for its operations. New technologies in the present times are facilitating the collection, assimilation and retrieval of data in various forms and one such method is the management information system. MIS involves the physical equipment, relevant instructions, procedures, data bases and participation of people at all levels in organisations. There are practical problems in handling large quantum of data especially in public service organisations. This can be minimised through effective communication network, involvement of people at all levels and strengthening institutional mechanisms. Information is a key source and needs to be utilised as a critical input for effective decision making.

15.8 KEY CONCEPTS

Data

Data is a statement accepted at face value. Raw data are numbers, characters, images or other outputs from devices to convert physical quantities into symbols in a very broad sense.

Information

Information is knowledge derived from data/ data placed within a context. It is a message, something to be communicated from the sender to the receiver.

Information system

Information system is a system consisting of the network of all communication channels used within an organisation.

Knowledge Management

It refers to the process of collection, organisation, analysis and sharing of information, experiences and knowledge of individuals and groups in an organisation. It also involves making this information available to others in the organisation.

Organisational Learning

It is the organisation's capacity to improve the task performance through generating better knowledge, understanding and experience sharing. The capacity of organisation to acquire knowledge, skills and appropriate behaviour that helps in improving the performance can be considered as organisational learning.

Operations Research

It involves the use of mathematical models, statistics and other scientific methods and techniques in decision making pertaining to the operations of a system. It aims at optimising for improving organisational performance.

15.9 REFERENCES AND FURTHER READING

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15.10 ACTIVITIES

1. Visit any organisation, public or private and enquire about the management information system framework.
2. Collect information about the problems encountered in the use of MIS in any organisation.

UNIT 16 WORK MEASUREMENT

Structure

- 16.0 Learning Outcome
- 16.1 Introduction
- 16.2 Work Measurement: Concept and Objectives
- 16.3 Essentials of Work Measurement
- 16.4 Work Measurement: Basic Steps
- 16.5 Work Measurement Techniques
- 16.6 Conclusion
- 16.7 Key Concepts
- 16.8 References and Further Reading
- 16.9 Activities

16.0 LEARNING OUTCOME

After going through this Unit, you should be able to:

- Discuss the concept and objectives of work measurement
- Bring out the essentials of work measurement
- Highlight the basic steps of work measurement; and
- Analyse important work measurement techniques

16.1 INTRODUCTION

There is a widespread concern amongst the public about inefficiency in public systems management. As organisations grow in size and complexity, they become difficult to manage. In most of the organisations, tasks are performed by hit and trial methods, i.e., without any yardstick to measure the individual and collective performance. The measurement of human work has always been a problem for management since the days of Taylor's 'scientific management'. The plans for the provision of goods or services at a predetermined cost are often dependent on the accuracy with which the amount and type of human work involved can be forecast and organised. While, it has been a common practice to make estimates and set targets based on past experience, these too frequently prove a rough and unsatisfactory guide. Without measurement, the organisation operates in vacuum with hardly any basis for comparison or control. Hence work measurement is an effective tool to facilitate these activities. In this Unit, the basics of work measurement

techniques, and its significance for management and organisational productivity will be discussed.

16.2 WORK MEASUREMENT: CONCEPT AND OBJECTIVES

Work measurement is concerned with the determination of the amount of time required to perform a unit of work. The time required for this task is commonly referred to as the 'standard' or 'allowed time'. Thus, work measurement provides a yardstick for human effort, which can help in efficient staffing, improved planning and control and sound incentive schemes.

The International Labour Organisation (1974), defines work measurement as "the application of techniques designed to establish the time for a qualified worker to carry out a specified job at a defined level of performance."

The Work Study Report of the Secretariat Training School, Ministry of Home Affairs, Government of India (1966) defines it as "the application of techniques designed to establish the work content of a specified task by determining the time required for carrying it out at a defined standard of performance by qualified worker".

Work measurement is thus a device for estimating more precisely the amount of time it should take or will take to perform the assigned work. Work measurement has negative and positive roles. Negatively, it locates the existence of ineffective time; positively it sets standard time for the performance of work. Since method study is a technique for reducing work content, therefore, it is necessary that method study should precede work measurement. In short, work measurement aims at investigating, reducing and subsequently eliminating ineffective time.

It is very easy to apply this technique to highly repetitive operations. It is considered difficult, to apply this technique to work pertaining to key administrative posts, work with unpredictable results and those which need special requirements. However, we must try to use this technique even under such situations through establishing norms or standards of performance which may be less precise but rational.

Work measurement is concerned with investigating, reducing and eliminating ineffective time in work performance. Besides, it also helps in setting performance standards which connote, the optimum rate of output that can be achieved by a qualified worker on an average in a working day with due allowance being made for the necessary time required for rest. The following objectives are fulfilled through the application of work measurement in an organisation:

1. Comparing Alternative Methods

There are generally many methods to perform a given job. Where two alternative methods seem equally good and suitable, the one, which consumes less time for completion, is considered better. The techniques of work measurement offer the best means of making this choice.

2. Determine the Staffing Pattern

Staffing is an important area of management. Work measurement can help in making the public organisations staffed by persons in right quantity and quality. Most of the committees and commissions have reported that government offices are over-staffed to a great extent but they have not offered any method by which to assess and curtail the staff.

3. Effective Planning and Scheduling of Operations

Effective planning and scheduling of operations require the exact estimation and availability of resources – personnel, money and material. All these can be made possible through the technique of work measurement as the information generated by this technique forms a reliable basis for planning and forward loading the personnel and material for the administrators to utilise them to their best advantage. The main cause of the failure of the planning in India has been the lack of any accurate measurement of work. Unless the work has been measured, it cannot be planned and scheduled with any assurance that a promised operation can be executed.

4. Effective Means of Control

Once the operations have been planned, then they are to be implemented to ensure the pre-designed output. Maintenance of proper records for all types of activities, and data pertaining to performance, which is maintained while work is being done, form a reliable basis for control.

5. Helpful in Cost Estimation

Standards are helpful in determining the cost of the work performed. This facilitates management in preparing budgets and measuring the effectiveness of forecasts. By knowing what the cost should be and comparing them with budget figures, it is possible to ascertain the reasons for the difference. This may mean that there is a need for devising more efficient procedures and setting new standards to conform to them. Thus, standards help in reducing costs.

6. Better Staff Morale

It creates better morale among staff through their perception of what is expected of them in terms of quantity and quality. The efficient staff can be separated from the inefficient and thus the work of efficient workers can be recognised. This is also helpful in installing incentive wage system.

7. Measures of Efficiency

Standards serve as a basis for measuring the effectiveness of any organisation by indicating the achievements as compared with the standards.

8. Better Management

On the basis of certain set standards, managerial functions can be predicted and discharged more effectively.

9. Direction to Future Research

The standards, which are laid down give clue to the problem areas where research may be carried out to solve the problem.

16.3 ESSENTIALS OF WORK MEASUREMENT

Besides the competence, the personnel doing work measurement must ensure the congenial environment within the organisation where work improvement programmes are being launched. The persons conducting work measurement must possess commonsense, imagination, patience, enthusiasm, tact and above all a pleasing personality. Let us discuss some of these factors, which may be kept in mind by the persons undertaking work measurement and the top management to ensure the best results.

a. Cordial Relationship

Work study team must establish cordial and equitable relationship with the persons working in the organisation being investigated. This would generate harmonious relationships advantageous to both sides. The study team should constantly endeavour to dispel the impression that they would devise anti-staff policies and measures. There should be mutual trust, sincerity, devotion, loyalty and an open attitude.

b. In-built Reliability, Consistency and Uniformity

The work study team should not suggest superficial suggestions, but ensure that the standards meet the criteria of reliability, consistency and uniformity. The organisation must provide the coercive measures in case of deviation so that the system can operate well.

c. Incentive Opportunity

The management must ensure provision of incentives to those who can ensure more efficiency and productivity as compared to the standards framed. This would encourage the keen workers to progress fast rather than allowing them to frustrate. .

d. Participative Management

Before enforcing the new standards, we must ensure their acceptance by all the employees in the organisation through participative management or management by objectives. There is a fear that the employees may resist and even resort to strikes, etc. if not taken in confidence. Such standards would be accepted whole-heartedly and would produce best results.

e. Cost Benefit Analysis

A huge cost is incurred in carrying out the work measurement programmes and ultimately maintaining such programmes. As a result of such an investment there should be certain benefits and saving over a period of time. The initial costs may tend to

increase, but they should soon level off to a point where savings should inevitably crop up.

f. Careful Selection of the Work Measurement Team

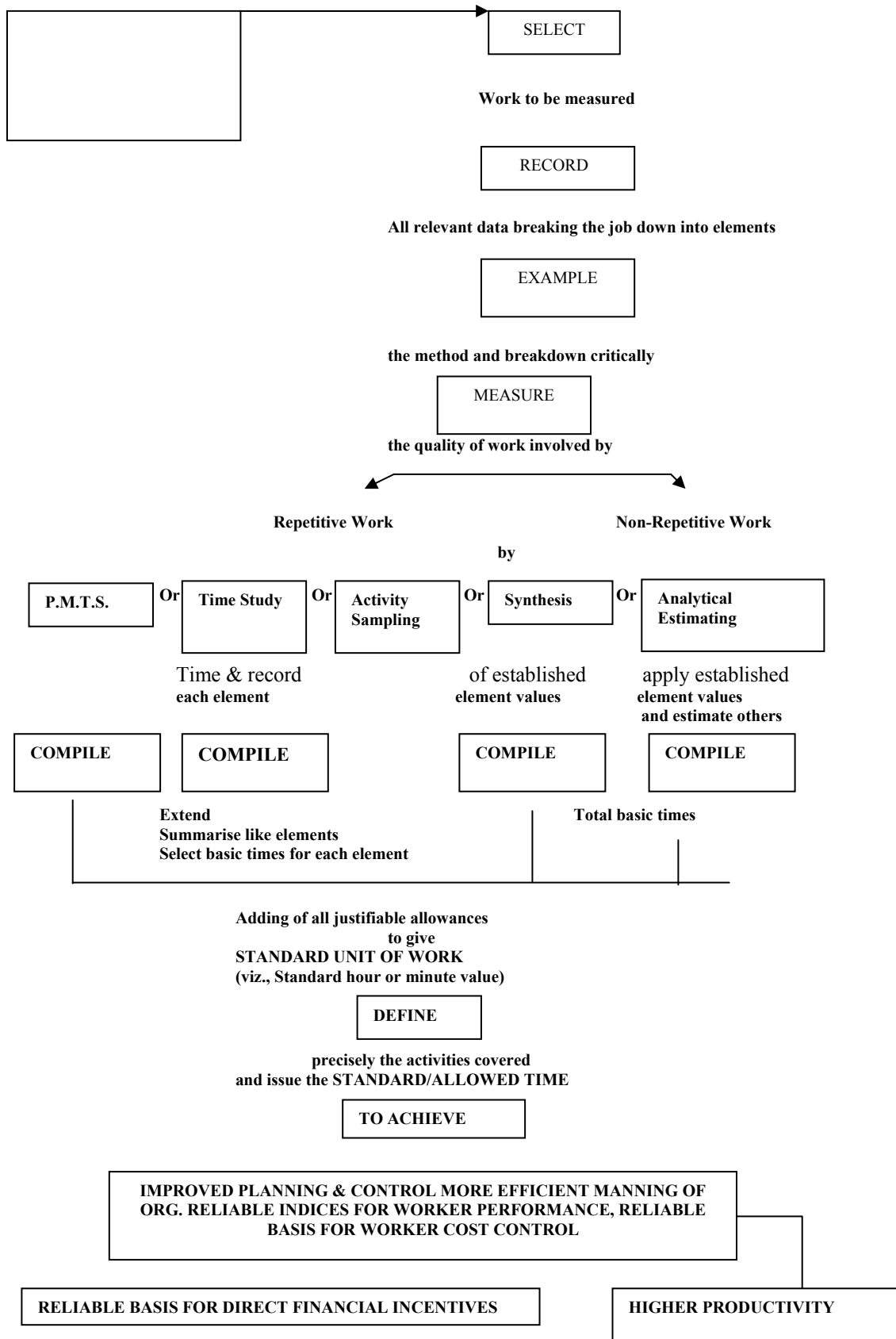
The success of the measures of work measurement programmes depends to a great extent upon the right skills and attitudes of the personnel associated with the team. Only properly trained and experienced personnel in the relevant field should be chosen. Measurement is a practical job and it requires a competent and experienced person.

16.4 WORK MEASUREMENT: BASIC STEPS

There are certain important basic steps in performing a complete work study. Some of them are relevant for method study, while these and some others are relevant for work measurement. Isolating those steps, which are necessary for work measurement, the basic procedure could easily be formulated. The essence of work measurement, would rely upon selecting the requisite unit of measurement. A standard unit of measurement should be comparable, exact and stable. The measurement of all work done in an organisation could be carried out through by any of the three ways i.e. individual output, groups on routine work and groups on special work. It includes certain basic steps as follows:

Select	the work to be studied.
Record	all the relevant data relating to the circumstances in which the work is being done, the methods and the elements of activity in them.
Measure	each element in terms of time over a sufficient number of cycles of activity to ensure that a representative picture has been obtained.
Examine	the recorded data and element times critically to ensure that unproductive or random elements are separated from productive elements; the recorded times of each element and determine a representative time for each.
Compile	time for the operation, which will provide a realistic standard of performance and will include time allowances to cover suitable rest, personal needs, contingencies, etc.
Define	precisely the series of activities and method of operation for which the time has been allowed and issue the time as standard for the activities and methods specified.

Figure 16.1 Work Measurement



16.5 WORK MEASUREMENT TECHNIQUES

We shall now discuss some important techniques of work measurement.

1. Subjective Judgment

Here work measurement involves the subjective judgment of the management, i.e., experience and guess work. This is generally known as rule of thumb standard. It is very difficult to apply these standards universally and in large-scale organisations. Moreover, these cannot be justified on scientific grounds.

2. Record of Past Performance

These represent what is rather than what should be. Standards thus arrived are indicators of work and time requirement and can be used for controlling the operations. It may be calculated as follows:

$$\begin{array}{lcl} \text{Staff members} & & \text{Total Number of staff} \\ \text{Minutes per unit} & = & \frac{\text{members considered} \times \text{Minutes in}}{\text{Weighted number of units completed} \quad \text{work week}} \end{array}$$

This method is not suitable to improve the performance of organisation as standards are measured on the basis of past performance and not what ought to be.

3. Scientific Methods

There are many scientific methods. These are:

- I. Time Study
- II. Pre-determined Motion Time Systems (PMTS)
- III. Activity Sampling
- IV. Analytical Estimating
- V. Synthesis

I. Time Study

Time study is the most important technique of work measurement. It is concerned with the direct observation of work while it is being performed. Let us define the concept of time study as applicable to work measurement. According to I.L.O (1974), “Time Study is a work measurement technique for recording the times and rates of working for the elements of a specified job carried out under specified conditions, and for analysing the data so as to obtain the time necessary for carrying out the job at a defined level of performance”.

In a document issued by Secretariat Training School, Ministry of Home Affairs, Government of India(1966), it is stated that “Time Study is a technique for determining

as accurately as possible from a limited number of observations the time necessary to carry out a given activity at a defined standard of performance.”

According to J.A. Larkin, (1969), time study is “a work measurement technique for recording the times and rates of working for the elements of a specified job carried out under specified conditions, and for analysing the data so as to obtain the time necessary for carrying out the job at a defined level of performance.”

The basic steps in the time study procedure have been depicted as follows.

- i) This is said to permit the rate of working to be assessed more accurately than would be possible if the assessments were made over a complete cycle. The operator may not work at the same pace throughout the cycle and may tend to perform some elements faster than others.
- ii) Enable the different types of elements to be identified and distinguished, so that each may be accorded the treatment appropriate to its type.
- iii) Enable elements involving high fatigue to be isolated and to make the allocation of fatigue allowances more accurate.
- iv) Facilitate checking the method so that the subsequent omission or insertion of elements may be detected quickly. This may become necessary if at a future date the time standard for the job is queried.
- v) Enable a detailed work specification to be produced.
- vi) Enable time values for frequently recurring elements, such as the operation of machine controls or loading and unloading work pieces from fixtures, to be extracted and used in the compilation of synthetic data.

When the above preliminaries are taken care of, the actual measurements can begin. The basic time study equipments are:

- (i) Stop-watch
- (ii) A Study board
- (iii) Pencils (jotting down equipment)
- (iv) Time Study forms
- (v) Slide rule (for speeding up calculations), and
- (vi) Measuring instruments for distance and speed such as rulers, tapes micrometer, tachometer, (revolution counter) etc.

2. *Pre-Determined Motion Time Systems (PMTS)*

It is a work measurement technique whereby time established for basic human motions are compiled to build up the time for a job as a whole at the defined level of performance.

Basic human motions are tabulated with time standard for each basic human motion. When using these systems to compute the standard time for a job, the operation is first analysed into its component motions; going in much greater detail than is normally done in method study. The time corresponding to each of the minutely analysed motions is then read from tables, and the job time is obtained by adding all the individual times. To apply one of the basic systems to manual task, taking only one minute to perform may require as much as 100 minutes of analysis and computation.

Advantages

- i) The tabulated values are ready for immediate use and do not have to be built-up within the individual organisation.
- ii) They are universal in character and not confined to a limited number of elements. Time standards for most of the physical activities carried out in the average factory can be built-up from the basic times.
- iii) They are applicable anywhere, so that, in theory, identical jobs done in different factories should have identical time standards if the work study persons setting them have been properly trained.
- iv) They focus attention on the method before the time can be set and offer a more precise means of recording than any other existing system.
- v) They are of value in training operators in new methods, since the paths of movement are precisely described.
- vi) Because of the detailed breakdown, changes in methods can immediately be identified.

Uses of Motion – Time Measurement

This method has been applied for a number of years for:

- 1. Developing effective methods in advance of imitating production.
- 2. Improving existing methods.
- 3. Establishing standard data.
- 4. Estimating.
- 5. Guiding product design.
- 6. Developing Effective tool designs.
- 7. Establishing time standards.

8. Selecting effective equipment.
9. Training supervisors to become highly methods conscious.
10. Settling grievances.
11. Research, particularly in connection with methods, learning time and performance rating.

Disadvantages

- i) It is not scientifically possible to add times for individual small motions in the way required by the systems, as a particular motion may be influenced by preceding and succeeding motions.
- ii) It is uneconomic for non-repetitive jobs.
- iii) It requires highly trained staff.

3. Activity Sampling

Activity sampling is a technique in which a large number of instantaneous observations are made over a period of time, of a group of facilities, machines, and processes of workers. Each observation records what is happening at that instant and the percentages of observations recorded for a particular activity or delay is a measure of the percentage of time during which that activity or delay occurs.

Rhyne and. Freeman(1986), have stated that the power of the work sampling technique lies in the theory of probability “that is a few observations taken at random from a large group (population) tend to represent the characteristics of the group.”

Activity sampling is also known as ratio-delay study, observation ratio-study, snap reading method, random observation method, machine utilisation studies and activity ration studies. The technique essentially measures (i) activities and delay, (ii) certain measures manual tasks to establish a time standard for an operation.

Objectives

The activity sampling attempts to:

- i) Determine the various causes for the given degree of labour and equipment utilisation and the effect of each cause.
- ii) Determine the spheres in which management policies and their application needs to be studied in detail for purpose of improvements. This may suggest either necessity of method study or development of proper maintenance procedures or production planning and control system or any other such aspect of management.
- iii) Get a measured evaluation of a machine utilisation as a basis for decisions regarding machinery replacement or purchase of additional machines.
- iv) Determine operator, machine and departmental efficiency.

- v) Establish limits of variations for operator, machine and departmental efficiency for purposes of maintaining day-to-day control over their working.
- vi) Determine extent of seasonal or periodic variations, if any, of workload.
- vii) Isolate men or machines responsible for maximum inefficiency for purposes of taking technical or administrative steps to rectify the situation.
- viii) Determine personal and daily allowances to be incorporated in time standards.

Activity Sampling Steps

- i) State the objectives, purposes of the project or problem and describe in detail each item to be measured.
- ii) Design the study.
- iii) Determine the number of observations to be made and issue instructions accordingly to study team-members. This should not be made known to the object being studied.
- iv) Make the observations according to the plan.
- v) Check the accuracy or precision of the data at the end of the study.
- vi) Prepare report and state conclusions and recommendations.

Advantages

- i) It can measure many of such activities as are impracticable or too costly to be measured by time study or by other work measurement techniques.
- ii) Unlike time study, one management analyst can collect information about simultaneous activities of a group of men or machines or both.
- iii) It can be learnt quickly.
- iv) It can be interrupted at any time without affecting the results.
- v) It can be used where the stopwatch is banned.

Disadvantages

- i) It is difficult to apply this on jobs of short duration.
- ii) It cannot provide elemental details that can be obtained from time study.
- iii) It is sometimes difficult to convince the management and the workers about the validity of the result of an activity sampling.

4. Analytical Estimating

According to I.L.O (1974),“Analytical estimating is a work measurement technique whereby the time required to carry out elements of a job at a defined level of performance is estimated from knowledge and practical experience of the elements concerned”.

This technique serves all the basic purposes of other work measurement techniques. However, it is slightly less precise owing to the greater reliance on judgment.

Essential Features

1. The employment of skilled persons with experience in the work concerned as estimators.
2. Giving these persons a thorough training in work study, including both method study and time study. It is important that they should be able to recognise standard performance rates of working.
3. The making of an initial method study of the job in as much detail as it is economical.
4. Breaking down the job into elements and determining time for each element based on standard performance. Where possible, element times are derived from time study data or synthetic times. Where no such data exist, time is estimated on the basis of the estimator's experience.
5. When all the element times at 100 rating have been determined they are added together and the total basic time for the operation is worked out. Relaxation allowances are added as a percentage of the total time. Any additional allowances are then added.

The theory of analytical estimating appears simple but it is difficult to apply in practice. It must be carried out under the guidance of an expert.

5. Synthesis

According to an I.L.O. Publication, (1974), “Synthesis is a work measurement technique for building-up the time for a job at a defined level of performance by totaling element time obtained previously from time studies on other jobs containing the elements concerned, or from synthetic data”.

Government of India Secretariat Training School Manual (1966), states, “Synthetic times (or synthesised time standards) are time standards built-up (synthesised) from element times previously obtained from direct time studies.”

This is a work measurement technique for building-up the time for a job at a defined level of performance by totaling element times obtained previously from time studies on other jobs containing the elements concerned. The main purpose of the synthesis stage of the work measurement is thus to take the measured constituent parts (elements) and build them together again. The procedure of synthesis is commonly called setting-up and there are varied ways of accomplishing it. For this technique, the normal/basic times of small elements of work have to be available set out in properly indexed files. These cover manual processing or and machine activities which have been measured by time studies.

Provided valid data exist and the analyst identifies all the constituent elements of the job and applies this data correctly, then the resulting time standards should be as accurate as if measured by time study.

When compiling synthetic times it is not important that the operations providing the basic data should have been timed under identical conditions; in particular, similar methods and equipment must have been used and the operation must have been broken into identical elements. The possibility of using data from any one study as a basis for synthesis time is one of the reasons for making a precise and full job specification at the time of issue of the time standards.

Three types of elements may be encountered when compiling synthetic times:

1. Elements, which are identical from job to job.
2. Elements which are similar in nature but vary in difficulty and in the length of time necessary to perform them as the size, weight, pressure, etc., involved.
3. Elements, which are controlled by the physical or technical characteristics of the material and the process, including automatic machine elements controlled by speed, depth, etc.

Advantages

1. They are usually based on data derived from a large number of studies and are thus more reliable than time derived from single study.
2. Where the elements for which synthetic times have been compiled recur repeatedly in various jobs performed in the undertaking, so that the work involved in compiling such times is justified, they often eliminate the need for prolonged individual studies, although it is usual to make a short check study after the synthetic time has been compiled in order to ensure that no activity has been overlooked.
3. They are valuable in estimating time standards for production planning and estimating for quotation purposes.
4. They are useful in planning teamwork activities such as in an assembly line or group working, as in garment making, to reduce imbalance in the early stages.

Essential Steps to Establish Standard Data

1. The range of items to be covered is determined.
2. A trail breakdown of elements common to all items is established.
3. Time studies are made of the entire range of items to be covered.
4. A master list of elements is prepared and listed on a master summary sheet.
5. The individual element times for each time study are posted on the master summary sheet.

6. The constant elements are separated from the variable elements and the results are shown in the form of curves, tables and formula.

16.6 CONCLUSION

The effectiveness of public systems management is dependent to a great extent on the satisfactory performance of human resources. There is a need to develop yardsticks to determine human effort, which facilitate the planning of operations, staffing, control and suitable incentive mechanisms. This involves determining the time needed for carrying out functions at a level of performance. This facilitates accountability for the performance of assigned tasks..

16.7 KEY CONCEPTS

Element

An element is a distinct constituent part of a specified activity or task composed of one or more fundamental motions and / or machine or process activities selected for convenience of observation and timing.

Rating

It is the assessment of the worker's rate of working relative to the observer's concept of the rate corresponding to standard pace.

Work Time Study

It is a work measurement technique for recording the times and rates of working for the elements of a specified job carried out under specified conditions, and for analysing the data so as to obtain the time necessary for carrying out the job at a defined level of performance.

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16.9 ACTIVITIES

1. Observe any activity being performed in your house or neighbourhood and attempt to determine time required for its performance.
2. Enquire from any employee working in public or private enterprise about any work measurement techniques developed in the organisation.

UNIT 17 SELECTIVE MARKET TECHNIQUES

Structure

- 17.0 Learning Outcome
- 17.1 Introduction
- 17.2 Human Resource Development
- 17.3 Organisation Development
- 17.4 Techniques for Improving Efficiency and Productivity
- 17.5 Conclusion
- 17.6 Key Concepts
- 17.7 References and Further Reading
- 17.8 Activities

17.0 LEARNING OUTCOME

After going through this Unit, you should be able to:

- Explain the significance of human resource development
- Discuss the concept of organisation development; and
- Highlight some key market techniques that help in improving efficiency and productivity.

17.1 INTRODUCTION

There are now a number of agencies engaged in marketing personnel services, which is said to lead to effectiveness of their organisational systems. Let us discuss the select market techniques for developing the personnel and organisations. We shall be discussing these aspects in detail in the Course MPA-014 on Human Resource Management.

Human Capital is the key to development. Public systems management as we all are aware is exposed to competitive environment and is also in the process of service delivery involved in marketing of services and goods. The competitive scenario marked by entry of new competitors, responding to the needs and choices of customers, maintaining a balance between demand and supply of goods and services calls for human resource with strong marketing abilities, and managerial skills. With certain core competencies, one needs to look at the organised human resources and their capabilities to achieve the desired objectives.

In this Unit, we shall focus on the human resource development, organisation development and a few market techniques, which shall enhance the public organisations' efficiency and productivity.

17.2 HUMAN RESOURCE DEVELOPMENT

The quality of the public organisations would be dependent to a great extent upon the quality of the employees engaged in their operations. Personnel constitute a key component of the administrative machinery.

Ferrel Heady (1979), considers, "The importance of administration is almost universally recognised amongst commentators on development. An effective bureaucracy is coupled with vigorous modernising elite as a prerequisite for progress".

Among the three components required for developmental tasks – personnel, money and material, it is more the human element than any other factor which determines the quantity and quality of the performance and output. Sharp (1961), has aptly remarked, "Good administration is a composite of effective organisation, adequate material facilities and qualified personnel. Even poorly devised machinery may be made to work if it is manned with well trained, intelligent, imaginative and devoted staff. On the other hand, the best planned organisation may produce unsatisfactory results if it is operated by mediocre or disgruntled people".

Personnel constitute an integral and crucial aspect of public organisations. It is with their requisite skills, aptitude, integrity and organising capacity that they can build the image of their organisations as effective institutions in the nation building process.

There is a general tendency in the organisations to lay emphasis on materials and financial management to the utter neglect of the personnel. What are the consequences? It is observed that the process of development takes longer, sometimes even fails. Why? The main reason for this is that we are not attending to the administration of personnel earnestly who are the real agents of development and ultimately the beneficiaries of the process of development. Persons, properly selected and given the job of their choice, produce excellent results, otherwise they are a liability on the organisation.

Every State is enormously dependent upon the quality of its public officials. "The civil service" writes Sir William Beveridge, "is a profession, and I should like it to become and realise itself as a learned profession." According to Milton Mandell, it is "a system predicated on recruiting young men and women with capacity to learning and growth, training them in order to develop and utilise their aptitudes, and offering them opportunities for advancement in responsibility and remuneration." Therefore, there is a need to propagate this art among the personnel, especially the top personnel, to make the organisations viable and efficient. However, there is a great need to make this art perfect and professional through training and development, case studies and research.

The perceived lack of focus on the issue of marketing human resource development might be one of the reasons for training and development not being given the credence it deserves.

Human Resource Development (HRD) has become the key functional area in public administration and in management generally, since technology per se no longer grants sufficient competitive advantage in today's global world of accelerated dissemination of information and knowledge. Personnel resources are, therefore, to be optimally tapped for organisational excellence, and here again the over-emphasised left brain skills of analysis and logical manipulation are being found to be insufficient to meet the transformational needs generated by quickening change (Saran, 2000).

According to United Nations, the basic objectives of HRD in administration are to:

- equip the civil servant with precision and clarity in transaction of business;
- attune the civil servant to new tasks which he/she will be called upon to perform in a changing world;
- develop resistance to the danger of becoming mechanised by visualising what he is doing in wider setting and by preserving his own educational development;
- develop capacity for higher work and greater responsibility;
- develop and maintain staff morale, particularly because a large number of people have to deal with tasks of a routine nature;
- inculcate right attitude towards the public, never forgetting that the civil servant is the servant and not the master of the community; and
- sustain the human touch not only in direct personal contact with the public but also in handling correspondence which demands a proper sense of urgency and due consideration of the “man at the other end”.

Singh (2000) opines, “HRD refers to the improvement in the capacities and capabilities of the personnel in relation to the needs of that particular sector. It involves the creation of a climate in which the flower of human knowledge, skills, capabilities, creativity can bloom ... Human Resource Development seeks to provide a package of systems and processes through which these can be cultivated and enhanced among the people forming part of the network of roles in that sector”.

So as we can see, some element of marketing of the functions and processes of HRD is necessary, although it may not be of the overt nature that is often associated with marketing products. Wilson *et al* (1992), suggest that customers can be grouped together according to their needs, not just their development needs but also a range of needs that become important, from the point of view of the customers. Analysing the market with these questions can help:

What service is on offer

Personal development

Management development

Organisational development

At what price or cost

High (lengthy accredited courses)

How to contact the customer

Direct mail

Selling

Consultancy

Where to deliver it

Classrooms

Open learning

On the job

In order to market the Human Resource Development (HRD) function effectively to these groups, an analysis should be undertaken using the questions described earlier. What should become clear from this are the very different learning needs, preferences and expectations that originate from the different segments.

There are many advantages of taking the help of specialised agencies engaged in the marketing of HRD activities. Armstrong (1999), mentions the following advantages and areas for HRD marketing.

There are certain reasons for outsourcing human resource development activities.

- Cost saving – human resource costs are reduced because the services are cheaper and the size of the function can be cut back.
- Concentration of human resource effort – members of the function are not diverted from the key tasks, which add value.
- Obtaining expertise – know-how and experience that is unavailable in the organisation can be purchased.
- Optimisation – Achieving the best out of given resources
- Sole Satisfaction – Enjoying the role leading to high production
- There are certain areas being outsourced in present times which include, employee health and welfare, compensation, occupational health etc.

HRD in brief is transformation of potential human resources into productive human resources for optimisation of the capacities of the employees. It has been rightly said in a study of the capacity of United Nations Development System that “Human rather than capital is the key to development.” Development is not a mechanical process. It is a human enterprise and its success will depend ultimately on the skill, quality and motivation of the persons associated with it.

It is therefore, by increasing the efficiency, integrity and the intelligence of its personnel that the organisation will give itself the real means for advancing towards growth and productivity. The constant improvement of the efficiency of an employee is as much the responsibility of the employee himself as of the organisation. Thus, there is a great need for marketing HRD activities.

Marketing human resource development, according to some, can be carried out in the same way as marketing the human resource contribution as a whole. The difference is that employee development 'products' are more easily identifiable and there is stronger competition from external providers (although slimmed-down employee development functions are increasingly relying on external sources to deliver training). There is therefore a greater need to create a brand image (branding), which can be used to identify all information and communications about employee development initiatives.

The other approaches to marketing HRD are:

- Market research to identify customer needs - this means identifying managers' business needs first and then suggesting how training can satisfy them.
- Competitor analysis to establish what external providers are offering.
- Customer surveys to establish the degree to which internal customers are satisfied with the products on offer to them.
- Establishing target markets based on an analysis of the market segments in which the employee development function will concentrate.
- Market planning to determine the actions required to develop new products or to reposition the existing ones and what needs to be done to promote those products to customers (mainly internal, but some employee development departments market their products and services externally).
- Sales promotion - the promotional and communication campaigns required to assist product launches and to increase demand for the products on offer.

Specific Action Plan and Strategy

It is necessary to develop a time-bound plan to implement the proposed changes. We may use here techniques like Programme Evaluation Review Technique/Critical Path Method. We have referred to these techniques in Unit 14 of this Course. There is a need to design the strategy in terms of goals and objectives. HRD represents an intervention strategy with, inter alia the following overall objectives, namely:

- 1) Arresting obsolescence, both individual and organisational (preventive)
- 2) Bridging pre-active insufficiencies of knowledge and professional skills (curative)
- 3) Shaping adjustments with socio-technological, environmental changes (adaptive)
- 4) Developing new outlook, an ethological version of quality excellence and accomplishment (promotive), and
- 5) Making a total human being with new cultural attributes (transformative) (Dey, 1982).

The most important task of an organisation must be to give abundant and constant evidence of its belief that personnel in an organisation are the key to development. This requires proper motivation of the employees, which provides a base for the management functions of planning and organising. It has been noticed that the performance of the personnel either as individuals or members of a group is less as compared to their capabilities in terms of skills, abilities and capacities.

Training Contents

The training courses generally include the following aspects:

- a) **Job Aspects:** The particular job that has to be supervised such as the knowledge of the job, planning procedures, work analysis, methods of work, organisation and coordination and cost analysis of the service.
- b) **Human Aspects:** Skills to improve motivation to increase the productivity of personnel working in the organisation.
- 1) c) **Organisation Aspects:** Knowledge of the organisation, the use of records, communication skills and ways of raising the morale of the employees.

HRD approach focuses on the optimum utilisation of valuable human resources through tapping their potential energy to vitalise, activate and renew an organisation to generate dynamism and development.

Civil servants are being given training in many training institutes set up by the government and also in some specialised training institutions to achieve the objectives of the organisation.

According to Mathur (1989), the basic objectives of HRD in government are to:

- a) Help the employee to overcome the weaknesses and improve upon strengths and thus enable him/her to enhance his/her performance as well as that of the department.
- b) Generate adequate feedback and guidance from the reporting officers or supervisors to the employee.
- c) Contribute to the growth and development of the employee by helping him/her through realistic goal setting.
- d) Provide a system of rewards comprising salary increments, appreciation, additional responsibilities, promotions, etc.
- e) Help in creating a desirable culture and tradition in the organisation.
- f) Help in identifying employees for the purpose of motivating, training and developing them.
- g) Generation of significant, relevant, free and valid information about employees.

There is a general fallacy widely prevalent in the senior circles of bureaucracy that the top level administrators do not really need any kind of training and that there is very little

for them to learn. Such attitude impedes organisational effectiveness. The reforms needed on this front are:

- a) Revision of the basic concepts underlying the present personnel policy
- b) Modernisation of administrative practices
- c) Introduction of a career development system
- d) Reform of recruitment methods
- e) Establishment of an expanded training programme; and
- f) Special organisational studies.

Surveys of Compensation in the Market

Another area of marketing in HRD is the determination of compensation available in the market for various kinds of job to keep their employees contented, avoid absenteeism and flight of personnel.

To ensure that pay levels are competitive, it is necessary to track market rates for the jobs within the business, especially those that are particularly vulnerable to market pressure because of scarcity factors. This is some times called benchmarking.

This can be entrusted to an outside agency. The activity requires

- Obtaining accurate and representative data covering base pay, bonuses and benefits
- Comparing them with terms of the type and size of the job and the type of organisation - this is the process of 'job matching'
- Obtaining up-to-date information
- Interpreting data in the light of the organisation's circumstances and needs; and
- Presenting data in a way which indicates the action that is required.

The agency would do all types of surveys efficiently and at a lesser cost.

17.3 ORGANISATION DEVELOPMENT

Organisation development involves basically structuring the work situation in an organisation with a view to improving organisational efficiency. Bennis (1969), considers organisation development as “a complex educational strategy intended to change the beliefs, attitudes, values and structure of organisations so that they can better adapt to new technologies, markets and challenges, and dizzying rate of change itself”. Organisation development (OD) is a strategy that deals with managing change.

Organisation development is presented as a cycle:

- 1) Confrontation with environmental problems, change opportunities, recognising the issues that confront the organisation.

- 2) Identification of implications for organisation.
- 3) Educate to obtain understanding of implications for organisation.
- 4) Obtaining involvement in the project of key stakeholders.
- 5) Identification of targets and specific goals for change.
- 6) Change and development activities.
- 7) Evaluation of project and programme in current environment and reinforcement.
- 8) Return to stage one (Rose and Lawton, 1999).

OD is a long term strategy and is a continuous activity. The explicit objective of OD effort is to increase the capability of organisation as also the groups and individuals who are participating to learn and apply new ways of dealing with complex internal and external relationships and processes and to view and manage change as an internal and external function.

OD can be brought about either through top or bottom up approaches. It encompasses an analysis of the organisation, which involves the structure, authority and power relationships amongst the levels, role of different categories of personnel, inter-relationship amongst them, the several tiers and levels in the organisation.

Organisational development recognises the importance of groups and is concerned with building effectiveness through team building. For OD to be successful, it requires a learning organisation where communication is valued and skills development is encouraged. Graham (1989), indicates some of the techniques that have been used in the public sector:

- Customer care training
- The encouragement of personal responsibility through:
 - ▣ Career planning
 - ▣ Appraisal systems
 - ▣ Human resource strategy
- Self-managed training
- Joint training of managers and politicians in local government
- Networking
- Coaching
- Monitoring

17.4 TECHNIQUES FOR IMPROVING EFFICIENCY AND PRODUCTIVITY

Personal Services

Agencies, which are well established, can reach the customer through a number of methods. The agencies must keep in mind that it is easy to destroy the mountains than to change the minds of the people. So the agencies must handle marketing professionally. The agencies according to Armstrong (*op.cit*), can make use of the following techniques.

- Direct mailing
- Telephone sales
- Brochures and inserts
- HRD newsletters
- Corporate newsletters
- Internet and Intranet
- Seminars and conferences
- Focus groups
- Media
 - ▣ Advertisements on television and radio
 - ▣ Advertisements in journals and newspapers
 - ▣ Articles or case studies
- Customer visit and consultancy
- Word of mouth.

People purchase HRD services. By working on the relationship between them and the organisation it is possible to gain customer loyalty. This can be achieved by:

- Ensuring that they perceive that they are important to the organisation
- Building rapport with them;
- Giving them opportunities to gain prestige with their peers and in particular their boss;
- Taking time to understand their needs more specifically;
- Encouraging them to take ownership for the service that is provided; and
- Offering rewards and incentives.

Consultants

Management consultants act as service providers in such fields as recruitment, executive search and training. They also provide outside help and guidance to their clients by advising on the introduction of new systems or procedures or by going through processes of analysis and diagnosis in order to provide recommendations on solutions to problems

or to assist generally in the improvement of organisational performance. Their role is to provide expertise and resources to assist in development and change.

Work Study

Work study aims at the elimination of inefficiency in the functioning of management and administration through ensuring optimum utilisation of resources – personnel, money and material. It is probably the most well known and widely publicised analytical technique in works management.

“Work study is a technique used in the examination of human work in all its contexts, and which leads systematically to the investigation of all the factors which affect the efficiency and economy of the situation being reviewed in order to effect improvement” (ILO, 1974).

Various reasons for use of work study are summarised as under:

- 1) It is a means of raising the productive efficiency (productivity) of a factory or operating unit by the reorganisation of work, a method that normally involves little or no capital expenditure on plant and equipment.
- 2) It is systematic. This ensures that no factor affecting the efficiency of an operation is overlooked, whether in analysing the original practices or in developing the new and that all the facts about that operation are available.
- 3) It is the most accurate means of setting standards of performance, on which the effective planning and control of production depends.
- 4) The savings resulting from properly applied works study start at once and continues as long as the operation continues in the improved form.
- 5) It is a tool, which can be applied everywhere. It can be used with success wherever manual work is done or plant is operated, not only in manufacturing shops, but also in offices, stores, laboratories and service industries, etc.
- 6) It is one of the most penetrating tools of investigation available to management. This makes it an excellent weapon for handling inefficiency in any organisation, since, in investigating one set of problems, the weaknesses of all other functions affecting them will gradually be laid bare.

Method Study

Method study is one of the techniques of work study to improve on ‘how’ of doing work. It is a technique to improve methods of work, with a view to increasing efficiency and effectiveness of resources – personnel, money and material. In common parlance, ‘method’ stands for the means of accomplishing an end while ‘study’ means application of mind to a problem or an exercise. Method study, then traces the cases responsible for poor administrative performance so that appropriate remedial action may be taken. In broad terms, it may be said that the method study approach can help in successfully grappling with solutions to all problems, the organisation encounters. In sum, we can say that the method study is like an autopsy interested in eliminating the disease rather than

the symptoms of ailment. The scientific and technological advancements are affecting the functioning of governmental machinery and thus there is a corresponding need to adjust the methods of public administration to suit the changing conditions for optimum performance. Method study can be of immense value to the administrators through its help in adjusting the procedures of work to the changed conditions. It is a continuous activity to ensure that the methods of work in an organisation are in tune with its objectives and are helping in accelerating the progress of the organisation rather than retarding it. Method study must be used when a new organisation is created or when an alteration is made in the existing organisation or when the problems arise in the existing organisations.

Method study is basically interested in finding better ways of doing things which can result in a better performance.

- a) Refining existing obsolete processes and procedures
- b) Improved layout of office and working environment
- c) Economy in human effort
- d) Suggesting the best use of money and material
- e) Better design of the goods or services provided by the organisation
- f) Enhancing quality
- g) Job satisfaction
- h) Improved flow of work
- i) Standardisation of processes and products

In brief, the method study aims at optimisation of resources, which are :

Manpower: Skill, morale and effort

Materials: Inventory, quality, standards

Services: Communication and information systems

Method study attempts to bring about:

- Changes in managerial styles and practices
- Management training and development
- Group activity and participation of various types
- Introduction of productivity incentive schemes; and
- Development and strengthening of productivity improvement measures including international networking activities.

17.5 CONCLUSION

The proficiency of an individual is not creative until it transforms, the means to act diligently, with one's heart in work, with zeal to improve, a spirit to outshine one's own abilities, into efficiency. This spirit of challenging oneself is the secret of self-improvement and unfolding of personality. It has become essential for every organisation to take care of the management of the personnel.

A large number of services in human resource development and organisation development strategies are being marketed by the concerned agencies. There would be a lot of benefit in engaging the services of these marketing agencies in the areas of organisational development and human resource development. This is a potential market area and is going to expand in a big way.

In public systems management, marketing of services is increasingly becoming important.. Hence, building human capital in public organisations assumes critical significance.. The competence, skills, and motivation of personnel need to be continually monitored and upgraded to meet the needs and expectations of the target consumers and to serve the overall objectives of the organisation.

17.6 KEY CONCEPTS

Bench Marking

It is a way of measuring the quality of products, services, practices of one organisation with other competing organisations. It emphasises on comparison, to improve performance by identifying the gaps, and bring about improvements in performance.

Critical Path Method (CPM)

It is a project management technique that analyses as to which activities are the most important or critical for completion of project on time. It attempts to lay down the duration of project based on the activities that fall along the "critical path". Activities which are on the critical path are key for the completion of project and cannot be delayed. Generally activities that lie along the critical path are set of dependent tasks that take the longest time to complete. Hence these require special attention by the project manager and other project personnel.

Market Planning

Planning is an important activity of all organisations. Market planning aims to define the marketing goals and objectives that are to be achieved within a specified period. It covers areas such as pricing of the product, its sales, analysis of competitive environment marketing strategies etc.

Programme Evaluation and Review Technique (PERT)

It is also a project management technique evolved by US Defence Department in 1958. It attempts to construct a network model of activities and events and schedules their time frame. It facilitates the task of determining a project's completion time. Each activity is

given three time estimates – the optimist time, the most likely time and the pessimistic time. These estimates are used to determine the average completion time.

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17.8 ACTIVITIES

1. Visit any public organisation, enquire about the human resource development practices and note your observations.
2. What according to you, can be effective techniques of enhancing organisational productivity?

UNIT 18 FUTURE DESIGNING TECHNIQUES

Structure

- 18.0 Learning Outcome
- 18.1 Introduction
- 18.2 Group Decision Making
- 18.3 Group Decision Making Techniques
 - 18.3.1 Brainstorming
 - 18.3.2 Synectics
 - 18.3.3 Delphi
 - 18.3.4 Nominal Group Technique
 - 18.3.5 Heuristic Technique
- 18.4 Trend Extrapolation
- 18.5 Normative Forecasting
- 18.6 Conclusion
- 18.7 Key Concepts
- 18.8 References and Further Reading
- 18.9 Activities

18.0 LEARNING OUTCOME

Upon completion of this Unit, you should be able to:

- Explain the concept of group decision making
- Discuss the key group decision making techniques; and
- Enumerate the trend extrapolation techniques

18.1 INTRODUCTION

The organisation's ability to adjust, adapt and modify its strategies to rapidly changing environment – a futuristic approach, so to say – is the key to its steady growth and development. This requires an organisation to anticipate future environment effectively. Therefore, future estimation must be done as precisely as possible.

The methodologies available for technological forecasting come under many broad categories. Each methodology has its advantages and disadvantages and the forecaster before employing it must be fully aware of the limitations of a particular methodology. Often, forecasts made with the help of different methodologies can be used as cross checks on individual results. The best approach is to use if possible, a combination of methodologies. A concurrence of forecasts made using different methodologies increases confidence in the initial forecast (Rohtagi, *et. al*, 1979).

In the past (and to some extent in the present also), individuals, on the basis of their intuitive ability gained through experience and knowledge, generally used to predict the future. Simon's 'behavior alternative model' which is the most noted decision model, is individual centric, relying on a rational individual's weighing of pros and cons of alternative courses of action in a problem situation. However, since current technological innovations and organisational complexity require multidisciplinary interactions, a single individual however competent he/she may be, is not able to do the job. Even the combining of the views of different persons in the form of opinion polls etc. would not serve the purpose. It is in this context that group decision making is considered an important aid to organisational decision making. In this Unit, we shall examine the concept of group decision making, its important techniques including the trend extrapolation techniques.

18.2 GROUP DECISION MAKING

In today's organisations, a large number of decisions are usually taken by a group of people rather than an individual, e.g., in a business enterprise, decisions are generally taken by the Board of directors or its committees. For example, in the Universities, most of the decisions are taken by the Senate, Syndicate and other academic bodies. We may distinguish here between policy-decisions and day-to-day decisions. Policy decisions are generally taken by the group, while the individual decides on the pattern of policy-decisions, i.e., there is very little discretion vested in the individuals to avoid favoritism and nepotism. Group decision-making is very essential in complex situations dealing with multiple aspects and to handle such situations, generally committees, study teams, task forces, review panels, expert committees, etc., are appointed. Group decision-making is significantly influenced by the environment and culture of organisations and the action profile of its members. Democratisation and dispersal of power are the basic requirements for effective group decision-making. Group decision-making cannot take place in an organisation, which is predominantly characterised by an autocratic decision-making style.

Group Decision-Making Situations

Let us discuss two special situations of group decision-making.

(i) Risk Shift Phenomenon

It has generally been observed that groups generally are more prone to taking riskier decisions than individuals. Four reasons are advanced for these phenomena.

- a) Risk-takers are able to persuade other members to change their views in favour of risky decisions.
- b) Members, after becoming familiar with the issues, feel more confident to take risky decisions.
- c) Responsibility for decision-making can be passed on to others, thus avoiding the fear of being pin-pointed.
- d) Risk taking offers an opportunity for the group members to become the leaders. Dominant and clever members generally occupy the leadership berth in a group.

(ii) Group Thinking

This phenomenon was first discussed by Janis (1971). It refers to a mode of thinking in a group in which the seeking of concurrence among members becomes so strong and compulsive, that it overrides any realistic appraisal of alternative course of action. The members exhibit a tremendous desire for unanimity, whereby, some individuals become passive.

Advantages of Group Decision-Making

Following are the major advantages of group decision making:

(a) Establishing Realistic Objectives

Groups possess greater cumulative knowledge and facts as the members represent different specialisations and each can thus contribute from one's own perspective or angle and help in sharpening the decisions to be taken. The individual may take the decision in a hurry, while all the pros and cons are thoroughly examined by the members of the group.

(b) Developing Alternatives

Since a group consists of many members, therefore, there is a possibility of developing many alternatives before a decision is finalised. An individual maybe biased in favour of one-sided approach, while the group examines all the available alternatives before finalising the decision.

(c) Participation and Support from Members

Since the decision is taken with the help of members, it is supported during implementation. They are ready to own the responsibility for any lapse, etc. If they are more satisfied with the decisions, they are more likely to achieve the objectives.

(d) Group Cohesion

Members of a group while deciding collectively develop certain common attitudes, beliefs and emotions. These feelings and beliefs, over a period of time, get strengthened and develop group norms.

18.3 GROUP DECISION MAKING TECHNIQUES

Let us discuss the following five techniques, which can help in group decision-making.

- 1) Brainstorming
- 2) Synectics
- 3) Delphi
- 4) Nominal Group Technique
- 5) Heuristic Technique

18.3.1 Brainstorming

Brainstorming was developed by Alex F. Osborn to help trigger creative ideas in the field of advertising agency. He explained the term as the use of the brain to storm a creative problem – “and to do so in commando fashion, with each stormed decision audaciously attacking the same objective.” Brainstorming generates new ideas, solves

problems, motivates and develops teams. It motivates the teams to work together. Brainstorming process involves:

- Definition and agreement on objectives
- Categorising, combining and refining of ideas
- Assessing the effects and results
- Prioritising the options
- Agreeing on action
- Controlling and monitoring the follow up

In order to obtain the maximum creativity from the group under the brainstorming technique, following points may be kept in mind:

- a) Ideas can be criticised freely.
- b) “Free-wheeling” is welcomed. The wider the idea, the better, as it is easier to take down ideas than to think about them.
- c) Quantity is encouraged. People should be asked to develop as many ideas as possible.
- d) Combination and improvement are sought. In addition to contributing ideas of their own, participants should react to the ideas of others so that they can be turned into better ideas; or two or more ideas can be integrated to instill another new idea.
- e) Problems may be split into parts if it is unmanageable.

According to Rohtagi *et al* (*op. cit*) the following conventions need to be adopted during a brain storming session.

- 1) The session should be very informal and free. Very frank and unorthodox views, some of which may be close to absurd, are allowed. The formal trappings and paraphernalia of organised symposia are discouraged during brainstorming sessions.
- 2) The objective is stated in very clear terms, and only one objective is chosen at each brainstorming session.
- 3) No criticism or cross questioning is allowed during the brainstorming session.
- 4) Ideas, which appear absurd at first sight, are also considered. No questions on feasibility or constraints are allowed.
- 5) Participants are liberated from inhibitions by arrangement of small informal sessions.
- 6) The second or higher order implications of ideas are not considered.

Properly conducted brainstorming sessions may yield several new ideas. However, in such sessions, interdisciplinary interactions are not adequately fostered.

Brainstorming reached the peak of its popularity in the 1950s. However, the study conducted by Thomas S. Bouchard at Yale University in 1958, indicated that individuals working alone could produce more unique ideas than a group.

Yet, brainstorming facilitates participation of all members in suggesting ideas, plan of action, retain the ideas, assess, evaluate and analyse the effects of ideas.

There are several criticisms of brainstorming. It is very time-consuming and thus costly; and only superficial ideas are brought out. Unfortunately, as a technique for assisting decision-makers to reach risky and uncertain decisions, it is not generally recommended.

18.3.2 Synectics

Synectics, not so well known as brainstorming, but of greater value to decision-making, is a creative technique developed in 1944, by William J.J. Gordon. He termed the technique synaptic, a word of Greek derivation, which means fitting together different, distinct, novel and irrelevant ideas. Its purpose is to increase the creative output of individuals and groups. The synaptic process involves: (a) making the strange familiar, and (b) making the familiar strange. It is an approach to creative thinking that depends on understanding together, that which is apparently different.

In this process, the leader has to play a vital role in forcing members to be away from the routine and encourage them to offer solutions after analysing the problem. Methods like role play, analogies and paradoxes are employed to generate creative ideas.

Gordon, however cautions, "Although the mechanisms are simple in concept, their application requires great energy output. In fact, synaptic does nothing any way to make creative activity easier ... The mere stringing together of metaphors is non-productive. Synaptic participants must keep in the back of their minds the problems as understood so that they can identify those mechanisms which illuminate the problem."

Synectics differs from brainstorming in several important respects. It is much more adaptable to complex decisional problems. Yet, similar to brainstorming, synectics is very time-consuming and expensive. Overall, synectics seems to have potentially a great deal to offer and might be able to help making basic decisions, that require creative solutions.

18.3.3 Delphi

It is one of the techniques that help in accurate and meaningful forecasting. .

Delphi was first developed in USA by N.C. Dalkey and his associates in the Rand Corporation as a forecasting methodology and later it emerged as a group decision making tool. It has only recently become popular as a technique to assist in making risk-uncertainty decisions, e.g., long-range forecasting. Today, numerous organisations in business, and government especially in areas such as education, health, and military are using Delphi. This technique involves the solicitation and comparison of anonymous judgment on the topic of interest through a set of sequential questionnaires, interspersed with summarised information and feedback of opinions from earlier responses. No decision technique will ever be able to predict the future completely but the Delphi technique seems to be as good a crystal ball as is currently available. Delphi technique is used in USA to prioritise national funding for projects among different states with conflicting goals or if the scale of the decision making problem is large. The technique has many variations, but generally it works as follows:

- 1) A panel of experts on the particular problem in question is drawn from both inside and outside the organisation.
- 2) Each expert is asked to make anonymous predictions.
- 3) Each panelist then gets a composite feedback of the way the other experts

answer the questions.

- 4) Further predictions of the future are made possessing information in hand.
- 5) Once a convergence of opinions begins to emerge, results are made use of for forecasting.

A major key to the success of the technique lies in its anonymity. Keeping the responses of panel members anonymous eliminates the problem of 'saving face' and encourages the panel experts to be more flexible and thus to benefit from the estimates of others. In the traditional interacting group-decision making technique, the experts may be more concerned with defending their vested positions than with taking a good decision. It has the advantage of being able to involve people with special qualifications who are separated geographically in decision-making. The absence of face-to-face interactions insulates members from the undue influence of others. Delphi technique aims at achieving consensus on controversial topics.

This technique has the following advantages:

- 1) Direct interaction is avoided by using a programmed sequential questionnaire of three or four rounds.
- 2) The expert is not called to defend his publicly expressed opinion, and anonymity of individual forecasters is maintained.
- 3) Subordinates do not have to differ with senior executives face to face.
- 4) Salesmanship forecasts are avoided.
- 5) The final result is a statistical group response.
- 6) Results are based on interactions combined with controlled feedback.

The Delphi process attempts to:

- 1) Develop a range of possible programme alternatives.
- 2) Bring underlying assumptions or information that lead to different judgments.
- 3) Provide information which may generate consensus on the part of the respondent group.
- 4) Correlate informed judgments on areas that cut across a wide range of disciplines.
- 5) Educate the respondent group about the diverse and interrelated aspects of any particular area.

In other words, Delphi can be applied to a wide variety of programme planning and decision problems in any type of organisation. Delphi is particularly appropriate when decision-making is required in a political or emotional environment or when the decisions affect strong factions with opposing preferences. The tool works formally or informally, in large or small contexts, and reaps the benefits of group decision making while insulating the process from the limitations of group decision-making (<http://www.corolla.com>).

The major criticisms of the Delphi technique are that it is a time-consuming technique, quite costly and laborious and it has no scientific approach or support.

18.3.4 Nominal Group Technique

The Nominal Group Technique (NGT) follows a highly structured process and tries to integrate creative thinking through group interaction, in order to solve organisational problems in a useful manner. Nominal grouping has been used by social psychologists for a couple of decades. A nominal group is simply a "paper group", because no

verbal exchange is allowed between the members. In group dynamics research, social psychologists would pit a fully interacting group against a nominal group. In terms of number of ideas, uniqueness of ideas and quality of ideas, research has found nominal groups to be superior to real groups. The general conclusion is that interacting groups inhibit creativity. This, of course, applies only to idea generation, because the interactive effect of group members is known to have a significant effect on other variables.

The nominal grouping approach, when used as a specific technique for decision-making in organisations, has been labeled as Nominal Group Technique (NGT) by Delbey and Van de Yen. It consists of the following steps:

- 1) Silent development of ideas in writing.
- 2) Round-robin feedback from group members to record each idea in a terse phrase on a flip chart.
- 3) Discussion of each recorded idea for clarification and evaluation.
- 4) Individual voting on priority ideas with the group decision being mathematically derived through rank-ordering or rating.

The difference between this approach and Delphi is that the NGT members are usually acquainted with one another, have face- to- face contact, and communicate directly with each other. Although, research is just starting to emerge on NGT, there is some evidence that the technique leads to many more ideas than traditional interacting groups and may do as well or slightly better than Delphi groups. This type of technique certainly holds a great deal of promise for improving basic and creative management decisions.

18.3.5 Heuristic Technique

Similar to Delphi and nominal grouping, the heuristic technique has recently gained significance as a decision-making technique. Heuristics attempts to discover something new.

In short, heuristics can be considered as a sophisticated technique of controlled trial and error. When applied to decision-making, heuristics, according to some is a combination of two approaches – the systems and behavioural approaches – as it considers both major variables and the reactions and feelings of people in the system. In other words, heuristics allows the decision-maker to consider less-than-rational paths and thus preclude frustration when more preferable alternatives are somehow available.

The major cause of the recent widespread use of heuristics as a decision- making technique is its adaptability to computer programming. Strange as it may seem, the biggest breakthrough for assistance in making non-programmed basic decisions may be through heuristic programming of the computer.

18.4 TREND EXTRAPOLATION

Since World War II, quantitative and qualitative methods of forecasting gained prominence. This intends to reduce the uncertainty especially in decisions when these are made in the face of great uncertainty about future or at the backdrop of the future consequences of today's decisions.

Trend extrapolation is a key forecasting technique that provides analysis of future trends based on the available data. Trend extrapolation assumes that there shall be changes in future and hence attempts are made to predict or forecast them. It is based

on the assumption that the present development in any area will continue in the same direction. Trend analysis relies more on subjective judgment rather than objective extrapolation of historical data.

Trend extrapolation assumes that things will keep changing in the future the way they have been changing in the past. One simply extends the line or the curve forward to predict where things will be at a certain future time. If the population of a city is known to be increasing at the rate of 2% a year, we assume that it will continue to do so in the future, and we can use simple arithmetic to calculate what the population will be in five years. In other words, we can generate a forecast by observing a change through time in the character of something and projecting (extrapolating) that change into the future. In making a forecast, we naturally disregard short-term changes or fluctuations, such as the swelling of a city's population each morning as people come to work. What is important is the longer-term change, that is, the trend.

Trend extrapolation is one of the most commonly used ways to generate a forecast. City planners, economists, demographers, and many other specialists constantly extrapolate trends-consciously or unconsciously-when they think the future. So, too, do ordinary people. Assuming that the future will be like the past or that past changes will continue in the same direction and rate is a perfectly sensible way to begin trying to understand the future (<http://www.crab.rutgers.edu>)

The forecasts are generally done using statistical time extrapolation technique similar to those used in economic forecasting. The Economic Survey presented to Parliament in India during the budget session is also prepared in this manner. As reported by Rohtagi *et al*, (*op.cit*) trend extrapolation is a quick way of deriving a forecast, but it is not necessarily the most accurate one; extending present trend curves to several decades or centuries in the future is certainly not valid. Generally, one should not project the future anymore than the equivalent time period for which one has systematic past data. For instance, with a past systematic trend of twenty-five years, projections of at the most up to twenty-five years into the future can be performed with some confidence. As expected, the shorter the time period into which the trends are extrapolated, the higher will be the confidence in the extrapolations.

Rohtagi *et.al* (*op.cit*) gives the following advantages and disadvantages of trend extrapolation techniques of forecasting.

The advantages of trend extrapolation include:

1. These techniques are simple, easy, and they consume very little time and effort.
2. Trend extrapolation depends only on the past performance, and not on any assumptions, which may be subjective.
3. A trend curve contains the net effect of all the interacting influences like social effects, economic, technological, and political factors. There is therefore, very little chance of inadvertently leaving out any important factor.

The following are the disadvantages:

1. Trends cannot be extrapolated very far into the future.
2. It does not explicitly state or identify the interacting parameters and effects of environments, which are responsible for the past trend.
3. Unless reliable year wise data are available, future projections based on insufficient data could be grossly inaccurate.

18.5 NORMATIVE FORECASTING

This is goal-oriented forecasting where one recedes from future goals to the present and intermediate-term technological needs. Normative forecasting is, therefore, primarily need-based forecasting. The first step is to specify the future goals that the organisation plans to achieve. The capabilities which must exist in the present or the intermediate future are then identified for the achievement of those specific goals. In a way, this is a method of pushing the technologies in the required direction in response to the identified needs of the future. Due to innovations in computer programming, this method of designing the future has today gained prominence in many organisational situations. . There are a large number of techniques under the broad classification of normative forecasting (Martino, 1972).

Normative forecasting helps determine the most probable future. It requires data that describe the present state of the object and a general model of the normal or usual development of the class of objects or phenomena.

The techniques we have discussed in the earlier sections help in forecasting. But there are limits to forecasting. It is difficult to determine the reliability of predictions.

There are not too many methods for predicting the reliability of predictions. One of the best is triangulation: this involves making parallel forecasts with different methods if it is possible. If different methods had to provide dissimilar forecasts, it gives an idea of the range of the uncertainty sensitivity analysis. It is another method, which works only with numerical models. Most forecasting methods allow one to calculate what the result will be, if one of the starting assumptions or one item in input data is varied or if one knows the probable error of one of the assumptions, this knowledge can be used to calculate the probable error of the resulting forecast. (www.2.uiah.fi/projects/metodi/190.htm)

18.6 CONCLUSION

Decision-making is a major function of public systems management. The techniques for decision-making have been dominated mainly by quantitative models. . There are only a few creative techniques (brainstorming and synectics), and participative techniques, although these are not equal as sophisticated as the quantitative models. Yet, it is the basic management decisions under uncertainty, which are crucial for organisational success. At times, certain organisational assumptions and decision-making procedures inhibit organisations from attracting individuals with the ability to provide unusual solutions. Implementation of explicit creativity techniques can attract these individuals to organisations and provide legitimacy and psychological safety for them. Creativity techniques do not replace management judgment in the risky process of decision-making. These techniques do have the potential to improve the process by enhancing the quality and quantity of inputs to be incorporated in decision making. Techniques such as delphi, nominal grouping, and heuristics offer some hope, but much more needs to be done in this important area of management decision-making. Besides, all these techniques have been experimented in the context of developed countries. Much more experimentation and application of these techniques are required in the developing countries like India, to ensure rational and acceptable decisions in complex organisations.

18.7 KEY CONCEPTS

Behavioural Approach

It is the study of human behaviour through inter disciplinary approach drawing knowledge from various social sciences disciplines. The object of this approach is to understand human behaviour in the organisations.

Behaviour Alternative Model

Herbert A. Simon has enumerated the Logic Rationality Model of Decision Making which is also known as Behaviour Alternative Model. Simon focused on the role of values and facts in decision making. Three activities namely, Intelligent Design and Choice activities, have been referred to as important in decision making. Simon has mentioned that the decision makers' behaviour, which is required to be guided by rationality, is often subjective, and hence he changed the focus from 'rationality' to 'bounded rationality' in decision making.

Systems Approach

According to systems approach, administration is considered as a system comprising sub-system, structure, people, actions and interactions that enable the organisation perform certain functions. The administrative system is said to consist of three distinct processes—inputs, throughputs and outputs. The system's frame work assumes interactions between the three processes.

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18.9 ACTIVITIES

1. Attempt to enquire about the ways in which decisions are arrived in any public organisation.
2. Visit the nearby resident welfare association or any voluntary organisation and observe the decision- making methods adopted by it.

UNIT 19 ACCOUNTABILITY

Structure

- 19.0 Learning Outcome
- 19.1 Introduction
- 19.2 Accountability: Concept, Nature, and Significance
- 19.3 Purposes of Accountability
- 19.4 Accountable to Whom?
- 19.5 Types of Accountability
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- 19.8 Accountability under 'Good Governance'
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- 19.10 Conclusion
- 19.11 Key Concepts
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- 19.13 Activities

19.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Describe the concept of accountability
- Explain the nature and significance of accountability in public administration
- Identify the different types of accountability
- Specify the various tools of accountability
- Discuss accountability in the context of contemporary concerns about “good governance”; and
- Place accountability in the context of global governance

19.1 INTRODUCTION

In a democracy, government should not only be constituted by the people; it should also be accountable to the people. In other words, government servants or the bureaucracy should function in public interest, and they must be held accountable for whatever they do or do not do. In reality, government is run by professional civil servants with the help of laws, rules and regulations. Because of the size of government and the distance between the people and the serving government servants, it is not always easy to know why some policies are adopted and how they are implemented. Also, government

operations are often kept secret and hedged in by complex rules and regulations. Accountability is the lifeblood of democracy. Openness of governmental operations and a system of holding the civil servants accountable for their actions make democracy real and functional. The major concerns surrounding accountability are: how to apply checks on bureaucratic 'power', how to exercise supervision over the exercise of 'power' and how to work out institutional constraints on the bureaucratic power holders. Thus, accountability implies both 'answerability' (or giving an 'account' of actions taken) and 'enforceability' (or punitive measures for illegal, inadequate, and improper performance).

In this Unit, we shall discuss the meaning and nature of accountability and its different forms and tools. Also, we shall explain the relevance of accountability in the context of contemporary concerns about 'good governance'. Briefly, the importance of accountability in the contemporary context of global governance is presented at the end.

19.2 ACCOUNTABILITY: CONCEPT, NATURE AND SIGNIFICANCE

Accountability, in simple terms is answerability for one's action or behaviour. Public services accountability involves the methodology through which a public agency or a public official fulfils assigned duties and obligations. It includes the process by which the agency or the official is required to account for such actions. Governments everywhere – in both developed and underdeveloped nations-are powerful institutions run by the bureaucrats. Expanding government functions have brought in their trail bureaucratic expansion, and the bureaucracies have a constant impact on the quality of life of the citizens. There is, thus, an increasing concern today about how the bureaucracies are using 'power'. At the heart of these concerns is 'accountability': for what and to whom are bureaucracies answerable? How are the bureaucracies held accountable?

Bureaucratic accountability is at the core of public administration in a democracy. Under a constitutional system of government, it is axiomatic that the bureaucrats should be subordinate to the mandates and constraints of the Constitution as interpreted by the judiciary, and to their hierarchical superiors within the organisation. Democratic government also postulates the subordination of the bureaucrats to the people and their elected representatives.

As Fesler and Kettl (1991), point out, bureaucratic responsibility has to be seen from two standpoints. One is accountability in terms of answerability for whatever the bureaucracy does or does not do; the other is ethical behaviour. In their words: "The two elements overlap and are generally compatible, but not always. Morality may call for disobedience to superiors or reporting of superiors' unethical behaviour to their superiors, to legislators, or to the public".

In discussing accountability, our major concern should be about how to ensure that those who wield power, exercise it responsibly, so that they can be held accountable for their actions. According to classical democratic theory, the line of accountability is fairly straightforward. The people elect their representatives on the basis of their stand on social, political, economic issues. Administrative agencies carry out the policies made by

the people's representatives. They are indeed accountable to their political chiefs who in turn, are answerable to the legislature. In modern day administration, this policy-making and policy-implementation dichotomy does not hold good. The administrators do participate in policy-making and their discretion in today's big government is enormous. As the State has grown big and there have been abuses of power by the bureaucrats, incessant demands have been made by the public and the media that there must be clearer and more transparent public administration, and that the moral behaviour of public officials must be improved. In other words, the public demand in most democracies has been that there must be responsible use of power and authority and clearer means of administrative accountability.

The notion of accountability carries two basic connotations: answerability, which stands for the obligation of public officials to inform about and explain what they are doing; and enforcement, i.e., the capacity of accounting agencies to impose sanctions on power holders who have violated their public duties. According to Romzek and Dubnick (1987), the answerability concept is too narrow to capture the full reality of accountability relationships. In their view, public administration accountability involves the means by which public agencies and their workers manage the diverse expectations generated within and outside the organisation.

Accountability can be viewed from the perspective of domesticating power. There are three different ways of preventing and redressing the abuse of political power. They are:

1. Subjecting power to the threat of sanctions,
2. Obliging it to be exercised in transparent ways; and
3. Forcing it to justify its acts.

Accountability involves the right to receive information, which is the informational dimension of accountability. There is then the corresponding obligation to release all necessary details. It also implies the right to receive an explanation and the corresponding duty to justify one's conduct. This is the argumentative dimension of accountability. As Andreas Shedlar (1999) *et al.*, aptly put it, "Power should be bound not only by legal constraints but also by the logic of public reasoning. Accountability is antithetical to monolog power. It establishes a dialogic relationship between accountable and accounting actors. It makes both parties speak and engages them both in public debate. It is therefore opposed not only to mute power but also to unilateral speechless controls of power."

19.3 PURPOSES OF ACCOUNTABILITY

Three different purposes of accountability assume importance in this context. The first objective, is controlling abuse of bureaucratic power and discretion. The second purpose, is there must be an assurance that performance will be in accordance with standards and quality. The third aim, is there has to be a system promoting learning in pursuit of continuous improvement in governance and public management. On top of it, there is the human dimension of accountability, subsuming values and ethics and creating trust in

government. As Adam Wolf (2000), aptly puts it, "if there is no transparency and no living democracy with a free press, the control of abuse and the advanced performance evaluation will lead nowhere. Accountability in public administration cannot be reduced to a technical question of designing control procedures and institutions. It is a question of democracy". So, the basic purpose of accountability is to make a close fit between administration and democracy.

Accountability places at least four requirements on the public administration. These include to:

1. Make laws work as intended with a minimum of waste and delay
2. Exercise lawful and sensible administration discretion
3. Recommend new policies and propose changes in existing policies and programmes as needed; and
4. Enhance citizen confidence in the administrative institutions of government.

19.4 ACCOUNTABLE TO WHOM?

In western democracies such as the United States and Westminster models of governance, public employees face multiple sources of legitimate authority, and expectations in performance. As Romzek and Dubnick (*op cit*) point out, "Authority relationships and legitimate performance expectations can derive from supervisors, elected chief executives and legislators, the courts, external auditing agencies, professional associations, coworkers, clients, and the general public". These multiple sources of authority, obviously, create complex relationships and present challenges to serving public officials. Operationally — for practical purposes of administration — 'accountability' structures relationships in terms of 'who is accountable to whom'. The accountability could be to the internal hierarchy, legislature, judiciary, citizens and the media. Broadly, the two facets of accountability can be presented from two interdependent perspectives: intra- organisational perspective and extra or supra-organisational perspective. Conventionally, the hierarchical structure of bureaucracy creates superior-subordinate relationship. Under this structural principle, the subordinate is accountable for his/her actions to the superior. The superior officer at the top of the hierarchy (like a secretary to a department) is in turn accountable to the political boss - the minister. The minister has, on occasions, had to give answers to the legislature, when questions are asked about the performance of his / her department. There is thus a chain of accountability that is institutionalised in a democratic system. We can call this 'intra-organisational' accountability. From this perspective, legislative accountability is not considered separately; it is an integral part of a chain that binds the department with the legislative system.

Legislative accountability is axiomatic in a democratic system. The executive is constitutionally accountable to the legislature. So, this form of accountability may also be viewed as extra or supra-organisational accountability.

Extra or supra-organisational accountability is external to the department. The administrators in a department/organisation can be sued in a court of law for lapses and unlawful actions. Judicial accountability is thus contingent on some client or citizen appealing to the judiciary for justice in a case where the client or citizen has evidence to prove that a public organisation has acted unlawfully or unjustly.

The other important external accountability stems from direct action by citizens or at the citizen-organisation interface. In a democracy, the citizen has the right to raise questions about alleged 'injustice', 'inaction' or 'improper' action of the administrative officials. 'Right to information' is now being statutorily recognised to enable the citizens to seek information from the public organisations on matters in which a citizen has direct interest. The new device of 'citizens' charter' about which we have discussed in Courses 011 and 012, is now gaining in popularity as a kind of memorandum of understanding between the public organisation and the citizen. For instance, how much of water and in what frequency a municipality will supply to its residents, or how and in what frequency the garbage will be lifted from the households and the local areas - these and similar other commitments of a municipality are negotiated between the municipality and the local citizens which then is recorded in the 'citizens' charter'. In this way the municipality remains accountable to the citizens for the delivery of specific services. Accountability to the citizen has in recent times been widely acknowledged as vitally important to promote participative democracy, and imaginative devices are being worked out to build a healthy relationship between the citizens and the public organisations - particularly those that are at the cutting edge level.

In this context, a special mention needs to be made of the role of the media (television, newspapers etc.) in holding the public organisations accountable in public interest. Investigative journalism has developed as a category by itself to probe deep into cases of scams and scandals involving corruption and dereliction of duty by public organisations and their functionaries. 'Letters to editor's' column is a common feature in all newspapers through which public complaints and grievances against public organisations are ventilated. Public accountability of government and semi-government organisations is ensured in a democracy through the working of strong and independent media. The role of 'people's movements' in holding the public organisations accountable deserves special mention in our (third world) context. People's movements against big dams and 'developments' causing large scale displacements, consumers' movements for quality services at reasonable price, and similar other movements keep the government organisations on their toes, and these movements influence public policy and often force participative decision making in many situations.

19.5 TYPES OF ACCOUNTABILITY

Admittedly, accountability is a very complex concept, which need not be mixed up with the commonplace idea of tackling corruption. It is really a 'driving force' that generates pressures on the key administrators to be responsible for and to ensure good public service performance. Accountability has both a substantive part and a procedural or means part. On the substantive side, the focus may be on mundane things such as

'regularity' in following the prescribed rules and regulations of the organisation and observing the formally prescribed authority pattern. Then, there is the notion of 'performance accountability' that focuses on effectiveness and achievement of goals. Also, there is the related concept of financial accountability involving evaluation of achievement of goals and checking the actual fulfilment of a preplanned service. Based on these considerations, three major kinds of accountability have been suggested: fiscal accountability, process accountability and program accountability. Fiscal accountability is the most traditional form of accountability involving scrutiny of records of financial transactions to ensure that the expenditure has been legally made. In this way, the legislature wields its power over the purse. By reviewing financial records, the investigators often uncover and prosecute kickbacks in contracts and abuse of welfare programs.

The performance of tasks by public agencies is at the core of process accountability. Procedural irregularities (such as improper tenders and contracts) in roads and buildings construction, and in other government activities are detected. Suitable measures to curb these are also suggested in this form of accountability.

Programme accountability focuses on results or effectiveness. Government funds and procedures are merely means to ends. It is not enough to show that funds have been fully spent on, say, anti-poverty programs. The real issue is whether the beneficiary is correctly identified? Have the programmes been able to really improve the living standard/economic status of the beneficiary? Programme accountability looks beyond mere efficiency. It indeed searches for effective implementation.

Jabbar and Dwivedi (1988), have defined public service accountability as "methods by which a public agency or a public official fulfils its duties and obligations, and the process by which that agency or the public official is required to account for such actions". Seen in the context of public policy and administration, accountability in their view, should include at least five elements such as

- Organisational or administrative
- Legal
- Professional
- Political
- Moral

Organisational accountability is the traditional hierarchical accountability within the organisation, as laid down in the classical Weberian bureaucratic form of administration.

Legal accountability relates actions in the public domain to the established legislative and judicial process. This is achieved either by a court action or by a judicial review of the administrative action. The public organisation or its officials are held accountable for not following legislative norms or legal delegations.

Professional accountability involves balancing the code of profession (of doctors, engineers and the like) with a greater purpose of protecting the public interest. Today, governments rely more and more on the expert advice of the professionals, who, in course of discharge of their duties, define public interest in their own way. It is not

unlikely for the two — public interest and professional code — to collide in reality. However, it is public interest, which in the ultimate analysis, should determine the responsibility and accountability of the professional.

Political accountability is concerned with the legitimacy of any public program and even the survival of the involved organisation. In other words, in a democracy, the administrators are "duty bound to recognise the power of political authority to regulate, set priorities, redistribute resources and to ensure compliance with orders". Last, but not the least is the moral accountability.

Moral accountability is at the core of public administration. It is more than obedience to laws and bureaucratic norms. A moral public official is the one who "strives for a moral government". As instances of administrative and political corruption become more and more widespread, the demand for moral accountability in the management of public affairs gets articulated more and more in different forums such as the media, the legislature, and the judiciary.

19.6 TOOLS OF ACCOUNTABILITY

There are different tools or means available to make public servants accountable. Specific tools are designed to suit particular purposes. Since the concept is essentially multi-dimensional, several tools are employed simultaneously in different countries to ensure administrative accountability in practice. As the following Table shows, the different tools subserve different purposes (Hayllar, 1991).

Table: Tools of Accountability

Ends (to facilitate / enhance)	Means (Tools)
Legitimacy	Constitutions and electoral systems for establishing government and decision-making bodies; bureaucratic systems of representation; Royal prerogative; legislations; letters of appointment; standing orders and formal delegations of authority
Moral Conduct	Upholding social values, concepts of social justice and public interest; professional values; training/induction programs
Responsiveness	Public participation and consultation; debates; advisory bodies; public meetings; freedom of speech
Openness	Parliamentary questions time; public information services, freedom of information laws: public hearings: green and white papers; annual reports
Optimal resource utilisation	Budgets; financial procedures; rules of vehement; parliamentary public accounts committees; auditing; public enquiries and participation; formal planning systems
Efficiency and effectiveness	Information communication systems; setting objectives and standards; programme guidelines; approval; feedback from public

19.7 ACCOUNTABILITY: THE CHANGING PERSPECTIVES

Historically, the liberal-democratic set-up evolved several basic mechanisms of accountability such as ministerial control, parliamentary debates, legislative committees, media scrutiny and the ombudsman system. In the recent times, there have been some major changes — a sort of paradigmatic transition — in the mode of public governance under the rubric of 'new public management', 'reinventing' or 'reengineering' government. In essence, what is being advocated is a market-centered, neo-liberal approach to governance with a greater focus on economic growth and productivity. Its normative standards are now redirected towards efficiency, competition, profit, and value for money. The standards that are being set for public governance are those of business management. This marks a radical departure from the traditional norms and objectives of governance: enhancing human progress, maintaining law and order, removing poverty and unemployment, providing public welfare, ensuring impartiality and equal treatment, safeguarding citizens' rights, and guaranteeing justice and fairness.

As it has been aptly put by Haque (1998) and Konig (1997), in contemporary public management, 'the new diction is the language of the market, of competition, of enterprises, customers and, in a nutshell, of entrepreneurial management'. There has thus emerged a unique set of challenges to the realisation of accountability in the current phase of public administrative changes everywhere. Haque explains in detail, the current dilemma of accountability in today's public governance ambience. As he argues, the contemporary changes in governance – toward efficiency, outcome, competition, value for money, catalytic role, autonomy, partnership and customer orientation, pose formidable political, managerial, and methodological challenges to accountability in terms of three specific dimensions:

1. the standards of accountability (accountability for what)
2. the agents of accountability (accountability to whom); and
3. the means of accountability (how accountability is ensured).

So far as the first dimension, i.e. the standards of accountability are concerned, these have under the current mode of governance, become instrumental in nature, placing more emphasis on procedural and economic criteria such as efficiency and productivity, than on substantive public concerns like equality and representation. To quote Haque, "It is essential to understand that the accountability of public governance for market-based economic performance does not necessarily imply its accountability for citizens' rights, its accountability for competitive and productivity does not guarantee its accountability for representation and equality, and its accountability for higher profit does not connote its accountability for welfare and justice. In short, therefore, the growing primacy of business-like criteria adopted in contemporary public governance, has the tendency to displace its accountability in terms of established democratic standards."

Governmental role, in the new public management credo, has been changing from "rowing" (direct production and distribution) to "steering" (indirect monitoring and evaluation). It is being conceived in terms of a facilitating role: providing support

services to the private sector, maintaining a conducive atmosphere for market competition, and implementing and monitoring divestment, and contracting out. Under the changed circumstances, public accountability, as it is conventionally known, gets obscured when the public sector plays a direct role in providing goods and services whereas based on concrete socio-economic programmes and projects, its activities become more tangible and measurable, and thus easier to scrutinise, in its indirect role — to encourage and facilitate the private sector to deliver goods and services — it becomes relatively intangible, immeasurable and thus unverifiable.

As regards the second dimension, which includes the agents of accountability, through their evolutionary process, governments in democratic societies have increasingly become accountable to diverse groups and classes of citizens entitled to social services such as education, housing, health and social security. The people-centered tradition of accountability has "evolved with the emergence of broader civil society, an organised working class and an increase in the entitlements or rights of common citizens". Under the new paradigm of public management (NPM), citizens have been redefined as customers or clients. This is a commercial view of citizenship, which reduces the social rights associated with collective citizenship, to narrow commercial prerogatives of individual customers governed by exchange relationship.

Accountability, under this consumerist mode of governance, is to private, affluent customers rather than to the collective public. In the consequence, the economically underprivileged citizens, who often depend on the State for basic services, do not qualify as customers for not being able to afford user charges. As the critics point out, the customer view tends to diminish citizens' rights vis-a-vis the State, and excludes common citizens from the purview of public accountability. As such it has been alleged that public governance today has become more accountable and responsive, not to the general public, but to the affluent business community.

The third dimension — the means of accountability — has been under challenge in today's context of neo-liberal mode of governance, which has brought in its trail, new sets of institutions, structures and norms. Following Haque's analysis, the first change to note is the growing power of ministers or political executives to exert influence on the public service, leading to the politicisation of civil servants by ministers in violation of the principle of political neutrality. The recent policy to do away with permanent tenure of senior public servants and introduce contract-based appointments makes the public servants more vulnerable to political executives exercising control over the job contracts and careers. Ministerial control, as a means of accountability, makes the public servants extremely loyal to ministers, overlooking in effect their accountability to the general public.

Secondly, the existing means of accountability may be affected by the structural and procedural autonomy granted under the current governance system. Most developed countries such as UK, Canada, New Zealand, France and others have disaggregated and corporatised various ministries and departments into autonomous entities. Autonomisation of public agencies for the avowed purposes of economy and productivity has reduced the opportunities of political representatives to scrutinise their activities and diminished the scope of legislative debates over programs undertaken by the agencies

almost like private corporations, with maximum operational autonomy. Unprecedented managerial autonomy poses a serious challenge to the traditional means of accountability and even opens up opportunities for abuse and corruption by the chief executives of the autonomous agencies, who may use the public offices for private gains and overlook laws and rules that generally govern public administration.

Thirdly, under the 'new public management' regime, many developed and developing countries have shifted from process-oriented to result-oriented performance of public agencies, with increasing focus on outcome than inputs. On the face of it, the result-oriented administration may look quite attractive; but such a mode of governance is likely to render the existing means of accountability, ineffective. As Haque has observed, it is difficult to put such outcome-based administrative system under legislative scrutiny due to the qualitative and controversial nature of public sector outcomes such as environmental security, poverty alleviation and community development. The result-oriented public administration tends to focus more on "what" is being achieved. In consequence, there is likely to be the "diminishing relevance of such means of public accountability as internal control and supervision over various inputs and processes in the public sector".

Last, but not the least, under the current mode of governance, public-private partnerships and exchanges pose a threat to certain means of accountability, since these modalities are less answerable to normal legislative scrutiny and ministerial supervision. It is often difficult to find out if joint ventures or business deals have been made to the detriment of public interest or not. Stories are often heard of contracts of different kinds involving extra-legal tactics and opportunities for substantial 'kickbacks'. To sum up, as Haque rightly points out, "the current proliferation of public-private partnership and exchange represents a challenge to various legislative and executive means of accountability".

19.8 ACCOUNTABILITY UNDER "GOOD GOVERNANCE"

The World Bank's lending conditionality under the rubric of "good governance" has been reviewed by many authors from the standpoint of conceptual elaboration of 'governance' and its implications for third world development (Bhattacharya, 1998). Good governance is itself an accountability-oriented concept applicable to specific target group — the third world countries. To follow the line of thinking of its sponsor (the World Bank), good governance is synonymous with sound development management; it is an essential complement to sound economic policies. Governments are the main producers of public goods and they frame rules for the market to work efficiently. The institutional frameworks conducive to growth and poverty alleviation do not evolve on their own; rather, the emergence of such frameworks need incentives and adequate institutional capacity to create and sustain them. It is in this context that the World Bank (1992) pinpoints accountability as an essential prerequisite of 'good governance'.

The World Bank's accountability concern, in the context of structural adjustment policy, has pervaded both public and private sectors. The phenomenon of 'capture' of public services and resources by relatively narrow special interests has been a common feature

in most countries. Governments often keep their transactions secret and the public in general, is not prone to demanding information about performance. Accountability assumes importance in respect of ensuring efficiency in investment as well as in production and distribution of public goods and services. Government has also to ensure accountability in the private sector through appropriate company and securities legislation, competitive policy and regulatory oversight, especially when "down- sizing" of government takes place through disinvestment, privatisation and contracting. The present trend of formulating corporate governance codes and making public and private sector companies adhere to them is a way to exercise accountability.

Public accountability, as the Bank document points out, involves three interrelated groups:

1. The general public and particularly, recipients of public services, who are interested in service providers being accountable to them.
2. Political leaders and supervisors of service providers who would like the service providers to be accountable to them.
3. The service providers themselves, whose objectives and interests often differ from those pointed out in 1 and 2.

To follow the Bank's argument, historically accountability has revealed three features:

1. Salience of micro-level accountability as due to expansion of State activity, it has become difficult to apply broad political accountability to numerous functions of government.
2. Focus in accountability tends to be on inputs, especially public expenditure, rather than outputs or effects.
3. Accountability has mostly been by internal administrative controls, exercised by political leaders, government agencies and bureaucrats acting as proxies for the public.

Two broad types of accountability identified by the Bank are: micro-accountability, and macro-accountability. Micro-accountability remains critical, especially in ensuring government responsiveness to the views and needs of the public for which services are intended. The concepts of "exit" and "voice" which originated in Hirschman's (1970) classic work, have been used to underscore the importance of micro- accountability. For instance, scope for the public to "exit" when dissatisfied with a service, may have a salutary effect on the agency concerned, by reducing its revenues which in turn gives insecurity to the jobs of the staff. Similarly, "voice" in the sense of participation of the public, may influence the quality or volume of a service through some form of articulation of preferences or demand. Accountability is increased if such "voice" makes the public agency more responsive to public demands.

It has been the Bank's policy to find out ways of increasing "exit" and "voice" at the design stage of service delivery projects. Accountability at the micro level, however, is sustained only when the government and society at large are committed to doing so.

Decentralisation in the form of strengthening local government has been widely viewed as essential to ensuring greater responsiveness and accountability for many kinds of infrastructure and services that have hitherto been in the control of the central government.

The other kind of accountability —macro-accountability — has two major dimensions: financial accountability and accountability for overall economic performance. Financial accountability involves, as the Bank document identifies,

1. a properly functioning government accounting system for effective expenditure control and cash management;
2. an external audit system, which reinforces expenditure control against misspending and corruption; and
3. mechanisms to review and act on the results of audits and to ensure that follow up actions are taken to remedy problems identified.

As it has been rightly emphasised, without a well-functioning system of financial accountability, government efficiency is difficult to measure , and there is likelihood of corruption increasing greatly.

Accountability for economic performance involves review of resource use in public investment programs and general strengthening of the capacity of governments to monitor and evaluate their own economic performance, including proper resource use. This form of accountability can be enforced only with the help of special kinds of data regarding both inputs (resources) and outputs (expected results and consequences).

19.9 ACCOUNTABILITY IN GLOBAL GOVERNANCE

In recent years, there has been an increasing demand for accountability at the international level sparked by a number of recent trends. Global governance has taken the shape of a vast network as governments call upon international organisations such as the UN, the IMF, the World Bank, the WTO to take on broader, deeper roles in ensuring stability, growth, and security within as well as among states. Then there are the large corporations that are organising not just their commercial activities but also their lobbying and self-regulation at a global level to protect their transnational activities and opportunities. The other category – the nongovernmental organisations – are expanding fast in different fields. We are thus witnessing in this century more global actors, processes and issues. The implications for development, in this situation, are rather perplexing. Within the boundaries of the State, people have at least enjoyed a potential to hold their governments to account through elections, impartial courts, ombudsmen, the media and other instrumentalities.

Increasingly, governments are compelled to delegate or cede control over many important domestic matters to international organisations, networks or other actors. In this kind of a set-up, even in democracies, governments cannot be held to account for a wide range of decisions. As the UNDP document on ‘Accountability in Global Governance’(2002) has rightly put it:

“In the industrialised world the accountability gap is being partially plugged by an ever-expanding number of NGOs and active investigative media attention, not only on domestic issues but increasingly targeted at international actors. Government agencies, international organisations, and large corporations such as BP, Shell and De Beers have all found themselves the targets of uncomfortable scrutiny. In the public sector, consumers, parents, and patients are being offered more information and choice about products, schools and hospitals. Indeed, there is even an emerging debate about the downside of ‘too much accountability’ by people in industrialised countries wearied by what seems an excess of monitoring, reporting and measuring outputs in public services. Little of this is true for developing countries.....In international organisations, developing country governments have little power and influence to wield in holding these agencies to account. Furthermore, their own actions in these organisations are less monitored by their own national media and NGOs. In the global private sector, in new public-private expert networks and in ‘global civil society’, developing countries have even less capacity to hold global actors to account. For these reasons, accountability in global governance and its implications for development need rethinking”.

19.10 CONCLUSION

After studying this Unit, you will be able to explain the concept of accountability. You will also realise the nature and significance of accountability in a democracy. Again, from the democratic point of view the purposes of accountability should be clear to you. The next clarification is in regard to accountability relationship or, to whom are the public agencies/officials accountable. There are different types of accountability as well as the tools that are used to make accountability effective. Accountability has not been a static notion. The concept of accountability has been evolving over the long span of public administration. It is undergoing change under ‘New Public Management’ and Good Governance’ which are emerging paradigms of public administration. At the end, the other major contemporary concern – accountability in global governance – is discussed in broad outline.

19.11 KEY CONCEPTS

Corporate Governance

It is the system by which business corporations are directed and controlled. The corporate governance structure specifies the rights and responsibilities of different participants in the enterprise such as the board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions an corporate affairs.

Global Governance

Global governance has been defined by David Held, a British social scientist as comprising not only the institutions of State and inter-governmental cooperation, but all those organisations from multinational corporations, trans national social movements to

non governmental organisations which pursue goals and objectives that bear a trans national rule. It is system wide structure that allows as well as constraints actions of several actors who are in interdependent relationships without any overarching political authority.

Ombudsman

An ombudsman is a government official entrusted with the task of representing the interests of the public by investigating and addressing complaints reported by individual citizens. The term was first used in Sweden with the Parliamentary ombudsman instituted in 1809 to safeguard the rights of citizens by establishing a supervisory agency independent of the executive branch.

Paradigm

It refers to a thought pattern in any scientific discipline in an epistemological context. The applicability of paradigms to social sciences has been popularised by Thomas Kuhn's work on "The Structure of Scientific Revolutions". Kuhn (1970), considers paradigm as one which has a) a community of scholars and practitioners, sharing certain values, b) epistemology and a methodology. A scientific paradigm is defined as one which indicates a) what is to be observed and scrutinised, b) the kind of questions which are supposed to be asked and probed, and c) interpretation of scientific investigations.

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19.13 ACTIVITIES

1. Talk to a few persons working in public as well as private organisations and enquire about the mechanisms of accountability in their organisations. Make a report on this exercise.
2. Interview the local elected representative and enquire about his / her perceptions regarding the various tools of ensuring their accountability. Record your findings.

UNIT 20 RESPONSIVENESS IN PUBLIC SYSTEMS MANAGEMENT

Structure

- 20.0 Learning Outcome
- 20.1 Introduction
- 20.2 Responsiveness: Concept
- 20.3 Responsiveness Mechanisms
 - 20.3.1 Citizen Monitoring
 - 20.3.2 Setting Standards
 - 20.3.3 Incentives and Performance Measurement
 - 20.3.4 Organisational Culture Ethos
 - 20.3.5 Transparency
 - 20.3.6 Information Access
 - 20.3.7 New Rights for Citizens
- 20.4 Accountability and Responsiveness
- 20.5 Public - Private Partnership
- 20.6 Conclusion
- 20.7 Key Concepts
- 20.8 References and Further Reading
- 20.9 Activities

20.0 LEARNING OUTCOME

On completion of this Unit, you should be able to:

- Explain the concept of responsiveness
- Describe the important mechanisms of bringing about responsiveness in public systems management
- Discuss the relationship between responsiveness and accountability; and
- Throw light on the significance of public-private partnerships towards improving responsiveness in public systems management.

20.1 INTRODUCTION

The discipline and practice of public administration is undergoing a significant change. The attitude of the government earlier was that of a provider of services while the citizens were considered as passive recipients. This traditional administration approach towards citizens is giving way, in present times, to a more collaborative, participative and partnership approach. The decentralisation of service delivery activities on a large scale under the impact of new public management reforms, (discussed in Course 011 of this Programme), has given a new meaning to the concept of responsiveness. Under the market economy, responsiveness indicates better service for citizens as clients or customers. Responsiveness has two aspects. First, it gives importance to the government or the public agency, which is the supply side of the process while the other aspect gives primacy to the citizens, who demand services from the government. Both are directed toward the effective provision of public services to the citizens.

A review of literature from various sources suggests that different schools of thought follow different lines of argument regarding the approaches towards improving service delivery, especially with regard to decentralisation of service delivery. While some of the theorists support the technocratic and managerial approaches, which represent the service providers' 'supply' side of the process, others support the political and participatory schools of thought, which favour the 'demand' or 'citizens' voice side. Recently, there has been the emergence of a third school of thought, which argues that it is neither the increase in supply side, efficiency alone nor the greater involvement of the community, but rather a combination or convergence of the two approaches, which works best for the improvement of service delivery. For the purposes of this Unit, we will restrict ourselves to learning more about the supply or responsiveness end of public management and at the same time touch upon the other two approaches. We shall discuss the concept, mechanisms of responsiveness and the relationship between responsiveness and accountability.

20.2 RESPONSIVENESS: CONCEPT

Responsiveness describes the extent to which a public service agency demonstrates receptivity to the views, complaints and suggestions of service users, by bringing about and implementing changes to its own structure, culture, and service delivery patterns in order to deliver a more appropriate product. Most state bureaucracies are in fact 'responsive' but to socially powerful interest groups, not the poor. Promoting responsiveness to a broader range of social groups and particularly to the poor and other socially excluded groups can involve promoting counter-cultural reforms in bureaucratic behaviour.

Definitions of responsiveness are still evolving and therefore it continues to be prone to different interpretations. Goetz and Gaventa (2001), define it as 'the extent to which a public service agency demonstrates receptivity to the views, complaints and suggestions of service users by implementing changes to its own structure, culture and service delivery patterns in order to deliver a more appropriate product.' However while this definition presupposes the service providers' willingness to initiate change by adopting mechanisms of internal reform, it does not take into account the fact that responses can be placed in different categories, addressing different voices. For instance, the responses could vary from a range where the early stages of local government responsiveness is

expressed by merely lending a ‘sympathetic ear’ to demands voiced by articulate service users, to that of the upper end of the range where the State is willing to ‘accommodate’ and ‘encourage’ voices from different sections of the service user community.

Responsiveness can be in conflict with an important principle of public service: *impartiality*. Responding in an unmediated way to citizens’ needs as expressed through the jostling of special interests groups is certainly no method for ensuring fair and responsive governance and this is one reason for the enthusiasm of public servants for creating distance and boundaries between themselves and the public they ostensibly serve. However the protestation that public servants must remain neutral is often an excuse for evading responsibility for responsiveness. The notion of impartial public service need not be in conflict with the notion of proactively directing services to public who are generally considered to be inarticulate groups who are not normally able to voice their concerns effectively.

The form and quality of responsiveness is also determined by the kind of service users being responded to. More vocal the user, greater is the response. Therefore responsiveness should also be seen in the context of the ‘voice’ or demands being generated by the user. ‘Citizen voice’ is a strategy, which has often been used by service users to elicit more responsive behaviour from service providers. The modes of expressing voice range from direct actions such as organised protests, lodging complaints, picketing and through means such as consultations, lobbying and such other mechanisms, which can exert pressure on service providers to influence their behaviour to generate better service outcomes. The recent instance of Delhi government’s decision to roll back the proposed hike in power tariff is the result of pressure generated by the citizens’ groups. The key to all these activities is the mode, quality and regularity of engagement or participation. However one should bear in mind that the types of voice mechanisms used for improving governance may largely depend on the kind of service and also the characteristics of the users, their education level and financial status etc.

Responsiveness also depends to a large extent on the influence citizens have on the design, delivery and assessment of public services, and the interaction of three major factors:

- The social, cultural and economic power of the client group in question within civil society- its power to mobilise resources and public concern to support its demands;
- The nature of the political system (the configuration of the executive, legislative and judicial powers) the organisation of political competition (the number and types of parties, their ideologies and memberships);
- The nature and power of the State and its bureaucracies (whether it is a developmental state, whether it has the will and capacity to enforce change in the culture and practices of bureaucracies, whether there is a professional civil service, whether the public service has internalised a commitment to poverty reduction etc., (Goetz and Gaventa, 2001).

20.3 RESPONSIVENESS MECHANISMS

Service providers may adopt various measures to be more responsive towards the needs of the service users. Goetz and Gaventa (2001), discuss some of these initiatives in their recent study. They mention the process of arranging for consultations with the service users, the main aim being to identify space for new policies and potential for improvements in the existing system of service delivery; benchmarking standards against which the service users can measure the quality of services through mechanisms such as citizen monitoring, providing incentives, sanctions and performance measurement through performance-related pay and promotion, result-oriented performance targets; creation of new service delivery ethos among employees, which include strategies such as training and other interventions for changes in personnel relations with service users and encouraging a culture of organisational learning; new legal rights for service users which allows them to initiate legal proceedings against the State in the event of delivery of unsatisfactory services.

The following international and national case studies, most of which have been chosen by Goetz and Gaventa (2001), along with a group of researchers at the Institute of Development Studies, Brighton, U.K. provide evidence of the State's responsiveness initiatives we just discussed.

20.3.1 Citizen Monitoring

Even though we live in a democracy, there usually is a very little direct citizen participation in the governance of the country. However over the last few decades, we can perceive a change, whereby citizens are gradually carving out a 'space' to voice their opinion and in some cases control and monitor the progress of policies and projects.

Monitoring and evaluation (M&E) is vital if governments and aid organisations are to judge the successes and failures of development efforts. Conventionally, it has involved outside experts coming in to measure performance against pre-set indicators, using standardised procedures and tools.

Participatory monitoring and evaluation (PM&E) is going significance because of recognition of the limitations of this conventional approach. It offers new ways of assessing and learning from change that are more inclusive and more in tune with the views and aspirations of those most directly affected.

PM&E has four broad principles:

- Participation – which means opening up the design of the process to include those most directly affected and agreeing to analyse data together;
- Negotiation – to reach agreement about what will be monitored or evaluated, how and when data will be discussed and analysed, what the data actually means, and how findings will be shared and action taken;
- Learning which becomes the basis for subsequent improvement and corrective action; and
- Flexibility since the number, role and skills of stakeholders, and other factors change over time.

PM&E is being used for many purposes. Some governments and aid organisations are using it as a way of becoming more accountable, by using intended beneficiaries the chance to speak about local impacts. At the community level, PM&E to sustain local initiatives and manage conflicts.

PM&E is an approach, which involves local people, development agencies and policy makers deciding about measurement of progress and acting upon the results. (www.ids.ac.uk/ids)

The cases cited below are examples of citizens setting up mechanisms to assert their views on minimum entitlements, or to review government spending patterns and assess whether these are in line with national commitments to the social development of particular groups.

a) Consultation: Citizens' Juries- Women's Unit, UK

Citizens' juries bring together a group of 12-20 members of the electorate, chosen randomly from the electoral register. Over the course of 3-5 days, the jury hears evidence from 'expert witnesses' on policy issues, engaging in deliberation on policy implications and arriving at recommendations on potential courses of action. First developed in Germany and the USA, this approach grew out of a perceived need to give ordinary citizens a stronger voice and role in democratic decision-making. The first citizens' juries to be carried out by Central Government in the UK were commissioned by the Women's Unit in 1998, to inform the development of national childcare strategy. The initiative sought to address policy issues related to the provision of childcare, the balancing of work and parenting and the nature of support given by employers to working mothers and their families. Many of the recommendations were subsequently taken up and are reflected in the emergent National Childcare Strategy. As deliberative mechanisms that offer access to the informed views of the public, citizens' juries can help feed these views into the policy process (Goetz and Gaventa, *op cit*)

b) Consultation on Urban Design, Brighton, UK

Consultation with the local residents over a plan for infrastructure development included an open access to participatory planning event and the involvement of a local citizens association in a working group to take forward residents' concerns about the proposed development. The consultation came out as a result of central government requirements. Initially supported by the council, the citizens' group worked together with consultants commissioned by the council to create a forum for public involvement in planning the future of the site. Yet many of the suggestions arising from the planning event, and, most importantly, considerable public opposition to the key features in the development of a supermarket- were not taken on board in the revised planning brief. This example serves as a cautionary tale in the tokenistic use of consultation and has left in its wake an even larger gap and greater distrust between citizens and local government (*Ibid*).

c) Swabhimana: The Peoples' Platform

A unique feature of the civil society of Bangalore is the people's platform called Swabhimana. Initiated in 1995, under the guidance of the then Municipal Commissioner, Dr. Ravindra along with active support shown by prominent NGOs of the city, Swabhimana was created to foster 'citizen-service provider' interaction based on partnership between local government, communities, corporate/business groups and

voluntary organisations in Bangalore. It mainly acts as the bridge between the NGOs and the community based organisations in the city. Since the group comprises a multitude of actors concerned with different activities, Swabhimana provides an umbrella under which all these diverse agencies interact, network and to some extent co-ordinate their activities.

This forum has not only been able to survive under successive commissioners over the past five years, it seems to have gathered momentum and gained public appeal as well.

20.3.2 Setting Standards

Standard – setting for service provision addresses two major concerns. It focuses the efforts of the service providers on setting minimum, socially appropriate, and feasible performance standards. And it provides clients with a benchmark against which they can measure the quality of services they actually receive and for which they can hold service providers to account- through citizen monitoring. Standard- setting has been a widely exported public sector management tool in recent years with many public services in developing and transitional countries, which are encouraged to formulate citizens' charters.

Citizens' Charters, UK and India

A charter is a public organisation's statement of its aims, the standards of service that users can expect, feedback mechanisms to improve the quality of services and raise standards and grievances redress mechanisms. It may also give limited statutory rights to certain public customers. In the UK today, 10,000 local services produce local charters, and these are now an integral part of public service delivery (*ibid*).

In India also citizens' charters are formulated at various levels of government, agencies providing public services.

In Bangalore, the Bangalore Agenda Task Force (BATF) has made it mandatory for the seven main public agencies of the city to prepare and disseminate citizens' charters.

20.3.3. Incentives and Performance Measurement

A work force which is already demoralised, poorly paid and under resourced is hardly likely to respond well to public pressures or voice mechanisms, whether couched in the language of consultation or complaint. In fact, the response is more likely to be defensive or negative. The use of pay and other benefits to reward individuals for conforming to the organisations' desired performance goals addresses a problem which citizens voice do not always deal with very effectively.

According to the dominant trends of the new public management theories, emphasis is laid on market-based solutions which assume that public servants are like other 'rational self-interested' individuals in a market economy. The goal is to make public servants more client-oriented and responsive to the public. The reward element is balanced both by the internal sanctions and by the threat of 'competition' from private providers invited to tender for the same service.

Linking incentives and sanctions to specific desired performance goals such as greater responsiveness to clients inevitably implies performance-related pay and promotion and hence, a systematic and objective set of mechanisms for measuring performance. The

typical new public management approach therefore involves the use of devices such as 'result-oriented' performance targets, whose achievement is monitored at both the individual and organisational levels by measurable performance indicators and performance contracts.

The Best Value Concept

The Best Value concept is a policy initiated by the new Labour Government in UK in 1997, in order to improve and monitor local government service provision. It aims to: (a) ensure that the quality and cost of services reflect public perceptions of what is needed and affordable, and (b) build in continual improvement in service quality and efficiency. The mechanisms typically include a review and implementation process which begins with establishing whether there is a need for the service to be publicly delivered at all, followed (if the answer is affirmative) by comparison of the costs of best practice for delivery of that service both public and private, consulting with the public and finally ensuring that the service is provided on the most competitive (cost efficient) basis. It is very much a 'top-down', centrally imposed policy, which places local councils under a statutory duty to consult on best value performance reviews (*ibid*).

20.3.4 Organisational Culture Ethos

This mechanism includes several strategies, which can be clubbed as part of the human relations approach. These include training and orientation for attitudinal change among bureaucrats and service providers for developing and promoting greater job satisfaction.

A number of recent initiatives are being taken in India, Tanzania and Uganda to develop training approaches for public officials to build attitudes such as openness, respect, humility, flexibility and ability to listen. In Tanzania, success at the district level has led to workshops for principal secretaries at the national level. In India, the Lal Bahadur Shastri National Academy of Administration has been piloting training in behaviour and attitude changes as part of a national curriculum, with the support of the Ministry of Rural Development (*ibid*).

It is evident from these examples that 'responsiveness' involves greater transparency, changed staff attitudes, and the introduction of reinforcement of a service culture within the administration. The following examples further elaborate this factor.

20.3.5 Transparency

Any mechanism for adopting reforms for responsive governance usually implies the need to access vital information. One key lesson relevant everywhere is that with more information being made available and more publicity, the outcome of decentralisation efforts is likely to be better, whatever their rationale and whatever the circumstances in which they occur (Litvack *et al*, 1998).

20.3.6 Information Access

To make any service provider more accessible it is necessary to make their dealings with the public more transparent. This is usually attempted through creation of new physical points of access where citizens can obtain information and process a range of claims (such as one-window or one-stop desks in local government offices) These also include

the creation of virtual points of access where new information and communication technologies are used to consult with and provide information to service users.

One Stop Shops

These initiatives are designed to ease access to a wide range of local services offered either by local councils, or by local service providers. It aggregates in one locale a number of functions, or at least, application procedures for a number of offices and officials they must visit. For instance, in Lewisham, UK, people can claim either housing benefit or income support from either the Benefits Agency Office, or the councils housing benefit department. In Sindhudurgh, in Maharashtra 'one-window' innovations in district and block offices have signboards detailing the cost of all services and the amount of time it should take to process an application, thus informing citizens of basic standards for delivery of these services (*ibid*).

The Kolkata Municipal Corporation (KMC), has adopted a one-window operation at its head office to issue all kinds of certificates (commercial and personal) at charges which are clearly displayed on a board, thereby reducing corruption with regard to issuance of certificates to a large extent. Also, easy-reading rules and regulations relating to services have been prepared and widely circulated among the citizens to make the procedures transparent to the public. This has helped reduce corruption in KMC to a great extent.

The Bangalore Agenda Task Force supports and facilitates e-governance by assisting service providing agencies to set up websites to make information available, allow online interaction with the users and to download appropriate forms for them which saves time and money.

20.3.7 New Rights for Citizens

This refers to new legislation or even constitutional change recognising new rights. There are a few examples of this, where clients are endowed with a statutory and justifiable right to a particular service, of a particular quality, within a particular time-period. Failure to deliver can result in clients suing the state for compensation, or lodging a public interest litigation (PIL) which, if nothing else, does help to stop a project which is against the community with the help of the court's stay order.

Employment Guarantee Scheme, Maharashtra, India

This is a long running employment creation scheme (since 1977), that commits the state government to provide manual labour opportunities on public works programmes to groups of unemployed workers. If the government fails to provide jobs in 15 days, it is obliged to pay unemployment benefit until work is provided. Political parties and NGOs have access to employment through the scheme as a mobilisation strategy and also as a way of holding the government to account. In cases where the government has failed to provide employment (or unemployment benefit) or other associated amenities such as childcare for working women, successful PIL has been pursued effectively (*ibid*).

Just as transparency is an important mechanism of responsiveness so is accountability. In fact in most studies they are both considered necessary prerequisites for the State to show any form of response to public criticism of its policies. Let us now examine the mechanism of accountability.

20.4 ACCOUNTABILITY AND RESPONSIVENESS

Conventional public accountability systems in tandem with democratic institutions and polities are designed to ensure that the public service does indeed respond to citizens' needs in a fair and impartial way. Responsiveness and accountability are not the same thing, but a connection is being made because of citizen dissatisfaction with the record of their elected representatives in holding civil servants to account, or in channeling citizen concerns and preferences into decision making.

Accountability is generally interpreted as the means by which individuals and organisations report to a recognised authority or authorities and are held responsible for their actions (Edwards and Hulme, 1994). Accountability mechanisms generally operate along either a 'vertical' axis (external mechanism used by non-state actors to hold power holders to account) or a 'horizontal' axis (institutional oversight, checks and balances internal to the State) and at various levels. In liberal democracies, there are a few formal means for individual citizens to hold the State to account, let alone to enforce answerability from particular parts of the State. The vote is the classic formal mechanism of vertical accountability, allowing citizens periodically to hold governments to account for their rule. Between elections, this vertical accountability mechanism is supplemented by the operation of a free media and advocacy by civil society groups.

Horizontal and vertical accountability functions are ensured by a range of formal institutions. These include:

- **Political accountability-** ensured through the legislature, particularly where there is an effective opposition, sufficient staff resources, access to relevant information and parties organised on programmatic lines, oriented to serving the national interest rather than parochial concerns.
- **Fiscal accountability-** ensured through formal systems of auditing and financial accounting for the use of public sources.
- **Administrative accountability-** ensured by reporting systems that link the bureaucracy with ministers and the legislature. Similar hierarchical reporting relationships within bureaucracies assure internal accountability.
- **Legal and constitutional accountability-** supposed to be assured by the judiciary, which checks that politicians and officials do not exceed their legal authority. The judiciary is the ultimate seat of accountability in most countries and for this reason its autonomy from executive and legislature is crucial.

There are various levels of accountability, but for the purposes of this Unit, we restrict ourselves to studying the three basic but important levels of accountability in governance.

1. The first form revolves around the governments' (ministries, the bureaucracy and its constituent parts) accountability to the political leadership (elected or otherwise) of the country. Ministers, for example, should be accountable to

parliament in parliamentary democracies like India. Civil servants in turn should be accountable to their ministers. Accountability here is seen as a macro level concept, as it is difficult for a minister or legislator to supervise or control the individual acts of all civil servants and their departments. At this level, new political leaders act as surrogates for the public (Paul, 1991). The effectiveness of these macro level accountability devices has eroded a great deal in recent times with the states' expanding role in controlling the multiplicity of public services.

Accountability within the Kolkata Municipal Corporation

A unique feature of a built-in form of accountability at this level can be found in the Kolkata Municipal Corporation. Every department of the Corporation is headed by an elected political representative who is a member of a cabinet-like body called the Mayor-in-Council (MIC). The member of the MIC is assisted by an appointed bureaucrat. The presence of the councillors assures 'representation' of the citizens and the appointed staff provides professional guidance. Ideally this is the best form of accountability within local government, but in reality it is also ridden with problems of conflicting ideologies and work ethics.

2. The second sub-indicator of accountability involves the political representatives' accountability to the citizenry. Popular elections do address this to some extent. Also, since the local elected councillors find themselves closer to the electorate, they have to be more cautious of the decisions and actions they take. This is a crucial link in the accountability chain, as more often than not, citizens, especially those from the marginalised section, can approach the bureaucrats in authority only through their elected representatives.

The level of interaction among the elected representatives and local citizens for example, is high in Kolkata, due to the way the political regime operates. One can find various formal and informal party representatives in any given 'ward' or electoral constituency of the city. This is favourable for the local citizens as they can voice their grievances at the local level. However the disadvantage is that the person voicing the grievance has better chances of a positive outcome if s/he is known to be a supporter of the party of the elected representative!

The accountability of bureaucrats (individual civil servants) to the citizens is fundamental to good governance. Unaccountable and corrupt city management can undermine local government credibility, deepen urban poverty and increase social exclusion.

The Customer Complaint System, Bangalore, India

As a result of a recent initiative to improve relationship between citizens and bureaucrats, the Bangalore City Corporation (BCC) launched a Customer Complaint System (CCS). Under this scheme, a number of complaint-receiving points have been established and each of the 28 Range officers of BCC headed by the Assistant Revenue Officer, are instructed to receive customer complaints. On receipt of a complaint, an acknowledgement receipt is issued to the complainant, indicating the time frame for redressal and the name of the officer responsible. The officers concerned are supposed to take action within the stipulated time frame and then report back to the revenue officer, following which, the information is entered into the database and a response sent to the complainant by post.

20.5 PUBLIC-PRIVATE PARTNERSHIP

The need for co-operation between various service sectors has been an inherent component of development discourse over the last few decades. It gained increasing impetus by, firstly welfare reforms in the industrialised countries over the past two decades and secondly, the 'dual movement of declining state intervention and growing NGO influence in the development process' (Robinson and White, 1998).

It is assumed that democratic decentralisation holds considerable promise for collaboration and synergy between institutions and agents of government on the one hand and civil society level grass roots communities on the other. However, these specifically come together in the concept of 'partnership', a term that has increasingly become a part of the governance discourse. While conventional partnerships have been between the public and private sectors, increasingly it is being broadened to include other sectors as well.

Partnership refers to taking responsibility of an activity where more than one person or firm is involved. Partnership bridges the gap between public and private actors, between associations and business, between those who possess the means and those who have the competencies. Edralin (1997) points out that collaboration between local government and the community enhances the responsiveness of local governments to citizens' needs. She cites the example of Surabaya city in Indonesia where, as part of its urban policy, the local city government promotes partnership with the citizens. Though the urban management programme is a major tool for city beautification, it also has two other important tasks: to create conditions to generate income for the marginalised communities and to improve the environment. Partnering responsibilities have not only reduced the overall programme costs, it has also initiated a deeper commitment on the part of the people to the ultimate success of the programme in improving the quality of the environment.

The traditional forms of partnership in the area of urban infrastructure and services have usually been between the public and the private sectors, where the private firm provides the hardware and the public firm looks after the maintenance and distribution of the service. This is also known as leasing out or subcontracting, where service users often find it even more difficult to hold the providers accountable. At times this also implies an increase in the service charge, without necessarily improving the quality of service. The main reason behind its limited success may lie in the fact that in most cases the community or the users have not been involved in the partnership. At best these joint ventures have improved customer servicing norms, where the citizen is valued as a customer but not as a partner.

The multiplicity of stakeholders from diverse sectors engaged in 'responsible partnership' is a recent popular trend, which suggests some change in the traditional role shared between service providers and users. A few of these partnerships, compiled by the World Bank (1995) are as follows:

- Service users in partnership with private service supplier: This is the simplest case of service user-based agreement, which involves direct contracting of service suppliers by user communities. This is common in the area of waste management in Indian cities.
- Joint partnership between service users, government agency and corporate sector: responsibility increases if the users consider themselves co-owners and co-signatories of a project. This can often reduce project cost and ensure accountability.
- Joint partnership between service users- NGO-government and corporate sector. Often, service user communities are not a homogenous group. To represent unbiased interest and help articulate demands, it becomes necessary to have a neutral body, for instance an NGO, to act as enabler and mediator between the various stakeholders.

Public-private partnerships for service provision are not yet widespread in India. Also appropriate forms of user participation in the regulatory process have yet to be explored. Providers fail to appreciate the users potential in monitoring service quality. Partnerships also vary depending on the local political regime. If the ruling government is open to the idea of external investments in the form of shares, bonds or international grants and is not averse to the idea of collaboration, then partnerships can be worked out between various stakeholders.

There are more practical reasons for introducing joint management. Where resources (staff and money) are limited, where client communities are geographically distant, and where the State's role in managing and harvesting common property resources (forests, water) is fundamentally disputed, or where certain social groups have historically rejected the authority and legitimacy of the State, it is practically right to allow the communities to be involved as partners in state-led initiatives.

Forest Protection Committees, West Bengal

In West Bengal, Forest Protection Committees (FPC) are local partnerships between forest dwellers and front-line forest officials implementing the Joint Forestry Management (JFM) Programme. This programme was intended to end the adversarial relationship between forestry workers and forest –fringe villagers. The latter are blamed for forest degradation. Conflicts in some instances resulted in violent assaults on forest department officials and workers. The FPC engages local residents in the regeneration, protection and maintenance of forests and plantations and in keeping encroachers out. In exchange, each FPC has a right to 25 per cent of the net income from timber sales and the right to collect certain categories of forest produce. JFM has not met with the success elsewhere in India, where service providers from the bottom to the top of the forest Department have been reluctant to cede management responsibilities and rights to forest produce to the local people. In this successful West Bengal case, front line workers were responsible for pushing the forest administration into full implementation of the national JFM proposals (Goetz and Gaventa, *op.cit*).

Education Guarantee Scheme (EGS), Madhya Pradesh

This scheme was established in 1997 by the state government of Madhya Pradesh. It is a rights-based initiative to universalise primary education. Based on the notion that all children have the right to go to a local school, the state government created an informal charter in which it guarantees that it will establish a school within 90 days whenever this is demanded by a community lacking a local school. The community has to demonstrate that it has 40 learners (25 in the case of tribal communities). The District provides the teacher training and basic learning materials, while the community provides the land for the school. The Gram Panchayat appoints the teacher. The communities are encouraged to suggest a suitable local resident to be the teacher, thus minimising the problems of geographical and social distance between teachers and communities, which have led in the past to extensive teacher absenteeism. The community oversees the maintenance of physical facilities and school management. The communities' stakehold in the school is encouraged by the threat of withdrawal of funding if drop out rates are high. The programmes' reach has been very high, with over 15,500 EGS Schools established in the first year of the Scheme. This suggests effective dissemination of information about community rights and entitlements under the scheme (*ibid*).

Housing Scheme in Kolkata

The collaboration between the State- run West Bengal Housing Board and a private cement company which now constructs houses under the company name of Bengal Ambuja Housing Development Limited has been a success story. The aim of this collaboration is to provide good quality housing along with allied facilities and infrastructure for people with varying different earning capacities. The profit they earn from building high income condominiums is put back into constructing blocks of flats for the middle and lower income groups, which are then sold at subsidised rates.

Waste Management in Kolkata

Yet another example is that of the Kolkata Municipal Corporation's waste management service (collection, segregation and disposal) in partnership with private contractors. The Municipal Corporation has got into a partnership agreement with a private firm called Excel to convert waste into marketable products like fertilisers. This is based on the understanding that the company will pay 2.5 percent of its sales proceeds to the Corporation. The schemes have been initiated and are expected to reduce the demand on urban land for dumping of waste. As is well-known, in a metropolitan city, the procurement of urban land is becoming more and more difficult in terms of both acquisition and cost.

The impact of partnership, especially between the State and civil society, has not only improved the output of public services, it has also created a space for dialogue between the two most important stakeholders in the system of service delivery users and providers. Even though the gains from partnership programmes may not be large, they have nevertheless set in motion a culture of 'collaboration' and 'team spirit' which has created more space than ever before for ordinary people to participate in common issues concerning their city.

20.6 CONCLUSION

When we talk of responsiveness, the first point to be clarified is from whom do the service users expect a response? It can be related to any level of government. At the local level, it is the local government that is expected to respond. The Municipal Corporation and other development authorities which have autonomous status are to respond to the citizens they serve. In most cities, to a lesser degree, there is an unofficial level of ‘service facilitators’ who operate on a commercial basis, mostly to facilitate the process of accessing services which are provided by State service providers. Nevertheless, major factors such as the status of civil society and the political context of the city ultimately determine the way, service providers increase responsiveness for better governance.

20.7 KEY CONCEPTS

Bangalore Agenda Task Force

It was set up in 2000 to bring about better management and development of Bangalore city. It is a partnership between the citizens, corporate groups and administrative agencies including Bangalore Development Authority, Bangalore Electric Supply Corporation, Police, Water Supply and Sewerage Board. This task force works on urban development projects relating to civic amenities, traffic, policing etc.

Joint Forest Management

It is a concept of developing partnerships between forest users and the Forest Department on the basis of mutual trust and defined roles and responsibilities with regard to forest protection and development. Under this arrangement, the users who are the local communities and the owner, which is the government, manage the forest resources and share the costs equally. It is considered an effective way of involving local communities in addressing the problem of deforestation and land degradation.

Public Interest Litigation

In simple words, it means litigation filed in a court of law for the protection of public interest such as pollution, terrorism, road safety etc. Public interest litigation (PIL) is not defined in any statute or act. It has been interpreted by judges to consider the intent of public at large. PIL is filed in various areas such as violation of basic human rights of the poor, content of government policy, ensuring action on part of municipal authorities to perform a public duty etc.

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20.9 ACTIVITIES

1. Pick a particular issue of governance, for instance problems with road and public transport, or water and electricity shortage or any such area of public service and collect as much information about the debates that people are engaging in. For instance, maintain a diary with cuttings from the newspaper and magazines, add insights from talk shows held on similar topics on T.V. You could also browse relevant websites and gather information. After following up a topic for over a month, prepare a case study of what you feel are the causes for the particular problem related to that service.
2. As any ordinary urban citizen, you must be a resident of a particular neighborhood in your city. In this unit, we have seen that the responsiveness of the state is also urged or supported by various associations within civil society. One such association usually found in urban neighbourhoods is that of formal (registered) or informal residents welfare organisations. Your neighbourhood probably has one too. Collect as much information through informal interviews from the office bearers (president, general secretary, treasurer) as possible over a period of time to see what kinds of mechanisms they adopt to 'voice' their concerns to the civic agencies (e.g. Electricity board, or Municipal Corporation).

Map the chronological sequence of how a few sporadic incidences or comments may actually culminate into direct positive action.