Money Laundering

Money laundering is the process of concealing the source of large amounts of money that have been gained through illegitimate means. Money evidently gained through crime is "dirty" money, and money that has been "laundered" to appear as if it came from a legitimate source is "clean" money. Money can be laundered by many methods, which vary in complexity and sophistication.

Money laundering happens in almost every country in the world, and a single scheme typically involves transferring money through several countries in order to obscure its origins. Money laundering, at its simplest, is the act of making money that comes from Source A look like it comes from Source B. In practice, criminals are trying to disguise the origins of money obtained through illegal activities so it looks like it was obtained from legal sources. Otherwise, they can't use the money because it would connect them to the criminal activity, and law-enforcement officials would seize it.

'Money Laundering' as an expression is one of fairly recent origin. The original sighting was in the newspapers reporting the Watergate Scandal in the United States in 1973. The action of the US President Richard Nixon's "Committee to re-elect the President" that moved illegal campaign contributions to Mexico, and then brought the money back through a company in Miami. It was Britain's newspaper Guardian that coined the term, referring to the process as "laundering".

The term "money laundering" is said to originate from Mafia in the United States. Gangsters there were earning huge sums in cash from extortion, prostitution, gambling and bootleg liquor. They needed to show a legitimate source for these monies. One of the ways in which they were able to do this was by purchasing outwardly legitimate businesses and to mix their illicit earnings with the legitimate earnings they received from these businesses.

Money Laundering as a crime attracted the interest in the 1980s, essentially within a drug trafficking context. It was from an increasing awareness of the huge profits generated from this criminal activity and a concern at the massive drug abuse problem in western society which created the impetus for governments to act against the drug dealers by creating legislation that would deprive them of their illicit gains.

Money Laundering is not an independent crime, it depends upon another crime (predicate offence), the proceeds of which is the subject matter of the crime in money laundering. Money Laundering has a close nexus with organized crime. Money Launderers accumulate enormous profits through drug trafficking, international frauds, arms dealing etc. Cash transactions are predominantly used for Money Laundering as they facilitate the concealment of the true ownership and origin of money. It is well recognized that through the huge profits the criminals earn from drug trafficking and other illegal means, by way of money laundering could contaminate and corrupt the structure of the State at all levels, this definitely leads to corruption. Further, this adds to constant pursuit of profits and the expansion into new areas of criminal activity.

Through money laundering, organized crime diversifies its sources of income and enlarges its sphere of action. The social danger of money laundering consists in the consolidation of the economic power of criminal organizations, enabling them to penetrate the legitimate economy. In advanced societies, crime is increasingly economic in character. Criminal associations now

Dirty money has to be converted into clean money is done laundering.

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tend to be organized like business enterprises and to follow the same tendencies as legitimate firms; specialization, growth, expansion in international markets and linkage with other enterprises.

The amount of money laundered each year is in the billions (US dollars) and poses a significant policy concern for governments. As a result, governments and international bodies have undertaken efforts to deter, prevent and apprehend money launderers. Financial institutions have likewise undertaken efforts to prevent and detect transactions involving dirty money, both as a result of government requirements and to avoid the reputational risk involved. Issues relating to money laundering have existed as long as there have been large scale criminal enterprises. Modern anti-money laundering laws have developed along with the so-called modern "War on Drugs". In more recent times anti-money laundering legislation is seen as adjunct to the financial crime of terrorist financing in that both crimes usually involve the transmission of funds through the financial system (although money laundering relates to where the money has come *from*, and terrorist financing relating to where the money is going *to*).

Methods and Stages of Money Laundering

There are three stages involved in money laundering; placement, layering and integration.

Placement –This is the movement of cash from its source. On occasion the source can be easily disguised or misrepresented. This is followed by placing it into circulation through financial institutions, casinos, shops, bureau de change and other businesses, both local and abroad. The process of placement can be carried out through many processes including:

1. *Currency Smuggling* – This is the physical illegal movement of currency and monetary instruments out of a country. The various methods of transport do not leave a discernible audit trail
2. *Bank Complicity* – This is when a financial institution, such as banks, is owned or controlled by unscrupulous individuals suspected of conniving with drug dealers and other organised crime groups. This makes the process easy for launderers. The complete liberalisation of the financial sector without adequate checks also provides leeway for laundering.
3. *Currency Exchanges* – In a number of transitional economies the liberalisation of foreign exchange markets provides room for currency movements and as such laundering schemes can benefit from such policies.
4. *Securities Brokers* – Brokers can facilitate the process of money laundering through structuring large deposits of cash in a way that disguises the original source of the funds.
5. *Blending of Funds* – The best place to hide cash is with a lot of other cash. Therefore, financial institutions may be vehicles for laundering. The alternative is to use the money from illicit activities to set up front companies. This enables the funds from illicit activities to be obscured in legal transactions.
6. *Asset Purchase* – The purchase of assets with cash is a classic money laundering method. The major purpose is to change the form of the proceeds from conspicuous bulk cash to some equally valuable but less conspicuous form.

Layering – The purpose of this stage is to make it more difficult to detect and uncover a laundering activity. It is meant to make the trailing of illegal proceeds difficult for the law enforcement agencies. The known methods are:

1. *Cash converted into Monetary Instruments* – Once the placement is successful within the financial system by way of a bank or financial institution, the proceeds can then be converted into monetary instruments. This involves the use of banker's drafts and money orders. *(Dialy to Clean)*

2. *Material assets bought with cash then sold* – Assets that are bought through illicit funds can be resold locally or abroad and in such a case the assets become more difficult to trace and thus seize.

Integration – This is the movement of previously laundered money into the economy mainly through the banking system and thus such monies appear to be normal business earnings. This is dissimilar to layering, for in the integration process detection and identification of laundered funds is provided through informants. The known methods used are:

1. *Property Dealing* – The sale of property to integrate laundered money back into the economy is a common practice amongst criminals. For instance, many criminal groups use shell companies to buy property; hence proceeds from the sale would be considered legitimate.

2. *Front Companies and False Loans* – Front companies that are incorporated in countries with corporate secrecy laws, in which criminals lend themselves their own laundered proceeds in an apparently legitimate transaction.

3. *Foreign Bank Complicity* – Money laundering using known foreign banks represents a higher order of sophistication and presents a very difficult target for law enforcement. The willing assistance of the foreign banks is frequently protected against law enforcement scrutiny. This is not only through criminals, but also by banking laws and regulations of other sovereign countries.

4. *False Import/Export Invoices* – The use of false invoices by import/export companies has proven to be a very effective way of integrating illicit proceeds back into the economy. This involves the overvaluation of entry documents to justify the funds later deposited in domestic banks and/or the value of funds received from exports.

Harmful Effects of Money Laundering:

Money Laundering threatens national governments and international relations between them through corruption of officials and legal systems. It undermines free enterprise and threatens financial stability by crowding out the private sector, because legitimate businesses cannot compete with the lower prices for goods and services that businesses using laundered funds can offer. There are few specific challenges which is posed by Money-laundering activities throughout the world.

Terrorism – Terrorism is an evil which affects each and everybody. Now and then we can find terrorist attacks being made by terrorists. These attacks definitely cannot be done without the help of money. Money Laundering serves as an important mode of terrorism financing. Terrorists have shown adaptability and opportunism in meeting their funding requirements. Terrorist organizations raise funding from legitimate sources, including the abuse of charitable entities or legitimate businesses or self financing by the terrorists themselves. Terrorists also derive funding from a variety of criminal activities ranging in

scale and sophistication from low-level crime to organised fraud or narcotics smuggling, or from state sponsors and activities in failed states and other safe havens. Terrorists use a wide variety of methods to move money within and between organisations, including the financial sector, the physical movement of cash by couriers, and the movement of goods through the trade system. Charities and alternative remittance systems have also been used to disguise terrorist movement of funds.

Threat to Banking System

Across the world, banks have become a major target of Money Laundering operations and financial crime because they provide a variety of services and instruments that can be used to conceal the source of money. Though norms for record keeping, reporting, account opening and transaction monitoring are being introduced by central banks across the globe for checking the incidence of Money Laundering and the employees of banks are also being trained to recognise suspicious transactions, the dilemma of the banker in the context of Money Laundering is to sift the transactions representing legitimate business and banking activity from the irregular / suspicious transactions. Launderers generally use this channel in two stages to disguise the origin of the funds first, when they place their ill gotten money into financial system to legitimize the funds and introduce these funds in the financial system and second, once these funds have entered the banking system, through a series of transactions, they distance the funds from illegal source. The banks and financial institutions through whom the 'dirt money' is laundered become unwitting victims of this crime.

Threat to Economic and Political Stability – the infiltration and sometimes saturation of dirty money into legitimate financial sectors and national accounts can threaten economic and political stability. An IMF working paper concludes that money laundering impacts financial behaviour and macro-economic performance in a variety of ways including policy mistakes due to measurement errors in national account statistics; volatility in exchange and interest rates due to unanticipated cross border transfer of funds; the threat of monetary instability due to unsound asset structures; effects on tax collection and public expenditure allocation due to misreporting of income and many more such ways.

Macroeconomic Consequences of Money Laundering

The integrity of the banking and financial services marketplace is heavily reliant on the perception that it functions within a framework of high legal, professional and ethical standards. A reputation for integrity is perhaps one of the most valuable assets of a financial system and institution. Therefore, on a macro level, money laundering poses a risk to confidence in the financial system and its institutions. *"The soundness and confidence in the financial system as a whole could be seriously jeopardised thereby losing the trust of the public..."* if the financial system is caught laundering criminal proceeds .

Other potential macroeconomic consequences of unchecked money laundering have been cited by the International Monetary Fund as inexplicable changes in money demand, contamination effects on legal financial transactions and increased volatility of international capital flow and exchange rates owed to unanticipated cross-border asset transfers. The latter point is especially important and poses a big risk to financial system as money laundering has a direct effect on the Foreign Exchange Market (FOREX) of an economy. The FOREX market is vulnerable owed to the volume of cash involved in the trade. The apparent fund movement, especially from illegal sources, from one jurisdiction to another is capable of exacerbating the exchange rate volatility.

[handwritten margin notes: Lending money to drug traffickers is a threat on banks financial system. Speculation is legitimate it makes liquidity.]

[handwritten bottom notes: Non state actors are associated with terrorists. Drug traffickers, Smugglers, Gun Shooters...]

This can be devastating especially when there is no corresponding increase in production: hence the domino effect on regulating cash flow and inflation.

Social and Political Costs

There are also social and political costs of money laundering, which have the capacity to be serious if left unchecked or dealt with ineffectively.. Organised crime syndicates can infiltrate financial institutions and acquire control of large sectors of the economy through investment. Organised crime syndicates are in an opportune position to offer bribes to public officials and indeed governments. This implies corruption and laundering go hand in hand. The influence of organised crime syndicates in the economic and political sphere can weaken the social fabric, collective ethical standards and ultimately the democratic institutions of society.

However, what is probably of most importance is the fact that money laundering is inextricably linked to the underlying criminal activity that generated it. Laundering enables criminal activity to continue. It is the dynamic that allows criminal activity of all descriptions to grow and expand. This process –the delivery channel of clean funds –is now so embedded in the 'normal' business environment that chances of controlling it are small and therefore chances of eradicating it are slim to nothing.

There are lots of money-laundering **techniques** that authorities know about and probably countless others that have yet to be uncovered. Here are some of the more popular ones:

- **Structuring deposits** Also known as **smurfing**, this method entails breaking up large amounts of money into smaller, less-suspicious amounts. In the United States, this smaller amount has to be below $10,000 -- the dollar amount at which U.S. banks have to report the transaction to the government. The money is then deposited into one or more bank accounts either by multiple people (smurfs) or by a single person over an extended period of time.

- **Overseas banks** Money launderers often send money through various "offshore accounts" in countries that have bank secrecy laws, meaning that for all intents and purposes, these countries allow anonymous banking. A complex scheme can involve hundreds of bank transfers to and from offshore banks. According to the International Monetary Fund, "major offshore centers" include the Bahamas, Bahrain, the Cayman Islands, Hong Kong, Antilles, Panama and Singapore.

- **Underground/alternative banking** Some countries in Asia have well-established, legal alternative banking systems that allow for undocumented deposits, withdrawals and transfers. These are trust-based systems, often with ancient roots, that leave no paper trail and operate outside of government control. This includes the *hawala* system in Pakistan and India and the *fie chen* system in China.

Hawala – Hawala is an alternative or parallel remittance system. It exists and operates outside of, or parallel to 'traditional' banking or financial channels. It was developed in India, before the introduction of western banking practices, and is currently a major remittance system used around the world. In hawala networks the money is not moved physically. A typical hawala transaction would be like a resident in USA of Indian origin doing some business wants to send

↳ Informal channel of money transfers.

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some money to his relatives in India. The person has option either to send the money through formal channel of banking system or through the hawala system. The commission in hawala is less than the bank charges and is without any complications for opening account or visit the bank, etc. The money reaches in to the doorstep of the person's relative and the process is speedier and cheaper. Cyber Crime – Now one has to confront with hybrid crimes, the crimes with many attributes. According to Capt. Raghu Raman, "Five types of crimes are now converging. Cyber crimes such as identity theft, illegal access to e-mail, and credit card fraud are coming together with money laundering and terrorist activities. Large amounts of money is now stored in digital form. Now you can transfer money through electronic and online gateways to multiple accounts." This convergence leads to a greater problem of tackling of different issues at one time. (Read ahead)

- **Shell companies** These are fake companies that exist for no other reason than to launder money. They take in dirty money as "payment" for supposed goods or services but actually provide no goods or services; they simply create the appearance of legitimate transactions through fake invoices and balance sheets.

- **Investing in legitimate businesses** Launderers sometimes place dirty money in otherwise legitimate businesses to clean it. They may use large businesses like brokerage firms or casinos that deal in so much money it's easy for the dirty stuff to blend in, or they may use small, cash-intensive businesses like bars, car washes, strip clubs or check-cashing stores. These businesses may be "front companies" that actually do provide a good or service but whose real purpose is to clean the launderer's money. This method typically works in one of two ways: The launderer can combine his dirty money with the company's clean revenues -- in this case, the company reports higher revenues from its legitimate business than it's really earning; or the launderer can simply hide his dirty money in the company's legitimate bank accounts in the hopes that authorities won't compare the bank balance to the company's financial statements.

Most money-laundering schemes involve some combination of these methods, although the Black Market Peso Exchange is pretty much a one-stop-shopping system once someone smuggles the cash to the peso broker. The variety of tools available to launderers makes this a difficult crime to stop, but authorities do catch the bad guys every now and then. In the next section, we'll take a look at two busted money-laundering operations.

International efforts to control
Money laundering is a crucial step in the success of drug trafficking and terrorist activities, not to mentionwhite collar crime, and there are countless organizations trying to get a handle on the problem. Because global financial systems play a major role in most high-level laundering schemes, the international community is fighting money laundering through various means, including the Financial Action Task Force on Money Laundering (FATF), which as of 2005 has 33 member states and organizations. The United Nations, the World Bank and the International Monetary Fund also have anti-money-laundering divisions.
The United Nations Office on Drugs and Crime maintains the *International Money Laundering - Information Network*, a website that provides information and software for anti-money laundering data collection and analysis. The World Bank has a website in which it provides policy advice and best practices to governments and the private sector on anti-money laundering issues.

- Basel Committee on Banking Regulations and Supervisory Practices The Basel Statement of Principles on the prevention of criminal use of the banking system was a significant breakthrough on the financial front to have some controlling mechanism for money-laundering on an international plane.
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances:This UN Convention was one of the historic conventions inasmuch as the parties to the Convention recognized the links between illicit drug traffic and other related organised criminal activities which undermine the legitimate economies and threaten the stability.
- GPML – The Global Programme against Money Laundering was established in 1997 in response to the mandate given to UNODC by the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. GPML mandate was strengthened in 1998 by the United Nations General Assembly Special Session (UNGASS) Political Declaration and Action Plan against Money Laundering which broadened its remit beyond drug offences to all serious crime.Three further Conventions have been adopted / specify provisions for AML/CFT related crimes:
- International Convention for the Suppression of the Financing of Terrorism (1999)
- UN Convention against Transnational Organized Crime (2000)
- UN Convention against Corruption (2003)
- FTAF:The **Financial Action Task Force (on Money Laundering) (FATF)** is an intergovernmental organizationfounded in 1989 on the initiative of the G7.The purpose of the FATF is to develop policies to combat money laundering andterrorism financing. The FATF Secretariat is housed at the headquarters of the OECD in Paris.
- International Money Laundering Information Network (IMoLIN):IMoLIN is an Internet-based network assisting governments, organizations and individuals in the fight against money laundering and the financing of terrorism
- Wolfsberg AML Principles:This gives eleven principles as an important step in the fight against money laundering, corruption and other related serious crimes.

Egmont Group of Financial Intelligence Units:The Egmont Group is the coordinating body for the international group of Financial Intelligence Units (FIUs) formed in 1995 to promote and enhance international cooperation in anti-money laundering and counter-terrorist financing. Asia-Pacific Group on Money Laundering (APG):The Asia/Pacific Group on Money Laundering (APG) is an international organisation consisting of 38 member countries/jurisdictions and a number of international and regional observers including the United Nations, IMF and World Bank. The APG is closely affiliated with the FATF based in the OECD Headquarters at Paris, France. All APG members commit to effectively implement the FATF's international standards for anti-money laundering and combating financing of terrorism.

India
With its growing financial strength, India is vulnerable to money laundering activities even though the country's strict foreign exchange laws make it difficult for criminals to launder money. International Narcotics Control Strategy Report by Bureau for International Narcotics and Law Enforcement Affairs emphasizes India's Vulnerability to money-laundering activities in

following words: "India's emerging status as a regional financial center, its large system of informal cross-border money flows, and its widely perceived tax avoidance problems all contribute to the country's vulnerability to money laundering activities. Some common sources of illegal proceeds in India are narcotics trafficking, illegal trade in endangered wildlife, trade in illegal gems (particularly diamonds), smuggling, trafficking in persons, corruption, and income tax evasion. Historically, because of its location between the heroin-producing countries of the Golden Triangle and Golden Crescent, India continues to be a drug-transit country."
Money-laundering in India has to be seen from two different perspectives, i.e., Money laundering on international forum and Money-laundering within the country. As far as the cross-border money-laundering is concerned India's historically strict foreign exchange laws and reporting norms have contributed to a great extent to control money laundering on international forum. However, there has been threat from informal transactions like 'Hawala'.
According to Indian observers, funds transferred through the hawala market are equal to between 30 to 40 percent of the formal market. The Reserve Bank of India (RBI), India's central bank, estimates that remittances to India sent through legal, formal channels in 2006-2007 amounted to U.S. $28.2 billion. Due to the large number of expatriate Indians in North America and the Middle East, India continues to retain its position as the leading recipient of remittances in the world. In India, before the enactment of the Prevention of Money Laundering Act 2002 (PMLA-02), the following statutes addressed scantily the issue in question:
• The Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
• The Income Tax Act, 1961
• The Benami Transactions (Prohibition) Act, 1988
• The Indian Penal Code and Code of Criminal Procedure, 1973
• The Narcotic Drugs and Psychotropic Substances Act, 1985
• The Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988

However, this was not sufficient with the growth of varied areas of generating illegal money by selling antiques, rare animal flesh and skin and many such varied new areas of generating money which was illegal. Money-laundering was an effective way to launder the black money (wash it to make it clean) so as to make it white. The international initiatives as discussed above to obviate the threat not only to financial systems but also to the integrity and sovereignty of the nations and the recent Hawala episode in India triggered the need for an anti money-laundering law. In view of the urgent need for the enactment of a comprehensive legislation inter alia for preventing money laundering and connected activities, confiscation of proceeds of crime, setting up of agencies and mechanisms for coordinating measures for combating money-laundering etc., the PML Act 2002 came into force in 2005. The amended version came into force in 2013.

Money laundering and stock markets

Laundering of money through stock markets is not a new phenomenon globally. The Financial Action Task Force (FATF) on money laundering conducted a study in 2009 titled "Money Laundering and Terrorist Financing in Securities Sector" which concludes that "use of securities market for money laundering is an actual threat, use of the same for terrorist financing poses a serious risk".

Fears about incidence of money laundering in the Indian stock markets have been confirmed by the statement made by the Indian Home Minister Mr. Sushil Kumar Shinde at the Interpol conference in Rome in November 2012. Mr.Shinde stated that "It is a cliché to say that terror-funding is the lifeblood of terrorism. Credible intelligence suggests terrorist outfits are investing

in stock markets through spurious companies, setting up fictitious businesses and laundering money."

This is not the first time such a statement has been made. In 2007, Mr. M.K. Narayanan, the then National Security Advisor affirmed that terror outfits were reportedly using the Chennai and Mumbai stock exchanges for investing in stock markets through fictitious companies whose links were traceable to some terror outfits

Ground realities suggest some credible evidence to support and strengthen these statements. In 2011, the then Minister of State for Finance, Mr. Namo Narain Meena stated in writing to the Parliament that "Ten suspected cases of terror funding in the stock markets have been reported in the previous three fiscal years from 2009-2011.

The Securities and Exchange Board of India (SEBI) which regulates stock markets in India in its annual report 2011- 2012, has acknowledged that "Terrorist financing has grave consequences for economic and political standing of a jurisdiction".

The Finance Ministry's "White Paper" on "Black Money", 2012 states that two topmost sources of the cumulative financial inflows from April 2000 to March 2011 are Mauritius (41.80 per cent) and Singapore (9.17 per cent). These inflows are not in proportion with the size of their individual economies, and are suspected to be funds of resident Indians which are routed through countries to avoid taxes by a process known as "round tripping" concealing the identity of the investor.

The report also states that "Investment in the Indian Stock Market through Participatory Notes (PN) is another way in which the black money generated by Indians is re-invested in India. The ultimate beneficiaries/investors through the PN route could be Indians and the source of their investment may be black money generated by them. It is at this juncture, that analyzing the possible role of Participatory Notes (PN) in the proliferation and as a conduit for money laundering in India becomes imperative.

In recent times, terror groups have evolved into hybrid organisations combining focus on terror attacks with a high level of financial skills which are seen with global criminal syndicates. Thus, there is a strong possibility that criminally laundered funds are routed back to India through the stock markets by groups linked to terrorism.

Causes of Increase in Money Laundering and Inability to Control
There are various causes for increase in Money Laundering and the few of them can be enlisted as follows which is popularly known as 'Features of an Ideal Financial Haven':
• No deals for sharing tax information with other countries –
• Corporate Secrecy Laws – as the corporate law of certain countries enables launderers to hide behind shell companies.
• Tight Bank Secrecy Laws
• A Government that is Relatively Invulnerable to Outside Pressures (Swiss government)
• Increase in sophistication and employment of professional people for doing the task

Liberty Reserve

In 2013, Liberty Reserve, a major global online cash transfer business run out of Costa Rica, has been shut down and its executives arrested to face U.S. charges of laundering $6 billion. According to U.S. Attorney, "Liberty Reserve has become a financial hub of the cybercrime world, facilitating a broad range of online criminal activity including credit card fraud, identity theft, investment fraud, computer hacking, child pornography and narcotics trafficking." According to the indictment, it moved tens of millions of dollars through shell company accounts maintained in Cyprus, Russia, Hong Kong, China, Morocco, Spain and Australia, among other places.

Bitcoins   → digital currency.

Bitcoin is a cryptocurrency that can be transferred through a computer or smartphone without an intermediate financial institution. The concept was introduced in 2008 It is a peer-to-peer, electronic cash system. The processing of Bitcoin transactions is secured by servers called bitcoin miners. These servers communicate over an internet-based network and confirm transactions Bitcoin is accepted in trade by merchants and individuals in many parts of the world. Like other currencies, illicit drug and gambling transactions constitute some of its commercial usage. Although the bitcoin is promoted as a digital currency, many commentators are worried about the bitcoin's volatile exchange rate, relatively inflexible supply, high risk of loss etc.

The Bitcoin industry is getting more eyeballs from authorities in various countries, who are seeking to understand the virtual currency's role in their economy and form regulations to govern the whole ecosystem — as a testimony to the rise of Bitcoin's popularity and the subsequent concerns that arise from using it.

After Thailand ruled Bitcoin as illegal and banned it in July 2013, the US has stepped into the fray as it announced plans to start investigating the virtual currency, seeking to understand and provide regulatory framework,".

At the same time, India's central bank has spoken up to say that it is "watching" Bitcoin, though it has no intention of regulating the currency now.

The Reserve Bank of India had previously acknowledged, however, that virtual currencies "pose challenges in the form of regulatory, legal and operational risks."

In June, US authorities were examining the use of virtual currencies such as Bitcoin amid fears that Americans were using them to evade taxes.

The growing use of digital currency will result in rise in cyber laundering as hacking attacks and online scams take centre stage on Internet, says a latest report. It said the Indian banks and authorities should be alert to money laundering using online black-money route and other techniques as they will expand with the use of digital currency.

"This new techniques of money laundering (using digital currency) includes opening accounts with low cost and little known payment gateways, buying digital currencies, purchasing stolen data, setting up online shops with payment gateways".

Digital currency is the alternative to the traditional currency, which is used in online transactions.

"Traditional money laundering has often been a secondary process - preceded by an illegal activity, such as drug trafficking but the liberty reserve case(see above) shows that data thefts, hacking attacks and online scams are replacing the traditional crimes and the digital currency is now at the centre of the laundering operations.".

Currently, digital currencies are neither produced by government-endorsed central banks nor necessarily backed by the national currency.

Digital currency is decentralised, controlled by its users rather than the governments."This means it is anonymous, and that, unlike credit cards and PayPal, which block payments from a number of countries, it enables instant payments to anyone, from anywhere in the world."That's why criminals along with some online retailers love it. It is money without any sort of safety net underneath. There's no legislation to protect investment.

PMLA 2012

Prevention of Money laundering Act (PMLA) was enacted in 2002, but was amended thrice, first in 2005, then in 2009 and then 2012. The 2012 version of the amendment received president's assent on January 3, 2013 and the law became operational from February 15 on the notification of finance ministry.

(FATF) Financial Action Task Force — Paris headquarters.
36&39 Member countries.
uniting against money
laundering & finance activism.

Amendments → *Came into force in Feb.2013.*

- The PMLA (Amendment) Act, 2012 has enlarged the definition of money laundering by including activities such as Concealment, acquisition, possession and use of proceeds of crime as criminal activities.
- Rigorous imprisonment of at least 3 years and up to 7 years
- No upper limit on Fines (earlier it was up to Rs 5 Lakh)
- To include activities such as concealment and possession of proceeds of crime under the ambit of the Prevention of Money Laundering Act (PMLA).

- It will also put the onus on banks, financial institutions, intermediaries or a person carrying on a specified business to report such instances by introducing the concept of a "reporting entity".

- The amendment will also link the provisions of Indian law with laws of other countries.

- It also proposes to make a provision for attachment and confiscation of the proceeds of crime even if there is no conviction, so long as it is proved that a specific property was involved in money-laundering.

- Power of Indian courts restored over other foreign courts.

- To monitor money laundering through stock markets and trade. Only financial transactions above a certain level should be monitored to avoid over burdening of existing staff.

Amendments will help India bring its anti-money laundering legislation on par with international standards. It will also address the deficiencies in the present Act that have been experienced by the implementing agencies. It also provides for appeal against an order of the Appellate Tribunal directly to the Supreme Court.

UNO – Drugs & Crime.

Conflict Resolution: Water — *Intern No. 17 in State subject* ↑ *in Union List*

Prime Minister Dr. Singh has said, "Rivers are a shared heritage of our country ... they should be the strings that unite us, not the strings that divide us." However, water conflicts now divide every segment of our society: political parties, states, regions, sub-regions within states, districts, castes, groups and individual farmers. The conflict resolution mechanism is as follows:

Inter-State Water Conflicts: constitutional Provisions and Important laws. The constitution lays down the legislative and functional jurisdiction of the union, State and local Governments in respect of water. Water is essentially a State subject and the union comes in only in the case of inter-State waters. list II of the Seventh Schedule, dealing with subjects in respect of which States have jurisdiction has entry 17 which reads: Water, that is to say water supplies, irrigation and canals, drainage and embankments, water storage and water power subject to the provisions of entry 56 of List I; Entry 56 of list I (union list), reads: Regulation and development of inter-state rivers and river valleys to the extent to which such regulation and development under the control of the Union, is declared by Parliament by law to the expedient in the public interest.

The constitution contains a specific Article - Article 262 – which deals with adjudication of disputes relating to matters of inter-state rivers or river valleys, that reads:

Article 262(1): Parliament may by law provide for the adjudication on any dispute or complaint with respect to the use, distribution or control of water of, or in, any inter-state river or river valley. (2) Notwithstanding anything in this Constitution, Parliament may by law provide that neither the Supreme Court nor any other Court shall exercise jurisdiction in respect of any such dispute or complaint as is referred to in clause(1).

The two laws enacted under Article 262 and entry 56 of list I are the River boards Act, 1956 and the Inter-State Water Disputes Act, 1956. The River boards Act was enacted with the objective of enabling the union Government to create, in consultation with the State Governments, boards to advise on the integrated development of inter-State basins.

The River boards were supposed to prevent conflicts by preparing developmental schemes and working out the costs to each State. No water board, however, has so far been created under the River boards Act, 1956.

The Inter-State Water Disputes Act provides for an aggrieved State to ask the union Government to refer a dispute to a tribunal. When any request under section 3 is received from any State Government in respect of any water dispute and the Central Government is of opinion that the water dispute cannot be settled by negotiations, the Central Government shall, by notification in the Official Gazette, constitute a Water Disputes Tribunal for the adjudication of the water dispute. The Tribunal shall consist of a Chairman and two other members nominated in this behalf by the Chief Justice of India from among persons who at the time of such nomination are Judges of the Supreme Court or of a High Court. The Tribunal may appoint two or more persons as assessors to advise it in the proceeding before it.

The Inter-State Water Disputes Act was amended in 2002 and the following important changes were made:

- Government of India to establish a Tribunal within one year on a request by a State Government.
- The Tribunal to investigate the matters referred to it and give its Report within a period of three years (Government of India may extend the period by another two years).
- The decision of the Tribunal, after its publication in the Official Gazette by the central Government, shall have the same force as an order or decree of the Supreme court.

Lessons Learnt from Inter-State River Disputes

Since the enactment of the Inter-State Water Disputes Act in 1956, six Inter-State Water Disputes Tribunals have been set up for adjudicating water disputes in respect of the Krishna, Godavari, Narmada, Cauvery, Ravi-beas and Mahadayi rivers.

In 2009 the Union Cabinet had approved setting up of the tribunal to resolve the long-pending Inter-state dispute among the three states. The tribunal is requested by Goa. **Union Ministry of Water Resources issued notification to set up the tribunal to resolve the Mahadayi river water dispute among Karnataka, Goa and Maharashtra.** The Supreme Court's former judge Justice J M Panchal heads the tribunal while retired judge of the Andhra Pradesh High Court Justice P S Narayan and retired judge of Madhya Pradesh High Court Justice Vineet Mittal will be its members. The Ministry has fixed a three-year term to be extended to another two years for the tribunal to give its final award, says the notification issued recently.

The most significant lesson from the past is that the union Government has not been able to act decisively and has generally taken a 'minimalist' attitude. The other lesson is that the time lost in delays due to wrangling both before and during tribunal proceedings is very costly, in terms of loss of production, loss of farmers' income growth and the rising cost of constructing irrigation systems. Increasingly, States are becoming resistant to compliance with Awards of tribunals in spite of express provisions in the constitution regarding the finality of such awards. Another lesson is that a long time is taken to constitute tribunals and giving awards and in pronouncements of interim Awards that have led to further complications. After an Award is given, there are problems of interpretation and implementation and there is no mechanism to enforce the binding character of such Awards. Courts are barred from reviewing the Awards of the tribunals, but matters are still taken to the Supreme court on related issues. The questions raised before the Supreme court are usually not so much on the subject of allocation of waters, but on questions of its sharing during years of poor rainfall and on those relating to environmental aspects, displacement and rehabilitation of people and human rights in the context of specific projects. Such references delay the settlement of disputes and implementation of projects for years.

The 2nd ARC suggested that resource planning should be done for a hydrological unit such as the drainage basin as a whole. In this respect, the National commission for Integrated Water Resources Development that gave its report in 1999 had recommended setting up of River basin Organisations (RbOs) as a body in which the concerned State Governments, local governments and water users would have representation and which would provide a forum for mutual discussions and agreement.

Q. what are the lessons learnt in the allocation of water in conflicted states.

As the French, Australian and Chinese experience suggests, river-basin planning and implementation is the ideal system to follow. The system has worked well in those countries and the experience in Australia is relevant for us as it has a federal set-up. ARC II recommended the enactment of a legislation in place of the River boards Act, 1956 that could provide, in addition to the establishment of River basin Organisations for each inter State river, goals, responsibilities and management for the RbOs.

Need for a National Law on Water

India's total precipitation is of the order of approximately 400 million hectare (mhm) annually, falling in the form of rain (97 per cent) or snow (3 per cent) over a land mass of 329 million hectares. Approximately 17.5 per cent of this total immediately evaporates, another 41.25 per cent transpires through forests and vegetation, 12.5 per cent percolates below the ground and 28.75 per cent becomes surface flow. Surface water availability in India, most of it in lakes and rivers, is 185 mhm of which 57.29 flows to the sea or other countries, 4.87 per cent evaporates, 4.88 per cent becomes groundwater, and only 37.83 per cent is available for consumption. India has a potential of approximately 45.2 mhm of groundwater of which 13.5 mhm are currently utilised.

While India has 16 per cent of the world's population, its share in the world's fresh water availability is only 4 per cent. Normatively, a per capita availability of 1700 cubic meters is required in order to be free of water stress, while availability below 1000 cm is termed as water scarcity. Per capita availability in India was 5200m in 1951. The per capita availability of water in the country is 1545 cubic meters in 2011. The per capita water availability in the country is reducing progressively due to increase in population. The average annual per capita availability of water in the country, taking into consideration the population of the country as per the 2001 census, was 1816 cubic meters which reduced to 1545 cubic meters as per the 2011 census. Due to limited availability of water, but growing demand of water due to increasing population, urbanisation and industrialization. India is facing water stress.

Draft National water policy 2012

The NWP 2012 was adopted by the National Water Resource Council during the 6th meeting of the council held in New Delhi under the chairmanship of Prime Minister Dr Manmohan Singh. Highlights of the draft national water policy is given below

- Planning, development and management of water resources need to be governed by common integrated perspective considering local, regional, State and national context, and keeping in view the human, environmental, social and economic needs.
- Water needs to be managed as a common pool community resource through a National level legal framework, under public trust doctrine to achieve food security, livelihood, and equitable and sustainable development for all. Existing water Acts may have to be modified accordingly. (The **public trust doctrine** is the principle that certain resources are preserved for public use, and that the government is required to maintain them.)
- Water is essential for sustenance of eco-system, and therefore, minimum ecological needs should be given due consideration.
- River basins are to be considered as the basic unit of all hydrological planning. Inter-basin transfers of water to be considered on the basis of merits of each case after evaluating the environmental, economic and social impacts of such transfers.
- Climate change adaptation strategies like increasing the water storage various means, better water use efficiency, proper demand management, incorporate coping strategies for possible

① Set up the tribunal.
② Get it done, at time.
③
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climate changes during formulation of mega water projects and enhancing the capabilities of community to adopt climate resilient technological options is advocated.

- Enhancing the water available for use through status assessment of water resources every five years, direct use of rainfall and avoidance of inadvertent evapo-transpiration , mapping of aquifers to know the quantum and quality of ground water, arresting exploitation of ground water and considering the river basins as basic hydrological units of all planning's is advocated in the policy.
- Integrated watershed development activities with MGNREGA to extent possible to reduce sedimentation yield and increase water productivity.
- Water footprints, and water auditing should be developed to promote and incentivize efficient use of water.
- Recycle and reuse of water, including return flows, should be the general norm and incentives for the same to encourage practice.
- Water saving in irrigation use is of paramount importance and heavy underpricing of electricity which results in both wastage of water and electricity to be regulated
- The draft also says that "For the pre-emptive and high priority uses of water for sustaining life and ecosystem for ensuring food security and supporting livelihood for the poor, the principle of differential pricing may have to be retained. Over and above these uses, water should increasingly be subjected to allocation and pricing on economic principles"
- A Water Regulatory Authority (WRA) should be established in each State to fix and regulate the water tariff system and charges. Water Users Associations (WUAs) should be given statutory powers to collect and retain a portion of water charges, manage the volumetric quantum of water allotted to them and maintain the distribution system in their jurisdiction.
- In planning and implementation efficiency benchmarks to be prescribed, done in ecological, social and climate change perspective and they should be time bound to avoid economic losses. Local governing bodies like Panchayats, Municipalities, Corporations, etc., and Water Users Associations, wherever applicable, should be involved in planning of the projects.
- Proactive measure like flood forecasting, coping mechanisms in place and relevant control measures to prevent flood and drought are to be planned
- Removal of disparity in water supply urban and rural areas, tapping surface water for urban domestic water supply and integrating water supply and sewage treatment schemes will be given priority.
- A permanent Water Disputes Tribunal at the Centre should be established to resolve the disputes expeditiously in an equitable manner. Apart from using the "good offices" of the Union or the State Governments, as the case may be, the paths of Arbitration and Mediation may also to be tried in dispute resolution.
- Water resources projects and services should be managed with community participation. Wherever the State Governments or local governing bodies so decide, the private sector can be encouraged to become a service provider in public private partnershipmodel to meet agreed terms of service delivery, including penalties for failure.
- The draft facilitates international agreements with neighboring countries on bilateral basis for exchange of hydrological data of international rivers on near real time basis.
- All hydrological data, other than those classified on national security consideration, should be in public domain. A National Water Informatics Center should be established to collect, collate and process hydrologic data regularly from all over the country, conduct the preliminary processing, and maintain in open and transparent manner on a GIS platform.

Draft river basin framework Bill June 2013.
River basin management — utilization of river water
— equitable distribution.
— plans to limit dam.

Water is a community resource.

SRIRAM'S IAS

Pros and cons of the policy

Pros

- The policy deserves accolade for its ecological, climate change and conservational perspective.
- Adaptation to climate change and the statement that special attention will be given towards mitigation at micro-level by enhancing the capabilities of community to adopt climate resilient technological options is welcome.
- The revision of the statement "water, over and above the preemptive need for safe drinking water and sanitation, should be treated as an economic good so as to promote its conservation and efficient use" in the initial draft to "Water, after meeting the preemptive needs for safe drinking water, sanitation and high priority allocation for other domestic needs (including needs of animals), achieving food security, supporting sustenance agriculture and minimum ecosystem needs, may be treated as economic good so as to promote its conservation and efficient use" can be welcomed in the perspective that agriculture was given importance.
- The statement that "inter-basin transfers of water should be considered on the basis of merits of each case after evaluating the environmental, economic and social impacts of such transfers" seems to understand the difficulty in interlinking rivers and its possible negative impacts.
- Growing water conflicts warrant a permanent " Water dispute tribunal", which is taken care off in the draft.
- Underpricing of electricity is no doubt a reason for wastage of both water and electricity. Importance to regulate this is given in the draft which can be appreciated.

Cons

- The policy sees water as a community resource, but also treats water as an economic good which is contradictory. Approaching water as an income generating resource by the government, must be executed very carefully. The policy allows for public private partnership model and also asks the states to exit the "service provider role" and play as a regulator, which will lead to distortion of access to water and the prices in long run. As usual with the other policies, the poor will be at the receiving end.
- Doing away with priorities mentioned in the earlier drafts (1987 and 1992 drafts lists the priorities as drinking water, irrigation, hydropower etc) will cause confusion in decision making process and facilitate vested interest (e.g.,providing flexibility for allocating water for industrial use even at the cost of agriculture).
- The water policies were there in paper since 1987, but nothing much has been done practically to ensure judicial use of water, to prevent encroachment of water bodies or growing exploitation of ground water resources.
- Giving incentives for recycle and reuse of water is in the favor of industries. Instead of incentives, strict enforcement of punitive laws to punish those industries that neglect water and pollute it should be the ideal option

Renovation & Conservation of water bodies — primary concern of NREGA

Conserve the water body earn Carbon Credits

Water, food and shelter are the basic amenities for every human being. Hence, drinking water and water for agriculture should be ensured as a right of every Indian. Though population growth is stated as the general reason for increased demand for water, there are many other basic reasons underneath like wastage of water, less importance to recycling, exploiting the natural resources and lack of attention to maintain water storage structures and other water harvesting technologies. Above all, the corruption that has rooted in the water management practices remains as a potential threat to the water security of the country. All living beings on the earth, live by using the existing resources. Man is the only animal, who lives by exploiting those resources. The result of continuous exploitation of these resources will result in a large social unrest in long run, leading to further conflicts and large scale wars. The growth of conflicts over water in the recent years across states and terrorism in north eastern states were just examples.

National Water Framework Law

Planning Commission, as part of the preparations for the 12th Plan set up a sub-group on a national water framework law. It produced a draft of the law. GOI set up a new committee to draft the law under the chairmanship of Dr. Y. K. Alagh. *— (Ramaswammy Iyer)*

Need for a national law on water necessary:

1. Under the Indian Constitution water is primarily a State subject, but it is an increasingly important national concern in the context of:

a) The judicial recognition of the right to water as a part of the fundamental right to life;

b) The general perception of an imminent water crisis, and the dire and urgent need to conserve this scarce and precious resource;

c) The severe and intractable inter-use and inter-state conflicts;

d) The pollution of rivers and other water sources, turning rivers into sewers or poison and contaminating aquifers;

e) The long-term environmental, ecological and social implications of projects to augment the availability of water for human use;

f) The equity implications of the distribution, use and control of water;

g) The international dimensions of some of india's rivers; and

h) The emerging concerns about the impact of climate change on water and the need for appropriate responses at local, national, regional, and global levels.

these are law but not justiciable

It is clear that the above considerations cast several responsibilities on the Central government, apart from those of the State governments. Given these and other concerns, the need for an overarching national water law is self-evident.

2. Several States are enacting laws on water and related issues. These can be quite divergent in their perceptions of and approaches to water. Some divergences from State to State may be inevitable and acceptable, but extreme and fundamental divergences will create a very muddled situation. A broad national consensus on certain basics seems very desirable.

3. Different State governments tend to adopt different legal positions on their rights over the waters of a river basin that flows in more than one State. Such legal divergences tend to render the resolution of inter-State river-water conflicts extremely difficult. A national statement of the general legal position and principles that should govern such cases seems desirable.

4. Water is one of the most basic requirements for life. If national laws are considered necessary on subjects such as the environment, forests, wildlife, biological diversity, etc., a national law on water is even more necessary. Water is as basic as (if not more basic than) those subjects.

① *Law on pollution, environment — need for national resource framework.*

5. Finally, the idea of a national water law is not something unusual or unprecedented. Many countries in the world have national water laws or codes, and some of them (for instance, the South African National Water Act of 1998) are widely regarded as very enlightened. The considerations behind those national codes or laws are relevant to India as well, although the form of a water law for India will clearly have to be guided by the nature of the Indian Constitution and the specific needs and circumstances of this country.

The proposed national water law is not intended to change the Centre-State relations in any way. It is not a Central water management law but a *framework law, i.e., an overarching statement of general principles* providing a framework within which the Centre, the States and the local governance institutions will exercise their respective legislative and/or executive (or devolved) powers, like the DPSPs of the Constitution. However, the framework law was intended to be justiciable in the sense that the laws passed and the executive actions taken by the Central and State governments and the devolved functions exercised by PRIs would have to conform to the general principles and priorities laid down in the framework law (on the basis of a national consensus), and that deviations can be challenged in a court of law. Federal trust i necessary for such a framework.

River Basin Planning

River basin includes the area drained by the main river and its tributaries. River basin planning is an ecologically sound and economically cost effective means of harmonising the conflicting objectives of development and conservation.

The idea involved in developing the entire river basin is to induce development on a region wise basis so that all natural resources are freely available to all the sub- units of the basin. This facilitates not only an optimal use of resources but also a fast and over all development of the region. Hence, the concept of river-basin planning is also visualized as a part of regional development approach.

In India the eminent scientist Mcghnand Saha in 1938 put forth his views that river basins, because of their intrinsic ecological integrity, were ideally suited territorial units for undertaking comprehensive programmes of socio-economic development. He made a strong plea for a systematic study of all the river basins of the country so that a scientific foundation could be laid for future integrated programmes.

These programmes could serve as instruments of revitalizing agriculture and initiating industrialization. As a result, the Damodar Valley Corporation (DVC) was constituted.

A river basin is a natural unit for water resource planning. It has a defined water boundary within which there is an inter-relationship between the surface and groundwater resources. Besides, there is cultural affinity among the people of the basin which provide ground basis for planning over all development.

River basins differ in their size and potentialities. No two river basins are alike. Hence, separate basin plans are needed for different basins formulated on the basis of feasibility studies for individual projects. The plan should also be reviewed from time to time and necessary modifications should be incorporated.

Governing Council for each river — policy, projects
Executive bodies — implement these policies

The river basin planning approach is based on water induced development where better water management is expected to stimulate development process in rest of the economy.
But the river basin planning is not an easy task to accomplish. Many Indian rivers have their sources or pass through foreign neighbouring countries. Seeking co-operation from such countries is a challenge.

Within the country, there are inter-state conflicts for more water.

Many river basins are very large exhibiting great variations in climate, physiographic, social conditions. On the other hand, other basins are too small to become an ideal unit of planning.

GOI is increasingly accepting the fact that the river basin has to be the logical and rational unit for planning of water resources development.

Union Water Resources Ministry in mid-2013 sought public comments on its draft National Water Framework Bill, 2013, as well the draft River Basin Management Bill. Both seek to set up a river basin authority each for the management of 12 major river basins in the country.
The draft River Basin Management Bill, which seeks to amend the defunct Rivers Board Act of 1956, provides for integrated planning, and development and management of water resources.

The draft bill seeks to set up 12 river basin authorities in the country to settle discords and prevent deluge and pollution in inter-state rivers.

The draft legislation seeks to create a mechanism for integrated planning, development and management of water resources of a river basin. The River Boards Act lacked such a provision.

So far, not a single River Board has been constituted under the present Act as no state ever made a request under the provisions of the legislation.

The bill proposes a two-tier structure for each of the 12 river basin authorities.

Every river basin authority would consist of an "upper layer" called the governing council and a "lower layer" described as the executive board charged with the technical and implementation powers for the council decisions.

The governing council has extensive membership and representation including chief ministers of the co-basin states, ministers in charge of Water Resources, one Lok Sabha member, one MLA among others.

Likewise the executive board has also been given a broad base membership with civil servants under the bill.

The governing council will approve the river basin master plan to ensure sustainable river basin

① Standing River Basin Management Authority

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development, management and regulation. It will also take steps to enable the basin states to come to an agreement for implementation of river basin master plan.

The council will also settle inter-state water disputes.

The executive board on the other hand will prepare schemes for irrigation, water supply, hydropower, flood control, pollution control and soil erosion.

The draft bill has been prepared by the Justice Tejinder Singh Doabia Committee which was set up in 2012 to 'study the activities that are required for optimal development of a river basin and changes required in existing act'.

The draft River Basin Management Bill also provides that in case of a dispute or difference between two or more states regarding any recommendation of the river basin authority or the refusal or neglect of any state to undertake measures in pursuance of the river basin master plan, the governing council of the river concerned would use conciliation and mediation as means to resolve disputes.

If the matter could not be settled, the dispute will then be referred to the Inter State River Water Disputes Act, 1956 for adjudication.

Every river basin authority will have its own funds and budget and is required to prepare an annual report to be tabled in Parliament.

While the initiative to enshrine the basic principles of river basin management in a legal framework and make it a mandatory approach in water resource planning is welcome, there is a risk that it will end up further centralising decision-making in the sector and so some states are opposing it.

Critics hold that RBAs represent a very top-down approach to basin planning. One of the central principles of river basin planning is that planning and implementation of development of the basin must start with the smallest watershed and then build upwards towards the sub-basin and basin.

The Bill sees only governments as players in the preparation and implementation of the basin plans. The communities of the basin are at best to be 'consulted'.

However, the presence of some important elements such as environmental flows, the inclusion of food security, livelihoods, equitable and sustainable development as the key objectives of managing water, and indeed the very intent to enshrine river basin planning as the legally mandatory approach is welcome.

The bill proposes river basin authorities for 12 basins including Brahamani-Baitarini, Cauvery, Ganga, Godavari, Indus, Krishna, Mahanadi, Mahi, Narmada, Pennar, Subarnreakha and Tapi. National Water Framework Bill

The draft National Water Framework Bill (2013) provides for a minimum quantity of 25 litres per capita per day potable water, preservations of water quality in all rivers and a mechanism for principles and mechanisms for fixation of water prices.

It seeks to provide "right to water", while stating that water allocation and pricing should be based on "economic principles"."Every individual has a right to a minimum quantity of potable water for essential health and hygiene and within easy reach of the household," states the draft. "The minimum quantity of potable water shall not be less than 25 litres per capita per day," it says, adding that the quantity must be fixed by the "appropriate government".

"The state's responsibility for ensuring people's right to water shall remain despite corporatisation or privatisation of water services, and the privatisation of the service, where considered necessary and appropriate, shall be subject to this provision," says the draft bill, which also mandates that governments should specify the "quality standards" of water supply for various uses like drinking, livestock, irrigation and industries among others.

While noting that the government remains the trustee of water resources, the draft bill gives it the flexibility of roping in a "private agency" for "some of the functions of the state". In this context, it stipulates that "allocation and pricing" should be based "on economic principles to ensure its development costs", and "so that water is not wasted in unnecessary uses and... utilised more gainfully and water infrastructure projects are made financially viable."

For this purpose, "an independent statutory water regulatory authority shall be established by every state for ensuring equitable access to water for all, and its fair pricing for drinking and other uses such as sanitation, agricultural and industrial," it says, adding that the decision of this authority will be subject to judicial review.

The regulatory authority will be entrusted with fixing the water price and its periodical review, and formulating a "principle of differential pricing for water for drinking and sanitation".

The draft bill, prepared on the basis of a report by a committee headed by Y K Alagh, also mandates protection of "ecological integrity necessary to sustain ecosystems dependent on water", that may include restrictions on water usage to maintain minimum natural flow in rivers to meet the ecological needs and regulated groundwater use.

It seeks to make river basins the mandatory basic hydrological unit for planning, development and management of water resources, while stipulating that governments should come up with "specific legislations" for developing, managing and regulating basins of intra-state rivers. Besides, it says, there should be a river basin masterplan.

"All water resources projects shall conform to the river basin masterplan under section 7(7)... and shall take into account all social and environmental aspects, in addition to techno-economic considerations of the project, in consultation with project affected and beneficiary families," it

says. Local bodies, including panchayats, municipalities, corporations, and even water users associations will have a say in planning and management of the projects.

The National Water Framework Bill has drawn criticism from several states which have claimed that it amounts to infringing upon their rights as water is a state subject.

Work Ethic — *Attitute, value & beliefs of an employee*

Work ethics pertain to a person's attitudes, feelings and beliefs about work. The state of a person's work ethic determines how that person relates to occupational responsibilities such as goal-setting, accountability, task completion, autonomy, reliability, cooperation, communication, honesty, effort, timeliness, determination, leadership, volunteerism and dedication. A strong work ethic - one that encompasses a positive and productive approach to work - is favored in the work force. For that reason, it is not uncommon for employers to ask prospective employees questions regarding their work ethic.

Work ethic is necessary for leadership in politics.

Work ethic is a value based on hard work and diligence. It is also a belief in the moral benefit of work and its ability to enhance character. An example would be the Protestant work ethic. A work ethic may include being reliable, having initiative, or pursuing new skills.

Workers exhibiting a good work ethic in theory should be selected for better positions, more responsibility and ultimately promotion. Workers who fail to exhibit a good work ethic may be regarded as failing to provide fair value for the wage the employer is paying them and should not be promoted or placed in positions of greater responsibility.

Ex — Raghuram Rajan —

Professional Ethics *(Present is age of Professionals) domain of specific knowledge & skills*

Professional ethics encompass the personal, organizational and corporate standards of behaviour expected of professionals.

Professionals, and those working in acknowledged professions, exercise specialist knowledge and skill. How the use of this knowledge should be governed when providing a service to the public can be considered a moral issue and is termed professional ethics.

Professionals are capable of making judgements, applying their skills and reaching informed decisions in situations that the general public cannot, because they have not received the relevant training. One of the earliest examples of professional ethics is probably the Hippocratic oath to which medical doctors still adhere to this day.

Some professional organisations define their ethical approach in terms of the following values:

- Honesty
- Integrity
- Transparency
- Accountability
- Confidentiality — *Professional — client relationship.*
- Objectivity
- Respectfulness
- Obedience to the law
- Loyalty

Each profession has certain conformity ethics, oaths to follow.

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If he is not speaking truth, it is not lies
it is silent.   *not be to be told. n*
patient)

SRIRAM'S IAS

Most professions have internally enforced codes of practice that members of the profession must follow to prevent exploitation of the client and to preserve the integrity of the profession. This is not only for the benefit of the client but also for the benefit of those belonging to the profession. Disciplinary codes allow the profession to define a standard of conduct and ensure that individual practitioners meet this standard, by disciplining them from the professional body if they do not practice accordingly. This allows those professionals who act with conscience to practice in the knowledge that they will not be undermined commercially by those who have fewer ethical qualms. It also maintains the public's trust in the profession, encouraging the public to continue seeking their services.

In cases where professional bodies regulate their own ethics, there are possibilities for such bodies to become self-serving and to fail to follow their own ethical code when dealing with renegade members. In many countries there is some statutory regulation of professional ethical standards such as the statutory bodies that regulate Press (PCI) ; The Bar Council of India is a statutory body created by Parliament to regulate and represent the Indian bar(lawyers). It performs the regulatory function by prescribing standards of professional conduct and etiquette and by exercising disciplinary jurisdiction over the bar.

Professional And Universal Ethics

On a theoretical level, there is debate as to whether an ethical code for a profession should be consistent with the requirements of morality governing the public. For example, it could be argued that a doctor may lie to a patient about the severity of their condition, if there is reason to think that telling the patient could cause them so much distress that it would be detrimental to their health. This would be a disrespect of the patient's autonomy, as it denies them information on something that could have a great impact on their life. This would generally be seen as morally wrong. However, if the end of improving and maintaining health is given a moral priority in society, then it may be justifiable to contravene other moral demands in order to meet this goal. If moral universalism is ascribed to, then this would be inconsistent with the view that professions can have a different moral code, as the universalist holds that there is only one valid moral code for all.

Propriety *Conformity to the acceptable standards to the rights & wrongs.*

regulate There are various definitions of propriety including:
ud-self

- Conformity to established standards of good or proper behaviour or manners
- Appropriateness to the purpose or circumstances; suitability
- Rightness or justness
- The conventional standards of proper behaviour; manners: to observe the proprieties

The essential points to note being proper behaviour, acting appropriately and observing conventional standards of behaviour. It is vital that government servants do their work objectively and without political bias. The Civil Service Code sets out the standards of behaviour expected of all civil servants.

If a convicted minister does not resign, it can be demanded of him/her for reasons of propriety. Similarly, to avoid conflict of interest, an interested party should recuse himself/herself.

Ex- Interim Budget, a necessity primarily on demand of people is propriety.

Ex- Make an automobile

Ex- UADIAI — contracts to Software vendors, one is in
not biased with name

Skill — *learned ability. It is necessary in market place.*

A **skill** is the learned ability to carry out pre-determined results often with the minimum outlay of time, energy, or both. In other words the abilities that one possesses. Skills can often be divided into domain-general and domain-specific skills. For example, in the domain of work, some general skills would include time management, teamwork and leadership, self motivation and others, whereas domain-specific skills would be useful only for a certain job. Skill usually requires certain environmental stimuli and situations to assess the level of skill being shown and used.

People need a broad range of skills in order to contribute to a modern economy. Through technology, the workplace is changing new skills are required in modern workplace.

Labor skills

Skill is a measure of the amount of worker's expertise, specialization, wages, and supervisory capacity. Skilled workers are generally more trained, higher paid, and have more responsibilities than unskilled workers.

Skilled workers: masons, carpenters, blacksmiths, bakers, brewers, printers and other occupations that are economically productive.

Life skills

Life skills are problem solving behaviors used appropriately and responsibly in the management of personal affairs. They are a set of human skills acquired via teaching or direct experience that are used to handle problems and questions commonly encountered in daily human life. The subject varies greatly depending on societal norms and community expectations.

Communications.

People skills

- understanding ourselves and moderating our responses
- talking effectively and empathizing accurately
- building relationships of trust, respect and productive interactions.

Soft skills

Soft skills is a sociological term relating to a person's "EQ" (Emotional Intelligence Quotient), the cluster of personality traits, social graces, communication, language, personal habits, friendliness, and optimism that characterize relationships with other people. Soft skills complement hard skills (part of a person's IQ), which are the occupational requirements of a job and many other activities.

Soft skills are personal attributes that enhance an individual's interactions, job performance and career prospects. Unlike hard skills, which are about a person's skill set and ability to perform a certain type of task or activity, soft skills relate to a person's ability to interact effectively with coworkers and customers and are broadly applicable both in and outside the workplace.

National Skill Development Scheme

Union Finance Minister Shri P Chidambaram unveiled the National Skill Certification and Monetary Reward Scheme in August 2013 that will be implemented on pan-India basis. This is a first of its kind scheme to be launched in the country. The scheme was first proposed by the Finance Minister in the last Union Budget to allocate Rs 1,000 crore for a scheme that will motivate the youth of this country to acquire a vocational skill. The scheme is expected to benefit a million people in the first year of its implementation.

The scheme that is branded as STAR (Standard Training Assessment and Reward) for promotional purposes envisages that a monetary reward that will in essence financially help those who wish to acquire a new skill or upgrade their skills to a higher level.

With the advancement of technology, the youth need to upgrade their skills for better opportunities. Assessment and certification should be based on rigorous norms for ensuring true value to it. The National Skilling Mission envisages adding 500 million skilled Indians by the year 2022. While 150 million are expected to be contributed by the private sector working under National Skill Development Corporation (NSDC), 350 million will be contributed by 18-20 ministries at the Centre.

GOI seeks to skill atleast one youth from each family which had availed of 100 day employment under the under MNREGA scheme.

The major highlights of the scheme are:
• A Rs 1000 crore pan-India scheme launched by the Ministry of Finance
• Branded as STAR – Standard Training Assessment and Reward
• To benefit 1 million people a year
• Scheme to be implemented by National Skill Development Corporation
• Each tested and certified trainee to get an average of Rs 10,000 to cover training costs.

National Skill Development Corporation, a body under the Ministry of Finance, is one of its kind public private partnership endeavour with 51 per cent equity held by private sector and 49 per cent by the Union Government. Formed in 2010, NSDC is a professionally run not-for-profit company that includes 22 Sector Skill Councils and 87 training partners with over 2500 training centres spread across 352 districts in the country.

One youth from each rural household that completes 100 days of work under the Mahatma Gandhi National Rural Employment Guarantee Programme will be eligible for skill training and job placement under the National Skill Development Scheme.

This will bring around 36-45 lakh rural youth under the scheme, as around 8-10 per cent of the 4.5 crore rural households get 100 days of jobs under the rural job scheme.

There will be post-placement support and hand-holding for one to two years.
The monetary reward will strictly depend on obtaining a certificate, which will be issued by qualified assessors after necessary tests have been passed. The skills are also benchmarked to the National Occupational Standards that have been developed by NSDC with the support of sector skill councils.

National Skill Development Agency.
DTH — Direct to Home Money — in Naxal impact distt.
ROSHNI — Tribal youths will be selected to get 293 specific skills.

Role of the Civil Services in Democracy

In a democracy, power vests with the people. This power is exercised through its elected representatives who have the mandate to govern them for a specific period. The civil services by virtue of its knowledge, experience and understanding of public affairs assist the elected representatives in formulating policy and are responsible for implementing these policies. Parliamentary democracies are usually characterized by a permanent civil service which assists the political executive. Under the Presidential form of government (like in the US), the higher echelons of the civil services are, in contrast, appointed by the government of the day (spoils system). India has adopted the British model.

Some advantages of having an independent, permanent and impartial civil service are as follows:

- The spoils system has the propensity to degenerate into a system of patronage, nepotism and corruption. Having a credible recruitment process through an impartial agency provides a defence against such abuse.
- Public policy today has become a complex exercise requiring in-depth knowledge and expertise in public aff airs. A permanent civil service provides continuity and develops expertise as well as institutional memory for effective policy making.
- A permanent and impartial civil service is more likely to assess the long-term social payoff s of any policy whereas the political executive may have a tendency to look for short term political gain.
- A permanent civil service helps to ensure uniformity in public administration and also acts as a unifying force particularly in vast and culturally diverse nations.
- A permanent civil service like any other reputable profession is likely to evolve over time an ethical basis for its functioning.

A healthy working relationship between Ministers and civil servants is critical for good governance. In any democracy, Ministers are responsible to the people through Parliament and therefore the civil servants have to be accountable to the Minister.

However, an impartial civil service is responsible not only to the government of the day but to the Constitution of the land to which they have taken an oath of loyalty. At the same time, implementing the policies of the duly elected government is a core function of civil servants.
That is why the division of responsibility between the civil servants and ministers needs to be more clearly defined. A framework in which responsibility and accountability is well defined would be useful.

Constitutional Provisions
The Indian Constitution provides for separation of powers between the legislature, executive and judiciary with well-defined roles and responsibilities for each one of them. Since India is a parliamentary democracy, there is an interface between the legislature and the executive at the level of the Council of Ministers, which is collectively responsible to the legislature. In terms of

Articles 53 and 154, the executive power of the Union and the States vests in the President or Governor directly or through officers subordinate to him.

These officers constitute the permanent civil service and are governed by Part XIV of the Constitution. The other part of the executive is the 'political'. The President or Governor is required to act according to the aid and advice of his/her Council of Ministers, appointed under Articles 73 and 163 of the Constitution. The President and Governor frame rules for the conduct of business in the government. Work is allocated among Ministers as per the Government of India (Allocation of Business) Rules and the manner in which the officers are required to help the President or Governor to exercise his/her executive functions is governed by the Government of India (Transaction of Business) Rules. What this means is that though officers are subordinate to the President or Governor, they carry out the orders of the Council of Ministers in accordance with the rules framed in this behalf. The Rules of Business of Government do provide for the Secretary to the Government to advise his/her Minister about the course of action proposed in a particular matter and to submit to him a note which tells him about the propriety or legality of his/her orders and suggest that either such orders not be given or that they be suitably modified. The relationship between the Secretary and the Minister is organic. The Minister has the mandate of the people to govern, but the Secretary has an equivalent constitutional mandate to advise the Minister.

Once his/her advice has been suitably considered, unless the Minister passes an illegal order, the Secretary is bound to implement it. The Minister, on his/her part, is required to support the Secretary who is implementing his/her order. Once a law is framed or rules and regulations are approved, they apply to everyone, whether a member of the political executive or of the permanent civil service. A civil servant is required to implement the orders of government without bias, with honesty and without fear or favour. It is precisely in this area that a degree of a difference of opinion often occurs between the political executive and the civil servants.

The Civil Services in Post Independence India
In the initial years after Independence, relations between Ministers and civil servants were characterized by mutual respect and understanding of each other's respective roles, with neither encroaching upon the other's domain. However, in subsequent years, matters started changing for the worse. While some civil servants did not render objective and impartial advice to their Ministers, often some Ministers began to resent advice that did not fi t in with short-term political interests. There was also a tendency for some Ministers at the Union and the State levels to focus more on routine administrative matters such as transfers in preference to policy making. At the same time, some civil servants learnt the art of 'maneouvering' for favours in return for pliability in their decision making. This trend was further accentuated by rising materialism and acquisitiveness in society as well as decline in values across the board. As a result, 'political neutrality' which was the hallmark of the civil service earlier in the period right after Independence, was gradually eroded. These trends led to the phenomenon of 'politicisation of the civil service' in India.

Areas of Friction
The areas of potential conflict in the relationship between the political executive and the permanent civil service can be identified as follows:
- The concept of neutrality

- Advisory role of civil servants in policy making
- Statutory role of the civil servants
- Appointments/Recruitment to the civil services
- Transfers and postings of civil servants

The Concept of Neutrality

Sardar Patel had made the following observations in the Constituent Assembly to support the continuance of the pre-independence civil service structure:-

"It needs hardly to be emphasized that an efficient, discipline and contended civil service assured of its prospects as a result of diligent and honest work, is a sine-quanon of sound administration under democratic regime even more than under an authoritarian rule. The service must be above party and we should ensure that political considerations, either in its recruitment or in its discipline and control, are reduced to the minimum if not eliminated altogether." ˙

Unfortunately, this vision of civil service neutrality no longer holds good. Changes in governments particularly at the state level often lead to bulk transfer of civil servants. Political neutrality is no longer the accepted norm with many civil servants getting identified, rightly or wrongly, with a particular political dispensation. T ere is a perception that officers have to cultivate and seek patronage from politicians for obtaining suitable positions even in the Union Government. As a result, the civil services in public perception are often seen as increasingly politicized.

The 2nd ARC is of the view that the political neutrality and impartiality of the civil services needs to be preserved. The onus for this lies equally on the political executive and civil servants. The Commission in its Report on "Ethics in Governance" while examining the ethical framework for Ministers has recommended that a code of ethics for Ministers should inter-alia include the following:

"Ministers must uphold the political impartiality of the civil service and not ask the civil servants to act in any way which would conflict with the duties and responsibilities of the civil servants."As observed by Paul Appleby, civil servants should not confuse 'political neutrality' with 'programme neutrality'. At the stage of policy formulation, the role of civil servants is to render free and frank advice which should not be coloured by any political considerations. Once a policy or programme has been approved by the elected government, it is the duty of the civil servant to faithfully and enthusiastically see to its implementation. Not carrying out this task in the right spirit would amount to misconduct inviting appropriate sanctions.

Advisory Role of Civil Servants in Policy Making

Rendering policy advice to the political executive is the most important "staff function" of the civil servant. Policy making is the ultimate responsibility of the Minister. After a policy is approved by the elected government, it is duty of the civil servant to implement such policy in the right earnest whether he/she agrees with it or not. At the same time, it is the duty of the civil servant to provide the factual basis, thorough analysis of all possible implications of any measure under consideration and free and frank advice, without fear or favour, at the stage of policy formulation. However, for civil servants to be able to provide appropriate policy inputs, they must acquire the necessary combination of a broad perspective of the sector as well as of the Government as a whole, combined with conceptual clarity and requisite knowledge.

If a policy that is being formulated is perceived by the civil servant to be against public interest, his/her responsibility is to convince the political executive about the adverse implications of such a policy. However, if the political executive does not agree with such an advice, there is little that the civil servant can do other than putting his/her views clearly on record. It is for the other institutional mechanisms such as Parliament, the CAG, Judiciary and ultimately the electorate to hold the political executive to account for bad policy.

Statutory Role of the Civil Servants

Civil servants are required to discharge statutory functions under various legislative enactments which may sometimes be quasi-judicial in nature. The role of the executive magistrate under the Cr. PC, the role of an Assessing Officer under the Income Tax Act and of the SHO under the Cr.PC and the respective Police Acts are some examples of such functions. It has been observed that there is an increasing trend on the part of the senior functionaries both in the civil services as well as elected representatives including Ministers to interfere in such statutory functions. Acquiescence in the face of such interference is primarily the fault of the officer who has been entrusted with these statutory functions although those bringing such extraneous pressures should also be held to account.

Appointments/Recruitment to the Civil Services

The Constitution of India provides for an independent Union Public Service Commission (UPSC) and State Public Service Commissions (PSCs). It lays down that it shall be the duty of the Union and the State Public Service Commissions to conduct examinations for appointments to the services of the Union and the services of the States respectively. However, while the UPSC enjoys an untarnished reputation for having developed a fair and transparent recruitment system, the same cannot be said for all the State PSCs. In addition, a large number of recruitments to various positions is done by departments of government and different organizations under their control both at the Union and the State government levels. Examples of such large scale recruitments which have often been the subject of complaints and controversies' are recruitments to the posts of Police constables, teachers, bus-drivers and conductors etc. The Commission feels that it is essential to lay down certain principles/norms for such recruitments to avoid complaints of favouritism, nepotism, corruption and abuse of power that have often characterized these recruitment exercises. These principles are :
- Well-defined merit-based procedure for recruitment to all government jobs
- Wide publicity and open competition for recruitment to all posts
- Minimisation, if not elimination, of discretion in the recruitment process
- Selection primarily on the basis of written examination or on the basis of performance in existing public/board/university examination with minimum weightage to interview.

Postings and Transfers of Civil Servants

The National Commission to Review the Working of the Constitution made the following observations regarding transfers and postings of civil servants:

"Arbitrary and questionable methods of appointments, promotions and transfers of officers by political superiors also led to corrosion of the moral basis of its independence. It has strengthened the temptation in services to collusive practices with politicians to avoid the inconvenience of transfers and to gain advantages by ingratiating themselves to political masters. They would do the politicians' biddings rather than adhere to rules. Lest the situation becomes more vicious, it is necessary that a better arrangement be conceived under the Constitution. The

question of appointments, transfers and placements is not to be left to the discretion of the politicians or administrative bosses but be entrusted to independent and autonomous boards. The Commission, therefore, recommends that the questions of personnel policy including placements, promotions, transfers and fast-track advancements on the basis of forward-looking career management policies and techniques should be managed by autonomous Personnel Boards for assisting the high level political authorities in making key decisions. Such civil service boards should be constituted under statutory provisions.

They should be expected to function like the UPSC. Reputed management experts from institutes of management, well known for their excellence, should be inducted into these boards to provide a broad based pool of expertise. The principle is not to take politics out of personnel policy but to make knowledge and information institutionally available to the political decision-makers on the basis of appropriate parliamentary legislation under Article 309. The sanctity of parliamentary legislation under Article 309 is needed to counteract the publicly known trends of the play of unhealthy and destabilizing influences in the management of public services in general and higher civil services in particular."

Arbitrary and motivated transfers of government servants which are not in public interest and good governance have become a matter of great concern particularly in some States.

The Union Government has initiated several measures in order to ensure security of tenure to civil servants. The Rules governing the All India Services have been amended and provision made for fixation of tenures of posts encadred with the AIS. For example, the Indian Administrative Service (Cadre) Rules, 1955, have been amended : A cadre officer, appointed to any post for which the tenure has been so determined, shall hold the minimum tenure as prescribed except in the event of promotion, retirement, deputation outside the State or training exceeding two months. An officer may be transferred before the minimum prescribed tenure only on the recommendation of a Committee on Minimum Tenure . The tenure of several posts has been notified accordingly for many States.

Civil service refers to the body of government officials who are employed in civil administration that are neither political nor judicial. The founding fathers of the Constitution wisely provided, by making provisions in Part XIV of the Constitution, for apolitical and independent civil services, with requisite protection for service matters. These provisions pertain not just to the union but also the states. One of the provisions of the Constitution (Article 312) which was hotly debated and faced considerable opposition, particularly from the provincial governments, pertained to the creation of All India Services (AIS) with recruitment based on All India competitive examination and dual control by the centre and the states. Such a constitutional protection was meant to enable the AIS to operate independently, freely, objectively and fearlessly. Unfortunately, political interference and administrative acquiescence has severely dented the professional fibre of the service.

The civil service system is the backbone of the administrative system which acts as most important tool for governance of our country. In post-independent India civil service was reorganised. There are three tiers of administration — Union/Central Government, State Government, and Local Government. At the central level, the civil service include the All India Services, namely the Indian Administrative Service (IAS). Indian Foreign Service (IFS), Indian Forest Service (IFS), and Indian Police Service (IPS). Apart from these there are various other

Central Services like the Indian Income Tax Service, Indian Railways Service, etc. at central level. The State Governments have their own services – State Civil Service.

Over the period the role of civil services has changed. During British period, enforcement of law and order and collection of revenue was the main concern of civil servants. In post independence India, when the Government acquired the role of Welfare State, civil services acted as an important tool for implementing national and state policies of welfare and planned development. From the 1990's, globalisation policies followed by the government have had their impact on the nature of civil services- greater role for entrepreneurs is given and bureaucracy has to accordingly change. In the current century, essentially in the last about one decade, the bottom pressures and entitlement regime has further made changes in the way civil services functions- greater transparency and accountability, e-governance being a major impetus.

The Indian civil services, with its national character, have been a strong binding force to the Union of States. The institution of civil service has rendered service to the overall socio-economic development of the country. It has been at the forefront of the development process right from the 'commanding heights regime' to the 'liberalization and de-regulation era'. It has acted as a force of unity among diversity. It has not only played a pivotal role in designing and activating policies, it has also ensured basic service delivery at the grass root level to the marginal section of our society.

The importance of the civil service to the Indian administrative system stems from the following:
- Service presence throughout the country and its strong binding character
- Non-partisan advice to political leadership in the midst of political instability and uncertainties
- Administrative and managerial capacity of the services
- Effective policy-making and regulation
- Effective coordination between institutions of governance
- Leadership at different levels of administration.
- Service delivery at the cutting edge level
- Provide 'continuity and change' to the administration.

Since civil services are considered as the most important element of Indian administrative system that has the responsibility to fulfil the development objectives of the welfare state, so, any failure or shortcomings in fulfilment of these objectives are attributed to the failure of civil services.

Some of the criticism of Indian civil services is:
- Lack of professionalism and poor capacity building
- Alienation from the public and lack of understanding of what people want
- Inefficient incentive systems that do not appreciate upright and outstanding civil servants
- Lack of performance culture and focus on outputs and not outcomes – inappropriate performance appraisal
- Lack of adequate transparency and accountability procedures
- Politicisation
- A gradual erosion in public service values, ethics and morale

So, on the basis of experience so far and some other developments of the present era like globalisation, restless and educated public that has become demanding, technological options in

administration, coalition nature of polity, etc., it is recognized that reforming the civil service is necessary.

For 'Good Governance' which is one of the most important goals of the modern welfare State, civil services have to re-orient themselves because with its present attitude and training civil services are not able to come upto people's expectations.

A well-functioning civil service helps to foster good policymaking, effective service delivery, accountability and responsibility in utilizing public resources which are the characteristics of good governance.

Governance reform refers to the improvement of legal, institutional and policy frameworks to create proper decision making and implementation environments for economic growth and distribution. It encompasses participatory systems for elements of civil society to become actively involved in formulation of policies and programmes and their implementation. It also includes effective and transparent systems and processes for accountability in government activities.

Civil Services and Globalisation:

Following factors are relevant

- Fast pace of globalisation is mainly driven by the rapid advancement of communication technology and it is necessary to develop our civil services into a technology savvy force. Recent trends in the compositional make up of civil services - like increasing numbers of engineers, doctors, management degree holders, and agriculture graduates would help in enhancing technical orientation of our civil services.
- In the era of globalisation, the role of the State has changed. Since economic liberalisation has led to the diminishing role of state, it has resulted in the marginalisation of a section of society who is economically weak and can't take advantage of the economic opportunities provided by economic liberalisation. The State will have to take care of this section by redistributive policies. State's main emphasis should be on social sector. For this bureaucracy has to be retrained to deliver and be answerable as most of these programmes are entitlements- employment, information, food etc. Attitudinal changes are called for.
- Globalisation has increased the importance of international organisations like IMF, World Bank, WTO, WIPO etc. IPR laws and their knowledge is becoming critical. Dealing with these organisations needs professionalism, tough negotiating skill, etc.

Civil Service Reforms

Civil service reform is a deliberate action to improve the efficiency, effectiveness, professionalism, broad social base of selection and democratic character of a civil service, with a view to promoting better delivery of public goods and services, with increased accountability. Such actions can include organizational restructuring, improving human resource management and training, enhancing pay and benefits while assuring sustainability under overall fiscal constraints, and strengthening measures for public participation, transparency, and combating corruption.

Civil Service Reform in India

The Indian bureaucracy, with its national character, has been a strong binding force to a Union of States. The institution of civil service has rendered yeoman service to the overall socio-economic development of the country. It has been at the forefront of development process right from the 'commanding heights regime' to the 'liberalization and de-regulation era'. It has not only played a pivotal role in designing and activating policies but also ensured basic service delivery at the cutting edge of government-citizen interface.

Civil Service Reforms and Socio-Economic Development

Civil Service Reform aims at strengthening administrative capacity to perform core government functions. These reforms raise the quality of services to the citizens that are essential to the promotion of sustainable economic and social development. CSR can contribute to good governance, macroeconomic stabilization by restoring budgetary stability, better utilisation of public funds, developmental impact, people friendly approaches to law and order etc.

The reform can contribute to the design and implementation of an equitable programme of social development. Enhancing the capacity of civil servants and improving their morale are critical to all these functions.

The main components of Civil Service

Reform should pertain to the following:
1. Recruitment
2. Capacity building through more relevant training
3. Performance & Promotion
4. Professionalism & Modernity : e-gov; mindset changes
5. Accountability (read ahead)

Recruitment

The recruitment examination for Indian Civil Services is one of the rigorous examination across the world. Globalisation, technological developments, public private partnerships, civil society activism and explosion of expectations form an educated and upwardly mobile public are demanding that recruitment pattern should change. UPSC has responded with a new system from 2011 and 2013 respectively for Preliminary and Mains examination.P rime Minister's Rural Development Fellows appointed in 2012 by selecting young professionals from top professionals institutions like IITs, IIMs, TISS and others is one such measure.

Reforming and Restructuring Human Resource Management

Building a motivated and capable civil service requires merit-based and nondiscriminatory recruitment, which rests on the absence of political patronage, transparent rules and procedures, open competition and selection by an independent agency. Subsequently, important elements in meritocracy and the motivation of employees are the opportunities for promotion, recognition and reward for performance, inter-sector mobility, placement in right jobs and the scope for skill upgrading and self-improvement. It is equally important to address demotivating factors like frequent and arbitrary transfers as well as special factors affecting women in office and field jobs. A statutory body Civil Services Board (CSB) can be created to look into issues such as transfers and promotion of Civil servants (NCRWC). This will help in reducing political pressures on the careers of civil servants. As there should be cohesion between the political masters and the civil servant for ensuring good governance, the civil service board can be used to

delink civil service performance issues from politics. A clear demarcation line can be drawn between the two with the establishment of such boards.

Civil Service Accountability

The accountability of the civil servant has administrative, financial, judicial and other dimensions. In the recent years, there i a flurry of laws demanding greater transparency and accountability in India. RTI accountability is another area. For greater accountability, the following are some of the measures suggested:

- Strengthening and streamlining reporting mechanisms
- Streamlining and fast-tracking departmental enquiries
- Action on audit findings
- Implementation of Citizens Charters' for monitoring service delivery
- Right to Information Act and its enforcement
- Code of conduct for civil servants

Functions of the civil servant/Officer

A civil servant is responsible for the law and order and general administration in the area under his work. Typically the functions of an IAS officer are as follows:

- To handle the daily affairs of the government, including framing and implementation of policy in consultation with the minister-in-charge of the concerned ministry.
- Implementation of policy requires supervision.
- Filed work: Implementation requires travelling to places where the policies are being implemented.
- In the process of policy formulation and decision making, officers at various levels make their contributions and a final decision is taken by the minister concerned or the cabinet.

From the EPW August 2013 (Edited)

The Constitution made the bureaucracy subordinate to the political power of the elected representatives. Following the liberal democratic framework, it provided functional autonomy to the civil service which was meant to remain politically neutral in implementing policy. Formal neutrality of the services has provided the public-minded civil servant the space necessary to maintain a distance from political pressures and also check the excesses of many elected representatives.

Civil service has been subjected to new pressures for it to become more people-friendly:. A part of this has been a result of a deepening democratisation of Indian society which is challenging vested interests through mass mobilisations, a part is due to the spread of communication, information technology and the media and some also due to the institution of legal weapons like the right to information and the public interest litigation.

Democratic superintendence over the bureaucracy is certainly a must. Such a system of democratic checks and balances helps ensure that bureaucrats fulfil the constitutional mandate of maintaining neutrality and administrative efficiency. But such a balance between the democratic polity and the bureaucracy is possible only if the political culture is not reduced to patronage and narrow populism. In states where democratisation has struck relatively shallow roots ....democratic control over the bureaucracy becomes a caricature. The influence of the real estate

lobby in Haryana, of the mining mafias in UP, Karnataka, Jharkhand and Chhattisgarh, and the big crony corporates in Gujarat are among many examples.

While the public outcry in support of Nagpal is welcome and her victimisation should end, it will be futile if this is seen in terms of an individual and not the systemic infirmities that the case illustrates. Hopefully this will further the move towards a better balance between political oversight and administrative neutrality. However, it will be equally dangerous if this leads to insulating the administration from democratic pressures.

Durga Shakti-related by Shailaja Chandra in the Indian Express August 12, 2013

The suspension of Durga Shakti Nagpal has stunned citizens across the country. The Indian Administrative Service (IAS) was established in accordance with the provisions of Article 312 of the Indian Constitution. The acceptance rate of candidates aspiring to the IAS is just 0.01 per cent, making their selection among the most competitive in the world. It also makes these officers the most envied.

Every district (there are nearly 600 rural districts) is subdivided into two to three administrative divisions, each headed by a sub-divisional magistrate (SDM). As soon as the initial training is over, the new SDM is expected to enforce a string of laws and oversee the implementation of scores of schemes. The young officer is usually treated as a member of the district collector's family, and often of the divisional commissioner's as well. Their mentoring helps the officer understand and respond to the complexities of maintaining law and order and of providing leadership.

Conferred with magisterial powers under the CrPC, the SDM has to issue prohibitory orders when a danger to public peace or public health is apprehended, and order the search of property when there is suspicion that stolen or contraband goods are being concealed. Every act or rule which involves the maintenance of public order refers only to the district magistrate and the SDM. Nowhere does the CrPC or the law mention a minister or a chief minister. In a democratic set up, the latter are responsible only for laying down policy guidelines in such matters. The legal assessment of a magistrate cannot be faulted, much less overruled, by the political executive. Another reason for the importance of the DM and SDM is their direct role in the conduct of elections, including the maintenance of electoral rolls and the registration of voters under the Representation of the People Act.

.......It is essential to have a civil service authority that independently decides on the postings and transfers of IAS officers. Recommended by the Administrative Reforms Commission and promised by the Central government, it has been soft-pedalled for too long.

Ethics in Sports

Sport ethics is that branch of the philosophy of sport addressing the specific ethical questions that arise during and around sport competitions.

Sports are based on the fair enforcement of rules. At a first approximation, this means that every contestant (being an individual player or a team) has the right to see the rules of the game applied in equal measure to each and every contestant, while having the duty to try and respect the rules as best as possible. The educational importance of this aspect, not just for children and young adults but for everyone, can be hardly overstated. Sport is a critical tool to teach justice, the respect of rules for the benefit of a group (the contestants as well as the spectators), and honesty.

Another major area of confrontation regards human enhancement and, most notably, cases of doping.

The increasingly high salaries of certain athletes have also offered the opportunity to rethink the issue of just compensation.

To understand the role ethics plays in sport and competition, it is important to make a distinction between gamesmanship and sportsmanship.

Gamesmanship is built on the principle that winning is everything. Athletes and coaches are encouraged to bend the rules wherever possible in order to gain a competitive advantage over an opponent, and to pay less attention to the safety and welfare of the competition. Some of the key tenants of gamesmanship are:

- Winning is everything
- It's only cheating if you get caught
- It is the referee's job to catch wrongdoing, and the athletes and coaches have no inherent responsibility to follow the rules
- The ends always justify the means

Some examples of gamesmanship are:
- Tampering with equipment
- Inflicting pain on an opponent with the intention of knocking him or her out of the game, like the Saint's bounty scandal
- The use of performance-enhancing drugs
- Taunting or intimidating an opponent
- All of these examples place greater emphasis on the outcome of the game than on the manner in which it is played.

A more ethical approach to athletics is sportsmanship. Under a sportsmanship model, healthy competition is seen as a means of cultivating personal honor, virtue, and character. It contributes to a community of respect and trust between competitors and in society. The goal in sportsmanship is not simply to win, but to pursue victory with honor by giving one's best effort.

Ethics in sport requires four key virtues: fairness, integrity, responsibility, and respect.

Fairness

- All athletes and coaches must follow established rules and guidelines of their respective sport.
- Teams that seek an unfair competitive advantage over their opponent create an uneven playing field which violates the integrity of the sport.
- Athletes and coaches are not discriminated against or excluded from participating in a sport based on their race, gender, or sexual orientation.
- Referees must apply the rules equally to both teams and cannot show bias or personal interest in the outcome.

Integrity — *Honesty*

- A sport that displays integrity can often be recognised as honest and genuine in its dealings, championing good sportsmanship, providing safe, fair and inclusive environments for all involved. It will be also expected to 'play by the rules' that are defined by its code.

Responsibility

- To be sportsmanlike requires players and coaches to take responsibility for their performance, as well as their actions on the field. This includes their emotions. Many times athletes and coaches will make excuses as to why they lost the game. The most popular excuse is to blame the officiating. The honorable thing to do instead is to focus only on the aspects of the game that you can control, i.e. your performance, and to question yourself about where you could have done better. Responsibility requires that players and coaches be up to date on the rules and regulations governing their sport. Responsibility demands that players and coaches conduct themselves in an honorable way off the field, as well as on it.

Respect

- All athletes should show respect for teammates, opponents, coaches, and officials.
- All coaches should show respect for their players, opponents, and officials.
- All fans, especially parents, should show respect for other fans, as well as both teams and officials.

The sportsmanship model is built on the idea that sport both demonstrates and encourages character development, which then influences the moral character of the broader community.

Some argue for a "bracketed morality" within sports. This approach holds that sport and competition are set apart from real life, and occupy a realm where ethics and moral codes do not apply. Instead, some argue, sports serves as an outlet for our primal aggression and a selfish need for recognition and respect gained through the conquering of an opponent. In this view, aggression and victory are the only virtues. For example, a football player may be described as mean and nasty on the field, but kind and gentle in everyday life. His violent disposition on the field is not wrong because when he is playing the game he is part of an amoral reality that is dictated only by the principle of winning.

An ethical approach to sport rejects this bracketed morality and honors the game and one's opponent through tough but fair play. This means understanding the rules and their importance in encouraging respect for opponent, which pushes one o be at his/her best. .

Olympic Games & its values.
A football players aggression outside field is unsocial, unethical and anti social advice in society while inside field is a sportmanship.

Public Fund Utilisation

Intergovernmental transfers from the centre to the states takes place through three channels: statutory and other transfers mandated by the Finance Commission, formula-based transfers for State Plan Schemes through the Planning Commission, and other discretionary transfers by the Planning Commission/ various central Ministries.

The entire tax sharing is a part of the Finance Commission transfers. In the rest of the transfers constituting of grants alone, grants other than those for State Plans now constitutes 69 percent.

grants to be given to State general Grants — Incentive Grants

These are generally not formula determined and for the bulk of the amount, are often conditional upon various actions at the state level including putting up the matching amounts. Thus, while the block grants (for State Plan and other block grants) by definition are unconditional transfers and therefore the issue of their utilisation is not a major concern, for the other grants the actual utilisation can be different from the allocations made; if the gap is large, then it can be a cause for concern.

It may be further noted that as much as 40 percent of the total grants is released directly to implementing agencies, usually parastatals of the state governments. As such, the utilisation of the available funds under various grant schemes becomes a function of the institutional setup and efficiency at three levels. As the extent of such utilisation has caused some concern in recent years, various aspects of this issue merit detailed examination. It is important to study two aspects concerned, namely the design of the schemes, and timing and structure of releases of funds with the objective of finding suitable changes that could contribute to better utilisation. It is done with the help of 16 selected schemes.

In terms of facilitating utilisation, a grantor agency has limited tools in its hands. These include the design of the scheme (to eliminate disincentives for utilisation), the actual transfer mechanism, and the timing. In terms of design, when one is considering conditional transfers which all the schemes under examination are, it is shows that the more conditions there are, and the more difficult they are to meet, the less would be the utilisation. For example, a specific purpose transfer without any matching requirement is likely to be utilised to a higher extent than one with such a requirement. Similarly, the transfer mechanism can also influence utilisation; in times of resource constraints, grants on a reimbursable basis have less chance of high utilisation than those provided at least partly on advance basis.

The importance of timing of transfers hardly needs an explanation: it is sufficient to state that grants received at the fag end of the year have little chance of getting spent usefully within that year. In the selected special category states, there is also a seasonal dimension to the issue of timing. All the special category states in India have the problem of extreme weather; in the northeastern states it is the monsoon season that is characterised by heavy rainfall and in the states of Jammu & Kashmir (excluding the relatively lower areas of Jammu), Sikkim and northern parts of Arunachal Pradesh, it is the winter with heavy snowfall. During these months of extreme weather, developmental work is substantially hampered, and funds received cannot be gainfully employed.

Centre is transferring funds to States.
① How it is utilized.
② Satisfactory or not.

When we examine available data with respect to the selected schemes to draw inferences about the suitability or otherwise of present arrangements, certain observations become necessary and they are given ahead.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (Ministry of Rural Development)

This scheme is the largest rural employment programme designed in India, following up on and subsuming other rural employment programmes like SGRY with the ultimate objective of alleviating rural poverty through job creation. It entitles all persons – below poverty line or not – to at least 100 days of guaranteed wage employment. It was introduced through the notification of the Act first in 200 districts of the country, subsequently extended to another 130 districts. The Act is now applicable to the entire country except fully urban districts. This is a cost sharing scheme with the centre bearing the full cost of wages of unskilled labour, 75 percent of the cost of material and wages for skilled/semi-skilled labour, and a part of the administrative expenses. The state governments have to bear the remaining costs of material and wages, and administrative costs, along with the costs of unemployment allowance payable to those who cannot be provided wage employment within 15 days of application.

As this is an entitlement programme, there is no predetermined amount of expenditure, either nationally or in any state. The nature of the scheme demands flexibility in the system of financing, and such flexibility is sought to be imparted through first release of the year based on an annual labour budget at the beginning of the year and subsequent release of funds on the basis of subsequent demand. The district level labour budgets and follow-up demands are channelled through the state government. Normally the releases are in two tranches, the first not more than 50 percent of the total approved labour budget. The first instalment is released subject to submission of the Audit report of the year before last.

Releases are subject to physical, financial, administrative and accountability conditions.

Utilisation certificate for the previous year is due before second instalment is released, as also certificate regarding the release and receipt of the state share supported by authenticated bank statement.

The flow of funds hinges crucially on the labour budget, the preparation of which is an elaborate decentralised exercise. Starting from the village level, the proposed works have to be costed, checked for conformity with guidelines (e.g., permitted types of works, and approved ratio of materials and wages), conveyed for approval, and aggregated at the next higher level. The process is expected to start on October 2 every year and the state has to provide the detailed labour budget by end January. Given the essential characteristic of the decentralised nature of this programme, this process of formulating the labour budget is perhaps ideal; however, the uneven administrative capacity of Panchayati Raj institutions (particularly at the block and village level) can create difficulties in the nature of trade-offs between timely submission and quality of the budget.

Data on releases show several types of departures from the expected pattern. First, there are cases of releases larger than allocations. In a demand-driven programme, this is possible.

Second, there is a clearly noticeable tendency for the bulk of the funds to be released in the last quarter.

Data shows that utilisation was indeed low. States like Andhra Pradesh, Rajasthan, Uttar Pradesh, Uttarakhand, and West Bengal exhibit high levels of utilisation.

As NREGA is a demand based scheme and as funds are released based on labour demands projected by the state, whatever slackness is there in the system is due mainly to the incapacity of the states to prepare the labour budget in line with Government of India guidelines in a comprehensive way in time and providing the matching amounts in time. Perhaps greater attention may have to be paid to the capacity building of the state officials to prepare labour demand budget etc. Further, allowing additional categories of work – specific to the state/region – may improve the scope of the project.

Some of the problems associated with claims of State Governments and release by the centre will be minimized once the online system of releases of funds is introduced.

Pradhan Mantri Gram Sàdak Yojana (PMGSY) (Ministry of Rural Development)
This is a fully centrally funded transfer scheme designed to provide connectivity to rural habitations through construction of/upgradation to all-weather roads. The eligible habitations are defined as with population of at least 250 in hill states, desert and tribal areas, and of at least 500 in other areas. Recipient states have to identify or set up an autonomous agency with a distinct legal status under its control that would be designated as the State Rural Roads Development Agency (SRRDA). The SRRDA is the actual recipient of the funds transferred by the central government and is the executing agency at the state level.

The administrative setup includes a state level Standing Committee chaired by the Chief Secretary and an Empowered Committee at the central Ministry level. The scheme is a project-based one, with states submitting project proposals as perguidelines and vetted by the Standing Committee, and approved by the Empowered Committee. PMGSY is funded mainly from the accruals of diesel cess in the Central Road Fund – 50 percent share of the cess on High Speed Diesel.

The state government has the responsibility of providing funds for the proper functioning of the SRRDA, funds for administration of maintenance contracts of PMGSY roads, funds to meet works related expenses not found eligible to be funded by the Ministry under the PMGSY, and to meet cost escalation, tender premium and other programme expenses. The transfers are made available to the SRRDAs normally in two instalments. However, the entire annual assistance may be provided in a single tranche for some specified districts (Lahaul-Spiti, Leh and Kargil). Otherwise, the first instalment amounts to 50 percent of the cleared value of projects or annual allocation, whichever is lower. Apart from meeting the general conditionalities of the programme, the release of the first instalment does not have any prerequisite. However, for single tranche releases and for the second instalment, several conditions regarding utilisation of available funds, physical progress, utilisation certificates, audited statement of accounts for the previous year (if the second instalment is after October), and certificate of the Bank Manager (where relevant accounts are maintained) have to be met. The second instalment is normally equal to the balance due on the approved cost of awarded works.

Works cleared but not awarded by the time the second instalment is provided are considered as lapsed. Given the above, the transfers should be substantially frontloaded, i.e. bulk of the transfers should be at the beginning of the year. The conditionalities are by no means excessive and constitute normal precautions to prevent undue accumulation of funds at the state level and to ensure proper utilisation for the intended purposes.

The extents of utilisation of funds in the selected states do not reveal any major cause for worry except in Meghalaya. Clearly, there is a state-specific problem that needs to be handled as such, and the figures do not indicate anything amiss in the design of the scheme. There is the aspect of timing of releases, however. As noted earlier, bulk of the releases is expected to be in the first quarter in this scheme.

Available data on timing of releases indicate considerable variability between the selected states, with extreme cases of the entire release for the year in the last quarter also noticed. There are usually several difficulties that arise in the construction of roads in particular – land acquisition, forest clearances, seasonal stoppages and labour-related problems among them. The design of the programme tries to obviate these problems as far as possible by requiring necessary clearances at the proposal stage itself, but it appears that problems arise even after approval.

Indira Awaas Yojana (IAY) (Ministry of Rural Development)
IAY, the scheme for construction and upgradation of houses for the rural poor with special focus on SC/ST, is a cost-shared scheme between the centre and the states in the ratio of 75:25 (90:10 for the North-Eastern states and Sikkim). It is implemented through the District Panchayat or District Rural Development Agency (DRDA), and central funds are made available directly to the district-level agencies. It is designed to provide cash assistance and a (optional) loan at a low rate of interest to each of the beneficiaries. This is primarily an allocation-based scheme, with state shares determined by the factors of rural housing deficit (75 percent weight) and poverty ratio (25 percent weight). The beneficiaries receive the assistance on a staggered basis linked to progress of construction.

The centre releases the assistance allocated to the district level agencies in two instalments except in the cases of districts with special problems like limited working season; in the latter cases, the entire annual assistance is released in one go. Single instalment releases are conditional upon at least 60 percent utilisation of available funds in the previous year, actual disbursement of the state share in the previous year, audited accounts for the year before last, bank reconciliation statements, and blockwise expenditure statements (or certificate from a Chartered Accountant that funds are directly transferred to beneficiaries' bank accounts from the DRDA). In other cases, 50 percent of the annual allocation is released in the first instalment provided conditions imposed while releasing second instalment of the previous year, if any, are met.

Though the assistance to districts is based on allocations, the release of the second instalment is conditional upon a proposal for the same and fulfilment of several other conditions including at least 60 percent utilisation of total available funds, full release of state share in the previous years and due for the current year to date, appropriate budget allocation in the current year for the matching state share, submission of audit report for the last year along with action taken report, utilisation certificates for the previous year, approved Annual Plan and all pending

progress/monitoring reports. The proposals have to be submitted latest by December 31 every year. Late submission invites progressive cuts in allocated amount.

The provisions summarised above indicate that the conditions imposed are primarily at the time of the second instalment and hence there ought to be little delay in releasing the first instalment. However, in the cases where the decentralised system is fully articulated, the sheer number of agencies involved increases the probability of default in providing some document or the other, which can hold up the proposals.

Block-wise expenditure statements are called for, but it is an enormous task to actually sift through this large number of statements with any degree of necessary attention at the central level. Some of these requirements may perhaps be curtailed and the task of monitoring may also be decentralised to some extent.

National Rural Drinking Water Programme (NRDWP) (Ministry of Rural Development)
The basic objective of this programme is to ensure safe drinking and cooking water for all rural citizens in a sustainable manner through judicious combination of the use and development/improvement of existing water sources, surface water, ground water sources, and rain water harvesting. The coverage also includes all rural schools and Aanganwadis. The scheme focuses on the quality of drinking water and universal coverage, encouraging local government involvement (along with state level organisations) with beneficiaries and other stakeholders, and the introduction of user charges in the interest of financial sustainability.

Central funds for this programme are transferred directly to the bank accounts of State Water and Sanitation Mission (SWSM), the apex state-level body to be set up, supported by an elaborate institutional structure including district and village level structures. Planning for water is expected to be carried out in bottom-up manner, with priorities for various projects/activities.

Overall utilisation with respect to this particular programme is not very encouraging. And a part of the reason is to be found in the relatively small first quarter releases, although this alone cannot explain fully the low actual utilisation levels. It is possible that adequate and timely state releases were not forthcoming. Also, there might have been delays in the submission of necessary documentation from the states required for the release of the second instalment in particular. While the centre can only provide incentives to the states to put up the matching amounts, it can try and simplify the conditions for releases of funds to speed up the flow of funds and perhaps thereby improve utilisation.

Rashtriya Krishi Vikas Yojana (RKVY) (Ministry of Agriculture)
This is a special additional central assistance (ACA) scheme under the state plan mooted by the National Development Council (NDC) in 2007. The main objective is to provide a boost to the agriculture and allied sector by incentivising the states to maintain and raise their investment in agriculture. The scheme is based on comprehensive district level agricultural plans (C-DAP), which are expected to take into consideration local needs and preferences, as well as constraints (agro-climatic and technical). It encourages convergence with other schemes wherever possible.

The system is driven by eligibility (conditional upon at least maintaining baseline allocation to agriculture and allied sectors in state plan) and formula-based allocations. Fixed proportions of

allocations are available for funding specific projects and for supplementary funding in existing schemes/projects.

In the case of this seheme, there is no matching requirement and the system is allocation-based, although project proposals are needed to obtain releases. The first feature should aid utilisation and the second should make the procedure a little simpler than a fully demand-driven approach.

Fund utilisation was not very good in some states. Clearly, either the states were unable to submit acceptable proposals well in time to take full advantage of the scheme, or the concerned central Ministry was unable to process them in time to make the releases, or both.

General Observations and Recommendations

The review of the individual schemes and their functioning provides us the necessary background to undertake an assessment with a view to improving their effectiveness and utilisation. There are isolated cases of poor utilisation in one or two states in the case of some other schemes also, but one can argue that those could be ascribed to state-specific factors.

The following discussion is undertaken in that spirit. To structure the discussion, two main aspects of the schemes are covered: design of the scheme including administrative features, and flow of funds.

Design of the Schemes

The first design feature to be discussed would be the matching requirement of the scheme. Conceptually, the difference between a matching and non-matching grant is that a matching requirement can change budget priorities for expenditures on other heads of expenditure too, since the matching amount has to be taken out of the overall expenditure ceiling, affected one or more of unrelated expenditure heads. A nonmatching grant simply makes more funds available for expenditure in the specified category, in contrast. This is sometimes interpreted to contend that matching central grants to states can 'distort' the priorities of states. The strength of this 'distortion' naturally depends on the matching ratio. Thus, a matching grants are called for when the grantor agency wants to change the pattern of grantee agency's budgetary allocations in favour of the supported service. Too many matching grants in the system of intergovernmental transfers can cause conflicts of interest in the states with only small amounts of free resources; it may become difficult for a state to accommodate so many demands on its meagre resources that remain after meeting contractual obligations.

At a more practical level, a matching ratio that cannot be afforded by several states can easily explain lukewarm response of the states to a scheme. Also, among the few schemes with low utilisation, BRGF has no matching requirement, indicating that lowering matching requirement is not necessarily a solution to the problem of effective utilisation. There have been some suggestions of reducing matching requirement further for better offtake of funds, but we find no evidence that such reduction is either necessary or sufficient to achieve that. A uniform matching requirement for all states may actually be problematic since the fiscal strength of the states in the group varies widely. However, this a question that has been debated since long and the perceived arbitrariness implicit in a system of varying matching ratios has made such a system politically/administratively unpalatable.

The second design feature that could be important is the basis of the determination of transfers. The schemes can be divided into broadly two types: those based on proposals/plans to be submitted for approval and those based on allocations. Some of the schemes may have elements of both, but the distinction is still valid because only one of them can be the effective driver. MGNREGA is a different category by itself since it is an entitlement programme, although it is based to some extent on annual plans submitted by states. Conceptually, allocation-based programmes should have an edge in terms of utilisation simply because they do not involve the additional effort on the part of the states to prepare credible proposals/plans that may conceivably strain the administrative capabilities of some of the states.

The third, and probably most important, issue is that of delivery mechanism of the scheme. Most of the schemes reviewed, including the some of the flagship schemes, have two features in common: (a) they are expected to be implemented in a decentralised manner, and (b) the state level coordination is entrusted to an agency created for the purpose, with state government participation but autonomous. Many schemes expect the state level agency to be literally only a co-ordinating body, with the focus at the district level or at a further decentralised level. The decentralised structure is expected to cover the whole spectrum of the implementation process starting from preparation of project proposals/plans to actual expenditure, and the flow of funds is designed to percolate down for actual expenditures to be incurred at the most decentralised level. While this is a structure that obviously has an appeal in terms of decentralisation, it can, and probably does, create serious problems of administration and effective delivery. This creates a trade-off between accountability and utilisation. Even in a conceptual sense, the main problems with respect to a decentralised structure of a scheme administered from the central government level in a country like India is: (i) the inability to build in enough flexibility to accommodate necessary state-level variations, particularly for the North-eastern states, (ii) lack of information and time to assess really decentralised detailed proposals/plans, (iii) creating a large number of agencies that have to ensure delivery without the authority or the constitutional back-up that the state governments enjoy, and which add to the costs of governance, and (iv) not getting the state governments – without whose involvement, the schemes cannot succeed anyway – fully on board. For these reasons, as also administrative reasons elaborated below, it would be better to involve the state governments fully in the delivery of the schemes and leave it to their choice as to whether a dedicated agency for the scheme is required or not(as under RKVY).

Ensuring a smooth flow of funds under any scheme is absolutely essential to the success in meeting the ultimate objectives of the scheme. This is where the administration of the scheme is tested, and more often than not, this is what determines effective utilisation of the scheme. The review of the structure of the schemes, unfortunately leads one to the conclusion that there is perhaps too little delegation in the system that is creating bottlenecks in the flow of funds, which is also impacting on the effectiveness of the scheme and utilisation of available funds, defeating the objectives to varying extents. To begin with, approval of the project proposals/DPRs/plans is almost invariably at the central level. Given the sheer volume of the job, and the details that have to be gone into, there is a high probability of a trade-off between doing a good job of evaluation and doing so within a reasonable period of time. Unfortunately, slippage in either has negative impact on the scheme. As such, the only way out is to reduce the number of approvals necessary at the central level or eliminate this requirement altogether through delegation of this responsibility to the state government, or an agency designated by it.

Another cause of disruption in the flow of funds is the detailed documentation necessary to obtain the second and subsequent installments of approved amounts of transfers, including audited accounts and utilisation certificates. With a decentralised system of implementation, default by some lowest level implementation agencies can penalise many such agencies(or delay on the part of a few can cause delay for a larger number), if the documentation (particularly utilisation certificates) has to be consolidated at a higher level for submission. This is where the trade-off between accountability and utilisation shows up. Here again, the solution can only be through delegation -- the central Ministries should require utilisation certificate and audited accounts from the respective state governments only (with a little more time allowed --these should be allowed to be submitted by end-December of a year for the previous year, with second installments released on the basis of simple statements of expenditures at the state level). Any discrepancy between expenditure statements and utilisation certified can be adjusted while releasing the first installment of the following year.

The above changes should help significantly in maintaining the time schedule of releases, which can impact on the schedule of implementation. For the special category states, it is particularly important to provide the bulk of funds in the first installment, so that seasonal constraints can be worked around. Thus it would help these states if 80 percent of the approved funds are released in the first installment by May 15 of every year, after necessary adjustments. For other states, the normal procedure may be followed.

Leveson Inquiry: FAQ

What was the Leveson Inquiry?
It was a public, judge-led inquiry set up by Prime Minister David Cameron to examine the culture, practice and ethics of the press.It was established in the wake of the phone-hacking scandal at the now-defunct News of the World tabloid.Lord Justice Leveson has made recommendations on the future of press regulation. The report was submitted late 2012.

What did it look at?
It looked at the relationship between the press and the public, including phone-hacking and other potentially illegal behaviour, and at the relationships between the press and the police and the press and politicians.

What did Lord Justice Leveson recommend? ·
He made broad and complex recommendations relating to how the press is regulated:
- Newspapers should continue to be self-regulated - and the government should have no power over what they publish.
- There had to be a new press standards body created by the industry, with a new code of conduct
- That body should be backed by legislation, which would create a means to ensure the regulation was independent and effective
- The arrangement would provide the public with confidence that their complaints would be seriously dealt with - and ensure the press are protected from interference.

Why did he recommend reworking press regulation?
The current system, where the press is self-regulated voluntarily through the **Press Complaints Commission** (PCC), is widely agreed to be doomed - the PCC itself has agreed to move into a "transitional phase" until a long-term replacement can be established.

The chairman of the PCC, Lord Hunt, wants a new "tough, independent regulator with teeth". He told the Leveson inquiry there was a willingness among publications for a **"fresh start and a new body"** based on legally-enforceable contracts between publishers and the new body.

The Free Speech Network, which represents many editors and publishers, is vigorously opposed to any state involvement in press regulation. It says **the press exists to scrutinise those in positions of power,** and it could not do that if those it was scrutinising had authority over it.

But the Hacked Off campaign, which represents many alleged victims of phone-hacking, says **voluntary self-regulation has failed** and it said that the Leveson proposals are the way forward.

A very general, raw idea of professionalism is a bundle of the following concepts: a focussed approach, pride in what one is doing, confident, competent, motivation towards a particular goal, accountability, respect for people irrespective of rank, status and gender, responsibility while on the path to a particular goal, commitment to word and deed, control of emotions - well, you are beginning to get the idea now.

Professionalism

"Professionalism" as defined in The Oxford English dictionary: The competence or skill expected of a professional. And a "Professional" means: Relating to or belonging to a profession. A **professional** is a person who is engaged in a certain activity or occupation for gain or compensation as a means of livelihood, such as a permanent career, rather than as a pastime. The traditional professions were doctors, engineers, lawyers, architects etc. Today, the term is applied to nurses, accountants, educators, scientists, technology experts, social workers, artists, librarians (information professionals) and many more.

The term is also used in sports to differentiate amateur players from those who are paid—hence "professional footballer" and "professional golfer". Many companies include the word professional in their store name to imply the quality of their workmanship or service.

In some cultures, the term is used as shorthand to describe a particular social stratum of well-educated, salaried workers who enjoy considerable work autonomy and are commonly engaged in creative and intellectually challenging work.

Due to the personal and confidential nature of many professional services, and thus the necessity to place a great deal of trust in them, most professionals are subject to strict codes of conduct enshrining rigorous ethical and moral obligations.

The main criteria for professionals include the following:

1. Expert and specialized knowledge in field which one is practising professionally.
2. Excellent manual/practical and literary skills in relation to profession.
3. High quality work in (examples): creations, products, services, presentations, consultancy, primary/other research, administrative, marketing, photography or other work endeavours.
4. A high standard of professional ethics, behaviour and work activities while carrying out one's profession (as an employee, self-employed person, career, enterprise, business, company, or partnership/associate/colleague, etc.). The professional owes a higher duty to a client, often a privilege of confidentiality, as well as a duty not to abandon a genuine client just because he or she may not be able to pay or remunerate the professional. Often the professional is required to put the interest of the client ahead of his own interests.
5. Reasonable work morale and motivation. Having interest and desire to do a job well as holding positive attitude towards the profession are important elements in attaining a high level of professionalism.
6. Appropriate treatment of relationships with colleagues. Consideration should be shown to elderly, junior or inexperienced colleagues, as well as those with special needs. An example must be set to perpetuate the attitude of one's business without doing it harm.

Professional behavior constitutes with some of the following:-

- **Possess a good attitude:** A positive attitude makes considerable impact on one's success
- **Produce quality work:** A professional never merely only completes a delegated task, but delivers them with highest quality possible.
- **Maximize knowledge:** Keep yourself upgraded.

- **Seek greater responsibilities:** Seek greater control on what you do. Find opportunities to take your activities to a level higher.
- **Be innovative:** Utilize your creativity in solving issues in new ways.
- Give credits: Being magnanimous and giving due credits to the actual performer, is mark of a true professional.
- **Work on your appearance, communication, and etiquettes:** Professional behavior is noticed from the way you look, speak, act, and this directly impacts the way others perceive them.

Effectiveness

Effectiveness is the capability of producing a desired result. When something is deemed effective, it means it has an intended or expected outcome, or produces a deep, vivid impression. It means . the degree to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing". Right thing because it produces positive outcomes. It has methodological and terminal implications.

Objectivity

Objectivity is a certain judgment that is based solely on hard facts and is not influenced by emotions or any other personal bias. It means to be neutral. It also means adhering to rule of law and not be 'prejudiced'. It further means that there should not be any discrimination in the implementation of the law and also decisions should be based on merit standards. It is codified in various provisions of the Indian Constitution. Objectivity as a goal in administration is strengthened by accountability and transparency. Objectivity is an ethical prerequisite for good governance.

Best Practices

UP's IVRS

Between 10.30 am and 12.30 pm every day, headmasters of government-run elementary schools in Uttar Pradesh receive an automated phone call from State headquarters asking them to report on the number of mid-day meals served to school children. In response, headmasters punch in the appropriate number. This data is then uploaded into a software program that generates daily monitoring reports, allowing senior officers to monitor the program, in real time, across the state. This is Uttar Pradesh's (UP) effort at introducing a technology-driven method to monitor the Mid-Day Meal scheme. Launched in July 2010, this method uses a technology known as Interactive Voice Response System (IVRS) to create a real time database on the number of mid-day meals served in UP's schools.

Technology is a final new delivery offers.

PMRDF contributions

How is technology being used to improve public service delivery at the grass root level? In this Note from the Field, the Prime Minister's Rural Development Fellows that are working with district administrations across the country and have their experiences hat can be replicated.

Mr Jairam Ramesh, the Union Minister of Rural Development announced the Prime Minister's Rural Development Fellows (PMRDF) Scheme in 2011. After a competitive selection process, about 150 talented young professionals were selected to receive PMRDF training. These Fellows have been deployed across 78 backward districts that are a part of the Integrated Action Plan (IAP), a special programme of the Government of India.

In this Note from the Field, some of the Fellows tell us about how technology is being used in these districts to facilitate public service delivery. They provide perspectives on how successful these initiatives have been, and the challenges faced, and make suggestions for improvement.

IT based solution for better monitoring of PDS

An IT based solution for PDS called e-PDS has been developed in Gaya, Bihar. The e-PDS aims to ensure that food grains reach the intended beneficiaries and there is no diversion or black marketing of grains. Following are the components of e-PDS:

Integrated Weight Management System (IWMS) - Vehicles carrying food grains are weighed and the weights are automatically transmitted to and stored on remote servers, without any manual intervention. If there is a difference in the weight of food grains on arrival vis-à-vis that of food grains dispatched, an SMS alert is sent to the concerned officials and a theft report is generated.

Management Information System (MIS) - MIS has been introduced to computerise record keeping under the PDS. It contains data on godowns, transporters and trucks, movement of grains, stocks, sale outlets etc. It provides reports relating to daily activity pertaining to the PDS such as orders, sales, financial transactions etc.

Education with Technology. Technology as an aid with human intermediation can be quite productive

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Inventory management - The system informs warehouses regarding the quantities of grains that they need to keep in buffer in order to ensure an uninterrupted supply. Inventory reports can be accessed on a portal, with real-time updates.

GPS-based fleet tracking - Trucks transporting grains are fitting with GPS. If a truck transporting grains from the Food Corporation of India (FCI) to the state food corporation godowns diverts from the pre-planned route, SMS alerts are automatically sent to concerned officials. This has also been done in Munger district in Bihar.

Sale to beneficiary - Sales to beneficiaries at outlets are recorded using Point-of-Sale (PoS) terminals. Coupons brought by the beneficiaries are scanned using a barcode scanner, and the information is directly uploaded to the main MIS server where sales reports can be generated.

Citizen interface - Beneficiaries can register on the PDS portal for various SMS alerts. The system automatically generates an SMS to all members of the ward or panchayat level vigilance committee informing them about grain off-take by dealers within the ward.

Coupon Tracking System to check black marketing in PDS
To address the problem of black marketing of food grains by dealers under the Public Distribution System (PDS) and to ensure that the food grains reach the intended beneficiaries, a Coupon Tracking System (CSM) has been introduced in Jehanabad, Bihar. The CSM tracks the entire cycle of movement of food grains under the PDS. The dispatch of food grains from FCI to the State Food Corporation (SFC), as well the current stock positions of all godowns are recoded into the system. As soon as a PDS dealer collects the food grains from the district administration, an SMS is sent to the entire group of beneficiaries and the data is also posted on a website. Each beneficiary's coupon is tagged with the individual beneficiary in the system. Once food grains are delivered to the beneficiary, the coupon reaches back to the administration and is scanned, and the delivery is confirmed in the system. This data is also used for generating various reports that are required by the district administration for monitoring the PDS.

While the CSM has greatly enhanced transparency, it has been challenging to design the application given the complexities of the PDS. Integration of the Below Poverty Line (BPL) database with the coupon system has also proven to be difficult. Finally, IT training of the staff involved is required for the successful implementation of the system.

Implementation of RTPS
An ICT (Information and Communication Technology) system has been introduced in Jehanabad district of Bihar as part of the implementation of the Right to Public Service (RTPS) Act 2011. The ICT system has the following components:

Adhikar - This is a service delivery and monitoring software

Online applications - There is a provision for online applications and online delivery of services. On submission of applications, receipts are instantly generated, providing applicants with authentic proof for redressal in case of non-delivery of services requested.

All the pensioners have given ADHAR & bank account for their pension in that account — Dhanbad. (Swaualamban) get United Nation Public Service award

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Samadhan - This is an interactive voice response system wherein the citizens can call a helpline and get clarifications regarding their entitlements and services covered under the Act, procedures for filing applications etc.

The use of technology in the implementation of the RTPS has cut down the need to make multiple rounds to government offices, and the scope for bribe demands by officials.

Asset Mapping using GPS

In the Purulia district of West Bengal, the PMRD Fellows helped put in place an asset mapping exercise using GPS. This was first done for assets created in the financial year 2011-12 under the IAP. This was followed by mapping by various line departments of the district such as ration shop mapping by the Food and Control department, Primary Health Centres (PHC) mapping by the Health department etc. The aim is to help the district administration with planning.

Grievance Redressal Cell

A grievance redressal cell called Samadhan has been developed in the Puruli district of West Bengal by the National Informatics Centre (NIC). Under this system, as soon as a citizen registers a complaint, the software automatically generates three SMS's that are directed to the concerned department, the sub-division office and the block development office/ Gram Panchayat. The complainant is also provided a tentative date of redressal. The concerned department can access complaints on a website and take necessary steps to solve the problem.

Though this mechanism, the district officials have addressed a number of problems in public service delivery. It has helped develop a relationship between the administration and the citizens, and has provided a platform for citizens to share vital information with the administration easily, and without delay or distortion.

MoIS for MNREGA

MNREGA requires intense monitoring because of its massive scale and decentralised character. In the absence of required human resources, the district administration of Munger in Bihar introduced Mobile Inspection System (MoIS). MoIS installed android phones were provided to programme officers, which the help of which photographs taken at the time of inspection could directly reach the district authorities. This enabled the administration to centrally monitor and inspect MNREGA work and asset quality.

Use of GPS for e-PDS and asset mapping

The Munger administration has installed GPS devices on vehicles involved in transporting food grains under the PDS. Detailed information on PDS is maintained. SMS's are sent to the entire group of beneficiaries as soon as a dealer collects grains from the administration. This enables curbing any possible diversion as well as ensures better monitoring of the entire PDS system.
Through GPS, a mapping of over 400 irrigation wells sanctioned under the IAP was done. This helped the administration with planning as they could ensure better coverage and also identify areas to be covered in the next phase. With the help of GPS mapping of roads, the administration is identifying and bridging connectivity gaps.

National e-Governance Plan

Funded under the Integrated Action Plan (IAP), the National e-Governance Plan aims to provide support to the district administration to facilitate development of G2C (Government to Citizen)

services. The three pillars of the infrastructure used to implement the plan are the state data centres, state-wide area networks and common service centres (CSC).

Jharkhand has been selected as the pilot state for the implementation of this Plan, and Ranchi is the pilot district within Jharkhand. So far, it has been launched successfully in at least one panchayat of all 18 blocks of the district. Five online services namely, birth certificates, death certificates, income certificates, local residential certificates and caste certificates, have been made available at CSCs at a nominal processing fee of Rs. 15. This has greatly benefited the citizens who earlier had to spend a lot of money and time in obtaining these documents from block offices and district headquarters. Other services such as revenue courts, electoral services, consumer court services etc. can be accessed via external links that have been provided on the home page of the website. There are plans to introduce other services such as pensions (old age, widow and handicap), RTI (Right to Information) and Grievance Redressal, and government dues and recoveries in a phased manner.

For successful implementation of this project, good connectivity at the panchayat/ CSC and the block level needs to be ensured. Also, digital signatures of all concerned government officials should be formally issued, and proper training should be given to the staff involved.

It is hoped that this project will simplify processes and hence, reduce the administrative burden of the district administration. It will also enhance transparency and accountability in service delivery, and make the district administration more citizen-friendly in general.

Malnourished children identification software

Calculation of the number of malnourished children in Mandla district of Madhya Pradesh is not very accurate as this is done manually by anganwadi workers who are not properly trained. To remedy this, administration introduced an online software. Records of weight to age ratios are maintained for all children at the anganwadi level. The software creates graphs indicating the children that are malnourished, as per WHO guidelines. Alerts are sent to key officials regarding malnourished children identified by the system to ensure follow-up. Such a system can ensure accurate monitoring of malnourished children.

Telemedicine centre for the tribal

The rural, tribal people of the district of Mandla in Madhya Pradesh do not have access to quality healthcare services. There is a shortage of medical staff as well as advance medical equipment at rural health centres.

Under the IAP, funds have been sanctioned for a Telemedicine centre in Mawai – the remotest block of the district. It is envisaged that this centre will be connected with the district hospital and medical colleges, and will enable rural tribal people to seek expert advice at rural health centers via video telephones. These centres can also be used for counselling of pregnant women and adolescent girls, and training of ASHA, ANM , MPW and other field workers. These centre can also play a vital role in screening of Rajya Bimari Sahayata Nidhi and Bal Hridaya Upchar Yojana and Atal Bal Arogya Mission patients. and making people aware of various health programmes, schemes, new protocols, new drugs, immunisation and prevention from epidemic like swine flu etc.

Biometric system to ensure attendance

The Kendujhar district in Odisha. was facing a problem of staff absenteeism in public service delivery. It was observed that mobile units did not visit certain villages, nursing staff were not present at Village Health and Nutrition Day (VHND), residential school staff showed fake attendance, and the AWC (Anganwadi Centre) staff was mostly absent.

In order to address this problem, a biometric attendance system has been put in place by the district administration. This has been funded via the PPP model. Solar energy is used to recharge the equipment in places where electricity is not available.

It is envisaged that such a system will result in enhanced employee accountability and increase transparency. Since the introduction of biometric attendance, attendance levels of medical staff at various hospitals as well as of staff at AWC centres have gone up. It has also made it easier to track movement of field officers.

However, a huge number of enrolments need to be done which has proven to be a herculean task. Integration and analysis of data as well as producing attendance reports are additional tasks that existing staff need to perform. Help of civil society organisations located in the villages is sought to overcome these challenges and ensure that the system is successful is achieving its goals. Also, it should be noted that a biometric attendance system can only ensure presence and not the effort put in by the staff and hence, quality of public service delivery.

MIS data for MNREGA

While conducting social audits for MNREGA, the PMRD Fellows in the Kothar panchayat in Odisha realised that there was a great deal of mistrust among MGNREGA workers with respect to documents of Rozgar Sevaks. Various questions were raised regarding underpayment.

The PMRD Fellows won the trust of the workers by showing them real time Management Information System (MIS) data for MNREGA. They felt that this had an impact and the turn-out of workers at block and district public hearings increased.

Mass Contact Programme of Kerala

The Kerala government's Mass Contact Programme, initiated by the Chief Minister's Office, was launched in 2011, with the main aim of combating red tape and bureaucracy in administration. It enables interaction between the people and the government by encouraging them to approach the government directly to get their concerns addressed without delay or corrupt practices.

Under the programme, the Chief Minister visits each town and organises massive events where people can address their queries personally. By going directly to the people and ensuring direct access to decision makers, the programme has improved accountability in the State. The initiative has reduced the time usually taken to respond to complaints and actions and has fast tracked problem solving.

Before the Mass Contact Programme was started, there was a low follow-up rate on complaints received from citizens. Characterised by high bureaucracy, the State faced efficiency challenges and a very low responsive rate, which led to a large volume of complaints. Complaints about government officers were not entertained properly by the senior officials and people had limited

options for solutions to their problems with public services. This led to piling up of files in departments and government Secretariat, with 1,32,000 files pending in Secretariat by mid-2011.

Swavalamban initiative of Dhanbad

Swavalamban, an initiative for online old-age pension payment, introduced by the district administration of Dhanbad, has bagged the prestigious United Nations Public Service Award (UNPSA) - 2013.

Swavalamban was selected for improving the delivery of public service and has been executed for the first time in the country in Dhanbad by the district administration. The old-age pensioners' payment and monitoring system has helped old-age pensioners in availing of the benefits of welfare schemes by getting online payments from nearby banks or post offices. Swavalamban is an efficient, transparent and corruption-free system for payment of old-age pension to its beneficiaries. Old-age pension scheme is one of the largest - only next to MGNREGA and it is bound to go up with the passage of time.

Under the scheme, payment is effected directly though bank or post office account located nearest to his or her panchayàt, beneficiaries can check his or her pension payment status as well as advice generation status. Above all, this has led to the elimination of middlemen and facilitated regular and timely payment.

Before the implementation of the initiative, the largely manual process of disbursement in the payment of pensions, particularly registration of new pensioners, was very cumbersome, tedious, involved lot of paper work, inefficient, non-transparent, and provided unreliable information. A pensioner had to wait days, weeks or months and sometimes had to pay bribes to get entitlements.

The initiative has cut down the time from three months to a maximum of three days, by automating payment and creation of direct cash transfers into pensioners' bank accounts. Payment through Business Correspondent in remote rural areas has dramatically improved the delivery of services. In addition, the database of all pensioners was digitised with the help of a new software. Monitoring at district and government level has been simplified making it only a mouse click away.

Graamin Haat

The Madhya Pradesh government's Graamin Haat has helped in women's empowerment.
Although women comprise almost 50 per cent of the population of Madhya Pradesh, their participation in the decision-making process at all levels is very limited. Women also have no control over resources and their contribution to the family and society remained largely unrecognised.

The Haat Development Committee that operates weekly markets (haats) decided to create Women Self Help Groups (WSHGs) that would operate its own haats. The first such initiative took place in Digwar village 10 years ago. It was the first time that a haat was managed by rural women who were illiterate and inexperienced in managing such enterprise. Women now not only had an important place in the haat and thus in society but also control over resources.

The initiative has now expanded to 1,775 shops in 36 haats benefiting almost 1,800 sellers and 4,15,000 villagers from 217 villages. The initiative provided women an opportunity to acquire management skills, operate a business on their own and improve overall living conditions in their communities. This in turn created a new sense of self-confidence and earned them respect in the family and society.

It also allowed women to gradually become part of the governance of their community.
The above three Indian projects have been selected for U.N. Public Service Awards in 2013. The awards are given for projects that fight poverty and promote sustainable development.

Lokvani

Lokvani, whose inception took place on 9 November, 2004 in the district of Sitapur in Uttar Pradesh, is a self-sustaining, Public Private Partnership (PPP) based e-governance solution providing transparent, accountable and responsive administration.

Lokvani is a public-private partnership e-Governance programme which has been initiated with the combined efforts of both the district administration as well as the National Informatics Centre in the district of Sitapur which has an 88% rural population with a 38.86% literacy rate (Times of India, 2005; Pioneer 2005).

It is an outstanding example of a highly cost-efficient, economically self-reliant and user financed community network. This solution is targeted at 3.6 million citizens residing within the district, located in the province of Uttar Pradesh, which is the world's sixth largest political entity in terms of population. Lokvani has been projected as a commitment to the people in providing them with transparent, credible and accountable systems of governance. This system is grounded in the rule of law, encompassing civil, political as well as economic and social rights underpinned by accountable and efficient public administration for the multiphase development of rural people. The primary objective of the IT solution is to bridge the digital divide and "connect" the common man to the strategy makers in a seamless fashion.

Lokvani stands out amongst all other e-Governance projects as it symbolizes the success of the concept of e-accountability, the next step of e- Governance. While other e-Governance efforts are limited to serving the citizens by providing existing services electronically, Lokvani goes beyond that and makes government functionaries accountable to the citizens.

Cctns
ESLA — Electronic Service

The CCTNS Programme was conceived as a Mission Mode Project fully sponsored by the Government of India under the national e-Governance Programme.

CCTNS, the erstwhile Common Integrated Police Application (CIPA) programme becomes a part of it. CIPA had been initiated to computerize and automate the functioning of police stations with a view to bringing in efficiency and transparency in various processes and functions at the police station level and improve service delivery to the citizens. All 14000 police stations across the country will be connected.

Crime and Criminal Tracking Network & Systems (CCTNS) Project within the outlay of Rs.2000 crore in the 11th Five Year Plan.

This project is initiated by the Ministry of Home Affairs and implemented by the National Crime Records Bureau. Major role would lie with the State Governments in order to bring in the requisite stakes, ownership and commitment, and only certain core components would be in the hands of the central Government, apart from the required review and monitoring of project implementation on a continuing basis.

The CCTNS project aims at creating a comprehensive and integrated system for enhancing the efficiency and effectiveness of policing at the Police Station level through adoption of principles of e-Governance, and creation of a nationwide networked infrastructure for evolution of IT-enabled state-of-the-art tracking system around "investigation of crime and detection of criminals" in the real time. This is a critical requirement in the context of the present day internal security scenario.

The broad objectives of the CCTNS project are streamlining investigation and prosecution processes, strengthening of intelligence gathering machinery, improved public delivery system and citizen-friendly interface, nationwide sharing of information across on crime and criminals and improving efficiency and effectiveness of police functioning. An indicative list of e-services expected from CCTNS to citizens would be filing of complaints / information to concerned Police Station; obtaining status of complaints / cases registered at Police Stations; obtaining copies of FIRs, post-mortem reports and other permissible documents etc.

CCTNS innovation in Hyderabad

With people driving under the influence of alcohol being handed out three-day imprisonment by courts, all such offenders might find it tough to secure government jobs or even visas to the US or Europe as their names would come up in the convicted list of the CCTNS database.

According to sources, people from all walks of life, including government employees, politicians, police officials, software employees, journalists, management professionals, doctors and advocates have made it to the list of offenders.

As per the rule book, any government employee spending 48 hours in judicial custody would automatically be suspended from his job. Also, those aspiring to join government service or go abroad, conviction by court might become a hurdle during the police antecedent verification.

Rythu Bazaar

Rythu Bazars have been established in the major cities of Andhra Pradesh to create direct linkages between farmers and consumers for the sale and purchase of agricultural produce. These bazars are transforming the environment in which farmers in Andhra Pradesh sell their produce.

Due to direct marketing, farmers not only making profits but are also safe from the harassment of the middlemen. The government has fixed the prices in a Rythu Bazar 25 percent above other wholesale market prices to motivate farmers to opt for Rythu Bazars. However, at the same time, the prices are beneficial for consumers as it is still at least 25 percent lesser than the retail shops. In addition, farmers have an organized place to sell their produce and are provided with operational resources like transportation and storage options. An online market information system is developed to help keep consumers aware about the produce and respective prices.

Ganganagar — Rajasthan.
Local

This approach followed in implementing Rythu Bazar is encouraging and sustainable. It offers lessons on meeting consumer satisfaction and running the markets through a well formed management and administration structure.

Biometric Bar-coded PDS

Initiated by the Government of Gujarat, the Biometric Bar-coded PDS Coupon system is an innovative model of service delivery that leverages ICT to improve the accountability and transparency of the Targeted Public Distribution System in the state.

The Biometric Bar-coded ration PDS Coupon system is an innovative ICT-enabled governance model that has enhanced the delivery of the Targeted Public Distribution System (TPDS). Sponsored by the state government of Gujarat and implemented by the Food, Civil Supplies and Consumer Affairs Department, the reformed TPDS model has been effectively catering to the needs of the citizens of Gujarat since 2010. The system is being implemeted in 1000 fair price shops presently.

A three phased implementation strategy has been adopted to secure the systematic integration of targeted beneficiaries; identity, delivery and transaction management. It has been primarily designed to undertake an end to end computerisation of the state's TPDS. Herein, advanced 2D barcode and biometric technology has been harnessed to enable accountable and transparent TPDS operations. This is based on effective identification of targeted beneficiaries to eliminate bogus and duplicate ration cards, classification of the beneficiaries to minimise inclusion and exclusion based errors, efficient delivery of foodgrain and transaction capturing and updated record keeping to facilitate the overall monitoring and management of the system.

The deployment of the system in the region is upheld by an institutional apparatus that engages in the efficient channelisation of existing capacities and resources rather than mobilising additional support.

In all, the bar-coded PDS system has facilitated to enhance the delivery of TPDS services, empower beneficiaries and secure high levels of accountability and transparency in a cost effective and sustainable manner.

e-SLA

The Electronic Service Level Agreement (e-SLA) monitoring system successfully leverages ICT tools to facilitate the efficient implementation of the Delhi Right of Citizen to Time Bound Delivery of Services Act, 2011.

Various Indian states are enacting their respective versions of the Public Service Guarantee Acts that empower citizens with a legal right to demand time bound delivery of services from the government failing which the concerned government official can be penalized. In order for these Acts to be successfully implemented, their enactment has to be accompanied by complementary reforms in service delivery processes and adequate capacity building measures to strengthen public administration. Recognizing the urgency of such reforms in the administrative system, the Government of NCT of Delhi has developed an online monitoring system i.e. electronic Service Level Agreement (e-SLA) for recording and tracking the delivery of various services guaranteed under its Public Service Guarantee Act.

Bhagidari Progme.

Delhi's online monitoring system captures the submission of service applications and their disposal electronically through a central software. Various departments' data is integrated and linked to the central software which can then be used to generate reports and evaluations that assist higher authorities in overseeing and monitoring the performance of their departments and tracking any sort of delay. The e SLA helps in keeping a check on non performing departments and personnel and introduces a culture of transparency and accountability. It also provides citizens' with a web based interface to track their applications anytime, anywhere and rightly demand their services on time. So far the e SLA system monitors 70 services of 22 departments of the GNCTD. Eventually, this system will monitor up to 100 services.

The e-SLA monitoring system presents an excellent example of leveraging ICT tools for supporting and strengthening governance processes and monitoring mechanisms. Most Indian states can and should learn and adapt from Delhi's experience to develop an ICT service delivery monitoring infrastructure of their own.

Operation Asha
Operation Asha is treating Tuberculosis in urban slum areas through the use of local counsellors to spread awareness and technologies to observe patients on a regular basis.

Operation Asha is the largest NGO in India focusing on Tuberculosis (TB) treatment in urban slum areas. Since 2005, it has been addressing TB-related problems through counselling for patients that have been discriminated against and who are largely ignorant about the disease. Counselling is provided by local community members who are trained to treat patients and regularly monitor the spreading of TB. Operation Asha has also set up treatment centres to monitor patients with a biometric attendance system.

In order to mitigate TB and stopping discrimination faced by patients Operation Asha, the largest tuberculosis treatment NGO serving 3.5 million slum dwellers in 13 cities and 4 states, initiated an innovative approach in 2005 to TB treatment. Operation Asha has tied up with community members to provide space either in their house or shops (tea stall) to look after patients on a regular basis and provide them medicines. They could be shopkeepers, local priests from the community that are willing to support the cause. They are given Rs 500 for renting out to Operatation Asha.TB treatment centres are convenient to access as they are within walking distance from the patients' homes. It is operated by Bill and Melinda Gates Foundation.

E-Setu
E-Setu has become the electronic bridge between the people and the government especially for people in distant places. 'Setu' in the local language means bridge. E-Setu has been considered as a unique example of Government-to-Citizen (G2C).

The e-Setu practice is a sincere attempt to bridge the citizen's access to Information and government services. It attempts to provide public services delivery at the doorsteps of common man with mixed success. Instead of the citizens had to travel to offices at the district headquarters from remote far away villages everyday to receive various services like receiving certificates /copies of public records, etc , the practice has helped to avail these in the vicinity of their villages through the e-Setu platforms. With this the loss for the citizens in the form of loss of day's income, cost of transportation, uncertainty regarding availability of the relevant official / information is drastically reduced. Citizen services and grievances or requirements are fulfilled

within a maximum period of 10 days and at minimal user charges. E-Setu is thus a bridge to address delay, time consuming and costly public service delivery using technology or online platform.

Jusco's initiative in Jamshedpur. *(corporate initiative)*

JUSCO's initiative, in Jamshedpur, aims to connect the urban poor residing in the informal settlements to adequate water supply network at an affordable cost.

The Jamshedpur Utilities and Services Company (JUSCO) was set up in the industrial city of Jamshedpur as a wholly owned subsidiary of Tata Steel in 2004. JUSCO is a one-stop utility service provider in water sector and waste water management, construction, municipal solid waste management, horticulture, integrated facility management and power sector. JUSCO's initiative in slum areas was selected as a best practice because of its unique model of a private sector undertaking providing citizen centric services to the urban poor while ensuring profitability and sustainability of the venture.

This initiative was triggered when the community expressed their disagreement at the state government's decision to constitute a municipal corporation in the industrial township. In response to the local preference, JUSCO started its pilot project in two slum areas on citizen corporate partnership basis. After successful completion of the pilot project JUSCO utilised its learning to upscale the project in all other informal settlements across the township. Keeping in mind the feasibility of low income households a unique shared cost model was developed by the organisation. While JUSCO at its own cost undertook the back-end investment, the customers paid the connection charges in installments. Though initially a flat rate system was introduced, the metered tariff regime took over the operation subsequently.

For continuous improvement of service delivery standards JUSCO undertook several measures such as periodic free chlorine test, following ISO 9001 and 14001, implementation of Total Productive Maintenance, technical tie up with world's largest supplier of water services- Veolia Water, and establishment of a round the clock customer complaint centre etc. The success of this initiative is largely based on its bottom up approach as a part of which JUSCO has involved the communities in every step of planning, implementation, financing and monitoring. Another highlight of this initiative is its success in reducing the huge volume of non revenue water and redistribution of these in the unserved areas.

This initiative has provided close to 13,000 water connections since 2005–2009 covering a population of 90,000 people across slum pockets of the city that have been deprived of such service for more than 50 years. In the year 2008 JUSCO won the prestigious Global Water Intelligence Award and in 2009 the Japan Institute of Plant Management (JIPM) Award for TPM excellence.

Ranchi

Jharkhand Electronic Services Delivery Act has enabled e-governance facilities at the panchayat bhawans of Ranchi to issue electronically signed certificates for birth, income, residential, castes, etc instantaneously.

Jharkhand took a major leap forward in utilising e-governance facilities to benefit the rural masses with the launch of electronic delivery system at Pragya Centres in Ranchi district.

The new services, facilitated through the newly enacted Jharkhand Electronic Services Delivery Act 2011, will enable the people in rural areas to have electronically signed certificates for birth, income, residential, castes, etc, get in a jiffy at common delivery centres at Panchayat bhawans, also known as Pragya Centres.

In a symbolic start, beneficiaries from Arsande village in Kanke block were issued identify cards with e- Signatures apart from online release of pension. Seven online services have been started in this block.

Infrastructure is being developed at the rest 36 panchayats of the blocks to benefit the people, who had to spend months otherwise to get these documents from the block offices and district headquarter.

The project is being implemented by the Jharkhand Agency for Promotion of Information Technology (JAPIT) in consultation with Price water house Coopers.

Tata Consultancy Services (TCS) has developed the software for electronic delivery services. The concept was originally mooted a few years ago by then IT Secretary RS Sharma, who is presently posted as Director General of the Unique Identification Development Authority of India, New Delhi.

IT Secretary Satyendra Singh said a nominal charge of Rs 15 would be levied for processing each application for which people do not need to fill up the forms by themselves. "A village-level entrepreneur will do it all on behalf of the applicants," he said.

Among other major advantages of e-District services are transparency and speed. There is little scope of corruption, as the software has been specially designed to enable a superior officer to monitor status of pending applications online.

This apart, farmers can have authentic and block specific weather forecast at their respective Pragya Centres. The forecast report is prepared by Birsa Agriculture University after analysing the data received from the Indian Special Research Orgainisation (ISRO), Meteorological department and met centres set up at 60 blocks of the State.

m-Governance

The m-Governance project of Rajkot Municipal Corporation leverages the simple, ubiquitous, affordable mobile technology to catalyse organisational efficiency and improve public service delivery.

In 2009, to take an optimum leap in its performance by increasing operational efficiency and transparency, improving government citizen partnership and providing cost-effective services, Rajkot Municipal Corporation (RMC) introduced m-Governance initiative. This was an extension of e-Governance applications as with m-Governance, the municipal services are taken to the door steps of citizens.

Presently RMC is providing 75 different services under four categories of alert services, interactive services, management services and payment reminder services. Under alert services reminders are sent to citizens on dates of vaccination under national Immunisation programme,

property and professional tax transactions, statuses of birth and death certificates etc. Interactive services include SMSs on property tax outstanding dues, water charges outstanding dues, and details of the SMS services etc. The call centre operations, and daily income and expenditure SMS to higher officer etc come under management services. Payment reminders are also sent for property tax dues, water charges dues and Awas Yojna instalment dues.

Major success of the project is reflected in the increased revenue collection by the RMC through improved and efficient system of service delivery. Regular reminder SMS and hassle free payment options brought in the desired changes. mGovernance project has a major role in aiding the National Immunisation Programme in Rajkot as the personalised vaccination alerts have decreased the dropout rates to zero.

Given the higher usage of mobile phones compared to the internet, mGovernance has successfully to bridge the digital divide in service delivery. With effective m-governance now services come to the citizen's door step reducing the cost and time of travelling to the municipal offices for information and services. Now the services are more transparent and hassle free. The single point communication through call centre has made grievance redressal faster.

Trash to Treasure

It is a CHF International's initiative to strengthen waste industry by regular collection, sorting and recycling processes. Efforts are also made to give recognition to waste pickers' role in keeping the city clean.

In India, waste collection is an unorganised sector that suffers from enforcement of waste management laws. In order to address the concerns, the Cooperative Housing Foundation (CHF) International introduced a decentralised model of waste management to improve facilities and support livelihoods. The initiative, named Trash to Treasure, is funded by the Bill & Melinda Gates Foundation and Caterpillar to revamp the waste management and recycling industry in Bengaluru.

The project has two implementation models. One is a traditional approach where waste is collected directly from 2000 households in Rajendranagar and Ambedkarnagar area, and taking it to a facility centre to sort them for recycling purposes. These centres are known as Parivarthana meaning 'change'.

Second model includes collection of waste from BBMP employees in Kasa Rasa centre. The centre is managed by Saahas. CHF's partner specialised in waste and recycling management. Saahas supervises the centre's staff, manages the operations and manufacturing of compost heap in organic waste convertor machines and finally sell it to recycling entrepreneurs. In all three areas, BBMP has provided the space to construct centres for waste sorting and recycling services.

MGNREGA for Naxal affected areas

Through an inclusive approach taken by the local government, MGNREGA in Naxal affected Balaghat district of Madhya Pradesh has created wage employment and integrated the promotion of a gamut of other development interventions.

Balaghat is a Naxal affected area of Madhya Pradesh where unskilled workers are abundant. The district administration of Balaghat envisaged development in the region through implementation of MGNREGS with a participatory approach. The primary objectives of the programme were to create wage employment through successful implementation of MGNREGS and to involve the community in all levels of implementation. The programme, however, went beyond the creation of wage employment and managed to wean off the local community from the influence of Naxals.

The administration took the alternative development approach to identify the needs and desires of the people. MGNREGS brought in the desired funds for catalysing the development initiatives to foster activities promoting priority areas as identified by the local community, including agricultural irrigation, road connectivity, health, and education. 693 gram panchayats, 500 Joint Forest Management Committees, 11,515 Self Help Groups and Water User Associations were selected as implementation agencies, in addition to existing line departments, to facilitate effective implementation and transparency in consumption of funds. The administrator also integrated funds from additional central schemes such as rural road building, backward regions grant fund, MP and MLA local area development fund, state government's watershed programme to support MGNREGS projects.