UNIT 4   PUBLIC SYSTEMS MANAGEMENT: POLITICAL CONTEXT

Structure

4.0   LEARNING OUTCOME

After studying this Unit, you should be able to:

- Comprehend the dynamic nature of political environment of public systems management in India

- Highlight the emerging ideas about the roll back of the State and explain the role of the regulatory State; and

- Discuss the impact of managerial reforms that are undertaken to enhance the efficiency of public systems management.

4.1   INTRODUCTION

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

4.2   POLITICAL ENVIRONMENT

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

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

1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.3   ROLL BACK OF THE STATE

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

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

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

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

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

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

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

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

4.4   ROLE OF REGULATORY STATE

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

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

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

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

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

4.5 RISE OF NEW MANAGERIALISM AND COMPETITIVE ENVIRONMENT

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

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

i)   Improving human resources including performance pay

ii)   Involving staff in decision-making

iii)   Relaxing controls, but imposing performance targets

iv)   Using information technology

v)   Providing service to clients

vi)   Imposing user charges

vii)   Contracting out; and

viii)   Deregulating monopolies.

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

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

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

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

4.6   CITIZENS' RIGHTS

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

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

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

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

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

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

4.7   CONCLUSION

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

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

4.8   KEY CONCEPTS

Prevention of Terrorism Ordinance (POTO)

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

Structural Adjustment and Stabilisation Policy (SA&SP)

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

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

User Charges

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

4.9   REFERENCES AND FURTHER READING

Arora, Dolly, 2000,"Public Management Reforms" in Ramesh K. Arora (Ed), 2004, *Public Administration Fresh Perspectives*, Aalekh Publishers, Jaipur.

Arora, Ramesh. K, (Ed), 2001, *Management in Government: Concerns and Priorities,* Aalakh Publishers, Jaipur.

Chakrabarty, Bidyut and Mohit Bhattacharya (Eds), 2003, *Public Administration: A Reader*, Oxford University Press, New Delhi.

Hughes Owen, E, (Ed), 1994, *Public Management and Administration – An Introduction*, St. Martin's Press Inc., New York.

Jayal, Niraja Gopal and Sudha Pai (Eds), 2001, *Democratic Governance in India: Challenges of Poverty, Development and Identity*, Sage publications, New Delhi.

Pant, K.C, 2003, *India's Development Scenario: Decade and Next Beyond*, Academic Foundation, New Delhi.

Sahni, Pardeep, and Uma Medury (Eds), 2003, *Governance for Development: Issues and Strategies*, Prentice-Hall of India Private Limited, New Delhi.

The Indian Journal of Public Administration, 2004, Golden Jubilee Special Number, Governance for Development, Vol.L, No. 1, January – March.

Reddy, Y.V, 1999, "State and Market: Altering the Boundaries and Emerging New Balances", *Asian Economic Review*, Vol. 41, No.3, December.

4.10   ACTIVITIES

1.   Identify Non-governmental organisations (NGOs) existing in your area and prepare a brief report on any one of the NGOs. The report should explain its origin, goals and objectives, role and activities undertaken in implementing developmental programmes.

2.   Ascertain information from your academic counsellor pertaining to regulatory bodies /authorities established in different sectors and prepare a brief report on one of the regulatory bodies. The report need to express its structure, objectives, functions and perceptions of people on its relevance and functioning.