



G. S. PAPER II – GOVERNANCE, SOCIAL JUSTICE

Development processes and the development industry- the role of NGOs, SHGs, various groups and associations, donors, charities and other stakeholders

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Q. Why has 'participation' and 'empowerment' gained wide currency in recent development literature?

Decades of development efforts have provoked a feeling of disenchantment with the conventional growth-oriented strategy of development not producing the desired trickle-down effect. The failures sensitized the planners and administrators to the need for drawing on the indigenous knowledge system of the local people. Unless people themselves participate, the programmes administered by external agencies remain exogenous to the rural community thereby affecting results. A people-centred vision is being advanced by citizen's organisations working to create an alternative world order based on economic justice, environmental stability and political inclusiveness.

As the Human Development Report (UNDP 1993) commented: "People's participation is becoming the central issue of our times"

Q. So, is people participation a recent discovery?

'People' as real actors in history have been brought forward by the '**Subaltern**' school. Peasant resistances were subtle and effective peoples' actions against oppression. People do act, it is for us to appreciate it and mobilise it for participatory people-centric movements. People as development actors emerged long ago in the vision and action of Tagore at Shantiniketan and Gandhi at Wardha. Tagore experimented with people centred rural development in the villages for the rejuvenation of rural arts and crafts and economy in general. Gandhi relied on the mobilization of masses and their economic upliftment through the development of cottage and small-scale industries

Q. Ok. I get that participatory development is important. What shapes/forms does it take?

AnisurRahman has identified the following different forms of community organisations representing collective action by the underprivileged people to improve their socio-economic conditions:

- **First**, there are grassroots organisations that are basically economic in nature, undertaking income-generating activities with the help of internal resource mobilization supplemented by resource and knowledge support from outside
- **Second**, there are other organisations that emerge in 'pressure group' activities. They resist exploitation or oppression by other groups, assert economic, social and human rights including women's rights, or demand services from the public agencies
- **Third**, some of the organisations undertake social and cultural activities in such areas as health, education, culture and so on
- **Fourth**, some aim at the promotion of holistic life by way of activities that integrate spiritual advancement with economic and social development
- **Fifth**, community organisations to promote ecologically oriented socio-economic life are also growing in many areas such as organic agriculture, social forestry, coastal fishing etc.
- **Sixth**, participatory action research is being pursued by some organisations to develop people's own thinking about their living conditions and environment

Q. This proliferation of community based organisations must be backed by some benefits, right?

The value of participation as a facilitative development process has been widely recognised and major benefits have been identified as follows:

- The participatory process provides important information in the planning, programming and implementation stages thereby ensuring congruence between objectives and community values and preferences
- By rationalizing manpower resources utilization, the process reduces project cost
- Any change brought about through development is more acceptable to the community if the local people are involved, also, mistakes are more tolerable if these are made by people who have to live with them
- Monitoring is better, and sustainability of the project is more likely even after the withdrawal of the external agent, be it government or NGO agency

- The community learns from its own involvement and from this point of view, participation is a 2 way learning process in which the administrator and the people become co-learners
- Active community participation helps rebuild community cohesion and installs a sense of dignity into the community. People gain in confidence and steadily emerge as real actors in the development process.

Q. Is community participation then- the answer to all development problems?

Critics of community participation argue: participation has popularity without clarity and is subject to growing faddishness and a lot of lip service.

Serious analysis of local community life reveals differentiation in terms of status, income and power. Conflicts and rivalries are not uncommon even among the poor and underprivileged. The romantic vision of frictionless, harmonious community life does not match ground realities

External intervention by social workers or political activists has been found necessary almost everywhere to organize the local community and mobilize the local people

It has also been observed that there is an imaginary notion of continuous activism by the local people behind all discussions on community participation. Total and continuous commitment to activism is more a revolutionary's dream than the poor people's actual behaviour

There are critics who doubt the efficacy of community participation in bringing about radical change in the life of the poor and the underprivileged through autonomous local action only. Small changes are not ruled out, but community participation, to be really effective, needs profound social structural change at both domestic and international levels. Community mobilization cannot, on its own, correct the basic social imbalances that have their roots in deeper socio-economic layers of the society

Marxist argument: participatory development within capitalistic mode is unworkable, the purpose of participation is to diffuse revolutionary movements and create an illusion of solution. The state seeks to subvert popular movements through manipulative co-optation of the poor

Q. Okay. Participatory development has its faults and shortcomings but it does stand for action, equity in resource distribution & social capital and hence cannot be ignored. What is the role of state in all this?

The state plays a fundamental role in helping or hindering participation. Different social science theories evoke different images of state-society relationships. While Marxian and elite theories are pessimistic about the possibility of community participation, liberal-democratic and pluralist theories are much more helpful.

State's actions depend upon the definition and purpose of community participation, state's perception about its role and the political will to decentralize power and resources to local institutions

Accordingly 4 different state's responses have emerged (ideal models to characterize better):

Anti-participatory mode: The state in a capitalist system is interested, not in ameliorating the conditions of the poor, but in promoting the interests of capital and the ruling class. Power is, therefore, concentrated and not dispersed to facilitate accumulation of wealth

Manipulative mode: The state follows a diplomatic approach and the state support to community participation is intended to ensure political and social control as well as reduce local development costs and facilitate successful project implementation. State seeks to neutralize political opposition by co-opting autonomous movements with the ulterior motive of gaining control over them. The rhetoric of participation is invoked to mobilize local labour in state's development activities and to give legitimacy to the regime in power

Incremental mode: It is marked by an ambivalent approach to community participation. There is no lack of government support to participation but the policy is unclear and piecemeal & ad-hoc approaches are the norm. The state in reality is not willing to part with power and to devolve resources to local community groups. Also, the bureaucrats and the technocrats have their own ways of bringing about "efficient" local development management. Still, community participation is not, in theory, rejected and decentralisation continues in an ad-hoc fashion with a plurality of actors

Participatory mode: Characterized by state's own initiative to create institutions of community participation to ensure effective involvement at the grassroots level. There are no ulterior motives and genuine popular involvement is ensured by providing resources to local bodies and sensitizing bureaucracy through training and directives. Within an overall development planning framework, the central, regional and local development policies and activities are harmonized through positive political will and bureaucratic support

[**Follow-up Q:** Which of these modes is true for India? Have we evolved from one mode to another or is there one particular mode more applicable or does the state adopt different modes at different times/places]

Enough of participation, lets come to voluntary organisations:

Q: What is a NGO?

According to the World Bank, "a Non-governmental Organization (NGO) is a private organization that pursues activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development". In other words, NGOs are legally constituted organizations, operate independently from the government and are generally considered to be "non-state, non-profit oriented groups who pursue purposes of public interest". The primary objective of NGOs is to provide social justice, development and human rights. NGOs are generally funded totally or partly by governments and they maintain their non-governmental status by excluding government representatives from membership in the organization.

In a democratic society, it is the state that has the ultimate responsibility for ushering development to its citizens. In India, through the progressive interpretation of the Constitution and its laws and policies, the scope of development has been significantly broadened to include not just economic progress for citizens, but also promotion of social justice, gender equity, inclusion, citizen's awareness, empowerment and improved quality of life. To achieve this holistic vision of development, the state requires the constructive and collaborative engagement of the civil society in its various developmental activities and programs. Non-governmental organisations (NGOs) as the operational arm of the civil society therefore have an important role in the development processes.

Q: What are the different types of civil society organizations?

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

Q: What has been the interaction and relationship between the Indian state and NGOs like?

In India the state policies have significantly influenced the formation of NGOs and their activities. The government sponsored and aided programmes provided financial assistance to NGOs either as grants or as matching grants to support the implementation of social development projects. The need for the involvement of voluntary organisations has been acknowledged by a number of official committees dealing with development.

Balwant Rai Mehta Committee, 1957: Today in the implementation of the various schemes of community development, more and more emphasis is laid on NGOs and workers and on the principle that ultimately people's own local organisations should take over the entire work

Rural-Urban Relationship Committee, 1966: Local voluntary organisations can be very helpful in mobilizing popular support and assistance of the people in the activities of local body. It is possible to maintain constant and close contact with the people through these organisations

Ashok Mehta Committee: Of the several voluntary organisations engaged in rural welfare, a few have helped the PRIs in preparation of area development plans, conduct feasibility studies and cost/benefit analysis, explore ways and means to induce local participation in planning and implementation.

In the **Sixth Five Year Plan (1980-1985)**, the government identified new areas in which NGOs as new actors could participate in development

The **Seventh Five Year Plan (1985- 1990)**, envisioned a more active role for NGOs as primary actors in the efforts towards self-reliant communities. This was in tune with the participatory and empowerment ideologies, which was gaining currency in the developmental discourse at that time

Government support and encouragement for NGOs continued in the **Eighth Five- year plan**, where a nation-wide network of NGOs was sought to be created

The **Ninth Five-year plan** proposed that NGOs should play a role in development on the public-private partnership model. Also, the agricultural development policies of the government and its implementation mechanisms provided scope and space for NGOs. A case in point is the watershed development program, which has led to the growth of NGOs working for rural development

In March 2000, the Government declared **Planning Commission** as the **nodal agency for GO-NGO interface**. The message was clear- government has to and will work with the voluntary sector. A '**Civil Society Window**' was started in 2004, in the hope that it would enable people to engage with the Planning Commission and offer the benefit of their field experiences

During the **11th Five Year Plan** process a regional consultation was organised to get civil society feedback. Participation of Civil Society (CS) had thus already become a strong and robust element in the preparation of the Plan

Consultations with citizens on the Approach Paper to the 12th Plan began on many platforms, including the internet. Members of Planning Commission travelled across the country attending Public Meetings called by CS around various sectoral issues to gather inputs for the 12 Five Year Plan

National Policy on the Voluntary Sector, 2007: Recognizes the contribution of the voluntary sector and the need for Government- Voluntary Sector partnership and that project grants are a useful means for both the Government to promote its activities without its direct involvement and a valuable source of support to small and medium Voluntary Organizations. It highlights the need for Government to encourage all Central and State Government agencies to introduce pre-service and in-service training modules on constructive relations with voluntary organizations. It recognizes the difficulties faced by the voluntary sector in accessing government schemes and suggests ways to tackle this. The main objective of the National Policy on the Voluntary Sector is to identify systems by which the Government may work together with the Voluntary Organizations on the basis of the principles of mutual trust, respect and shared responsibility. It also recognizes the importance of independence of voluntary organizations, which allows them to explore alternative models of development. The National Policy on the Voluntary Sector is just the beginning of the process to evolve a new working relationship between the government and the voluntary sector without affecting its autonomy and identity. There are many areas in which help of the voluntary sector is sought- for social audits, behaviour change, good governance and increasingly even for better service delivery.

Q: How has India benefitted from NGOs?

India has a long history of civil society based on the concepts of "*daana*" means giving and "*seva*" means service. Voluntary organizations were active in cultural promotion, education, health, and natural disaster relief as early as the medieval period. During the second half of the 19th century, nationalist consciousness spread across India and self-help emerged as the primary focus of socio-political movements. The early examples of such attempts are Friend-in-Need Society (1858), Prathana Samaj (1864), Satya Shodhan Samaj (1873), Arya Samaj (1875), the National Council for

Women in India (1875), the Indian National Conference (1887) etc. The Society's Registration Act (SRA) was approved in 1860 to confirm the legal status of the growing body of non-governmental organizations.

In India, it was the 1970s which saw rapid growth in the formation of formally registered NGOs and the process continues to this day. Most NGOs have created their respective thematic, social group and geographical priorities such as poverty alleviation, community health, education, housing, human rights, child rights, women's rights, natural resource management, water and sanitation; and to these ends they put to practice a wide range of strategies and approaches. Primarily, their focus has been on the search for alternatives to development thinking and practice; achieved through participatory research, community capacity building and creation of demonstrable models. When we review some of the work done by NGOs over the past 3 decades, we find that they have contributed greatly to nation building.

Many NGOs have worked hard to include children with disability in schools, end caste-based stigma and discrimination, prevent child labour and promote gender equality resulting in women receiving equal wages for the same work compared to men. During natural calamities they have played an active role in relief and rehabilitation efforts, in particular, providing psycho-social care and support to the disaster affected children, women and men. NGOs have been instrumental in the formation and capacity building of farmers and producers' cooperatives and women's self-help groups. Several NGOs have worked hand in hand with the Government to ensure that millions of out of school children are enrolled and continue their school education, thus making the right to education a reality. The leprosy eradication programme was spearheaded by NGOs and today only residual leprosy remains in our country. NGOs have implemented the **JeevanDhara** programme for creation of wells for safe drinking water; promoted community toilets for total sanitation, and supported the public health programs on immunisation and for eliminating tuberculosis and malaria. The much celebrated NREGA, ICDS, ICPS, Nirmal Gram and SwasthyaBima of the government have their roots in the work of many NGOs. NGOs have significantly influenced the development of laws and policies on several important social and developmental issues such as the right to information, juvenile justice, ending corporal punishment in schools, anti-trafficking, forests and environment, wildlife conservation, women, elderly people, people with disability, rehabilitation and resettlement of development induced displaced people to name a few. Further, NGOs made their modest attempts to ensure the effective implementation of these laws and policies by conducting and disseminating findings from participatory research, budget analysis, public hearings, social audits, workshops, seminars and conferences.

Summing up, it is now well established that NGOs have an important role to play in the development processes and that both the state and market need the collaboration of credible, active, and accountable NGOs. Given their connect with the grassroots realities, NGOs can and should play the "game changer" to pro-poor development through leadership on participatory research, community empowerment and search for development alternatives.

With the increasing role of the NGOs in development activities they are now attracting professionals from various other sectors, and capacities are being built in support areas such as financial management, resource mobilization, human resources, leadership development, governance procedures and practices and institutional development. At another level NGOs have been addressing the social service issues and empowerment related advocacy efforts have been increasing. The study conducted by a New Delhi based NGO concluded that every fifth NGO in India works on the issues of community and social service. The favourable disposition of the governments and the political will to involve NGOs is more pronounced in implementation of the welfare schemes addressing causes of women and children. Further, the industrial policies have influenced the formation and relations between the businesses and NGOs. The Confederation of Indian Industries (CII), a leading organisation, has been raising the issues of corporate social responsibility. The emphasis of industrial policies on the promotion and development of small, cottage and village industries has also led to the formation of agencies such as the Khadi and Village Industries Commission, Small Industries Associations and likes.

Profiling NGOs:

India has possibly the largest number of active non-government, non-profit organizations in the world. There has been a sharp increase in the number of new NGOs in the past decade in India. According to a government study, there were only 1.44 lakh registered societies till 1970. The maximum increase in the number of registrations happened after 2000. A recent study commissioned by the government showed that there are about 3.3 million NGOs in India by the end of 2009 i.e., one NGO for less than an average of 400 Indians. Even this staggering number may be less than the actual number of NGOs active in the country. This is because the study, commissioned in 2008, took into consideration only those entities which were registered under the Societies Registration Act, 1860 or the Mumbai Public Trust Act and its variants in other states.

It can be noted that a great majority of the NGOs are small and about three-fourths of all NGOs are run entirely by volunteers. About 13 percent of the NGOs have between 2 to 5 employees; about 5 percent have between 6 to 10 employees and only about 8.5 percent NGOs employ more than 10 people. According to a survey conducted by society for Participatory Research in Asia (PRIA), 73.4 percent of NGOs have one or no paid staff, although across the country, more than 19 million persons work as volunteers or paid staff at an NGO. More often NGOs are registered as trusts, societies, or as private limited non-profit companies, under Section- 25 of Indian Companies Act, 1956. They also enjoy income tax exemption. Foreign contributions to non-profits are governed by Foreign Contribution Regulation Act (FCRA), 1976.

Q: What are the key governance challenges facing NGOs?

In view of the emergence of a new paradigm of scaling up, in which NGOs are seen as catalysts of policy innovations and social capital; as creators of programmatic knowledge that can be spun off and integrated into government and market institutions; and as builders of vibrant and diverse civil societies, it's imperative to critically analyze the role of NGOs in the process of development and understanding the challenges facing the sector.

Transparency and accountability are key ingredients of Governance in the NGO Sector as these determine operational efficiencies and risk mitigation. Over the years, corporate sector has been able to recognize and implement best governance practices through appropriate institutional framework. However, the NGO sector is yet to evolve any institutionalized framework, which could potentially play an important role in overall development of the nation. NGOs play an increasingly active role in today's political and social arenas. Civil society organizations are increasing in number all over India. Of late, some of the local and national NGOs have been found involved in malpractices and acting irresponsibly, thus undermining the credibility of civil society. It's a huge concern and poses a great challenge to the development movement spearheaded by NGOs in the country.

There is a huge flow of funds into the non-government organization sector and this requires prudence and good practices to maintain accountability and transparency to the benefit of all stakeholders. Although NGOs do internal auditing but for more accountability and transparency, it is advisable to go through external auditing also, especially where public funds are involved. Hence, issues of internal control mechanisms, professionalism, accountability, transparency and financial management must be given impetus. The challenge is multidimensional, and is compounded by the 'unorganised' nature of the sector, lack of regulatory frameworks and the fact that India boasts of more than a million NGOs of different roles, structures and sizes. In particular, the Indian voluntary sector urgently needs self-regulatory guidelines and transparency mechanisms to increase the trust and awareness as to how the philanthropic funds are being utilised.

This is a critical challenge that creates a barrier to raising funds and capital for the sector. The general lack of transparency in the functioning of a large proportion of NGOs leads to aversion in donating funds for charitable causes since the general public is largely cynical about the 'genuineness' of the non-profit spirit of the sector. The stringent governance standards of an NGO will facilitate the effective management and increase the accountability to its stakeholders including donors, the government and the community. It is in the self-interest of the NGOs to realize the fact that to implement a structure of 'corporate governance' principles would provide the real value to the stakeholders.

Also, this would enable to track the potentially dubious sources of funding coming in for the voluntary sector – an aspect which has gained impetus in the wake of the increased number of terror attacks and extremist activities. Recently, the Union Home Ministry has identified some NGOs as security threat to the country. Such security considerations have underscored the rising need of improving the governance practices in the Indian NGOs and exercising better regulatory mechanisms, disclosure norms, and management processes including financial management and budgeting systems as well. Moreover, in the larger interest going beyond the security considerations, the impetus has to be on inculcating a culture of including performance goals, conducting financial and performance audits, and reforms for increasing the operational accountability and transparency in the eyes of the public, volunteers, donors and other stakeholders.

Suggestions:

The implementation of a strategic framework is essentially important in the management of an NGO. The endorsement of such a framework brings in professionalism and internal control mechanisms, which further makes the organization's performance more effective. Developing strategies also include establishing a mechanism of consistent monitoring of whether they are being implemented and linking the results to the organization's goals.

There is need to bolster public confidence in the voluntary sector by opening it up to greater public scrutiny. The Government should encourage Central and State level agencies to introduce norms for filing basic documents in respect of NGOs, which have been receiving funding by Government agencies and placing them in the public domain (with easy access through the internet) in order to inculcate a spirit of public oversight.

Public donation is an important source of funds for the NGO sector and one that can and must increase substantially. Tax incentives play a positive role in this process. The Government could simplify and streamline the system for granting income tax exemption status to charitable projects under the Income Tax Act. At the same time, the Government might consider tightening administrative and penal procedures to ensure that these incentives are not misused by paper charities for private financial gain.

The Government should encourage all relevant Central and State Government agencies to introduce pre-service and in-service training modules on constructive relations with the voluntary sector. Such agencies need to introduce time bound procedures for dealing with the VOs. These could cover registration, income tax clearances, financial assistance, etc. There must be a formal system for registering complaints and for redressing grievances of NGOs.

The Government should encourage setting up of Joint Consultative Groups / Forums or Joint Machineries of government and voluntary sector representatives, by relevant Central Departments and State Governments. It also needs to encourage district administrations, district planning bodies, district rural development agencies, zillaparishads and local governments to do so. These groups could be permanent forums with the explicit mandate to share ideas, views and information and to identify opportunities and mechanisms of working together. The Government also might introduce suitable mechanisms for involving a wide cross-section of the voluntary sector in these Groups/Forums.

Summing Up:

We are entering into an important phase where there are many targets that the government intends to achieve with the active collaboration of VOs, in the 12th plan. Therefore, it is important to conduct an effective review or report card of the National Policy with specific recommendations. These recommendations could become an agenda for all Voluntary Organizations, Planning Commission, state governments and national Ministries. Efforts are also needed to further disseminate the information about the policy and its intentions with small VOs as well as government functionaries. There is a need to solicit commitment from state governments and national ministries. A systematic intervention is also needed to get National Policy approved and adopted by the Indian Parliament. The most serious challenge faced by India today is the conflict between violent and non-violent approach of development. Needless to say that majority of population of India is still deprived of basic fruits of development, but rather than adopting the approach which is more inclusive and look for solutions within the constitution, India is faced by disturbances in many parts of the country. This not only hampers the development projects but also shrink the space for people's participation to achieve their goals through peaceful means. The voluntary sector being present in such locations faces the challenge of delivering the services and even mobilizing people on the development agenda. The need of the hour is to work closely with each other for the benefit of the marginalized people, as even today the dream of Mahatma Gandhi has not been achieved.

Having looked at NGOs, now let us take a look at SHGs:

Q: What are SHGs?

Self-Help Groups are informal associations of people who choose to come together to find ways to improve their living conditions. They help to build Social Capital among the poor, especially women. The most important functions of a Self-Help Groups are

- to encourage and motivate its members to save
- to persuade them to make a collective plan for generation of additional income
- to act as a conduit for formal banking services to reach them.

Such groups work as a collective guarantee system for members who propose to borrow from organised sources. Consequently, Self-Help Groups have emerged as the most effective mechanism for delivery of micro-finance services to the poor. The range of financial services may include products such as deposits, loans, money transfer and insurance.

Q: Evolution of the SHG movement in India:

The first organised initiative in this direction was taken in Gujarat in 1954 when the Textile Labour Association (TLA) of Ahmedabad formed its women's wing to organise the women belonging to households of mill workers in order to train them in primary skills like sewing, knitting embroidery, typesetting and stenography etc. In 1972, it was given a more systematized structure when Self Employed Women's Association (**SEWA**) was formed as a Trade Union under the leadership of **Ela Bhatt**. She organised women workers such as hawkers, vendors, home based operators like weavers, potters, papad / agarbatti makers, manual labourers, service providers and small producers like cattle rearers, salt workers, gum collectors, cooks and vendors with the primary objective of (a) increasing their income and assets; (b) enhancing their food and nutritional standards; and (c) increasing their organisational and leadership strength. The overall intention was to organise women for full employment. In order to broaden their access to market and technical inputs, these primary associations were encouraged to form federations like the Gujarat State Mahila SEWA Cooperative Federation, Banaskantha DWCRA, Mahila SEWA Association etc. Currently, SEWA has a membership strength of 9,59,000 which is predominantly urban. In the 1980s, MYRADA – a Karnataka based non-governmental organisation, promoted several locally formed groups to enable the members to secure credit collectively and use it along with their own savings for activities which could provide them economically gainful employment.

Major experiments in small group formation at the local level were initiated in Tamil Nadu and Kerala about two decades ago through the Tamil Nadu Women in Agriculture Programme (TANWA) 1986, Participatory Poverty Reduction Programme of Kerala, (Kudumbashree) 1995 and Tamil Nadu Women's Development Project (TNWDP) 1989. These initiatives gave a firm footing to SHG movement in these states. Today, around 44% of the total Bank-linked SHGs of the country are in the four southern States of Andhra Pradesh, Tamil Nadu, Karnataka and Kerala.

The positive experience gained from the above programmes has led to the emergence of a very strong consensus that the twin concepts of **(a) small group organisation** and **(b) self-management** are potent tools for economic and social empowerment of the rural poor. Efforts have been made almost in all parts of the country to adopt this model as a necessary component of the poverty alleviation programmes.

Forming small groups and linking them to bank branches for credit delivery has been the most important feature of the growth of the SHG movement in our country. The SHG-Bank linkage programme was started as a test project in 1989 when NABARD, the Apex Rural Development Bank in the country, sanctioned Rs.10.0 lakhs to MYRADA as seed money assistance for forming credit management groups. In the same year, the Ministry of Rural Development provided financial support to PRADAN to establish Self-Help Groups in some rural pockets of Rajasthan. On the basis of these experiences, a full-fledged project involving a partnership among SHGs, Banks and NGOs was launched by NABARD in 1992. In 1995, acting on the report of a working group, the RBI streamlined the credit delivery procedure by issuing a set of guidelines to Commercial Banks. It enabled SHGs to open Bank Accounts based on a simple inter-se agreement. The scheme was further strengthened by a standing commitment given by NABARD to provide refinance and promotional support to Banks for credit disbursement under the SHG – Bank linkage programme. NABARD's corporate mission was to make available microfinance services to 20 million poor households, or one-third of the poor in the country, by the end of 2008. In the initial years, the progress in the programme was a slow; only 33000 groups could be credit linked during the period 1992-99. But, thereafter, the programme grew rapidly and the number of SHGs financed increased from 82000 in 1999-2000 to more than 6.20 lakhs in 2005-06 and 6.87 lakhs in 2006-07. Cumulatively, 33 million poor households in the country have been able to secure access to micro-finance from the formal banking system.

(As a follow-up read up on the success stories particularly the Kudumbashree programme of Kerala in ARC 2 - Report 09 Social Capital Page 80-81)

Q: What other Agencies are involved in the SHG movement?

Apart from NABARD, there are **four** other major organisations in the public sector which too provide loans to financial intermediaries for onward lending to SHGs. They are (a) Small Industries Development Bank of India (SIDBI), (b) Rashtriya Mahila Kosh (RMK), (c) Housing and Urban Development Corporation (HUDCO) and (d) then, there are public sector/other commercial banks which are free to take up any lending as per their policy and RBI guidelines.

RashtriyaMahilaKosh:

The RashtriyaMahilaKosh was set up by the Government of India in March 1993 as an Autonomous Body registered under Societies Registration Act, 1860 under the Department (now Ministry) of Women and Child Development. The objective was to facilitate credit support to poor women for their socio-economic upliftment. It was felt that the credit needs of poor women, especially those in the unorganized sector, were not adequately addressed by the formal financial institutions of the country. Thus RMK was established to provide loans in a quasi-formal credit delivery mechanism, which is client-friendly, has simple and minimal procedure, disburses quickly and repeatedly, has flexible repayment schedules, links thrifts and savings with credit and has relatively low transaction costs both for the borrower and the lender. The Kosh lends with a unique credit delivery model "RMK – NGO-SHG- Beneficiaries". The support is extended through NGO's, Women Development Corporations, State Government agencies like DRDA's, Dairy Federations, and Municipal Councils etc.

SIDBI:

Small Industries Development Bank of India (SIDBI) launched its micro finance programme on a pilot basis in 1994 using the NGO / MFI model of credit delivery wherein such institutions were used as financial intermediaries for delivering credit to the poor and unreached, mainly women. Learning from the experience of the pilot phase, SIDBI reoriented and upscaled its micro finance programme in 1999. A specialised department viz. 'SIDBI Foundation for Micro Credit' (SFMC) was set up with the mission to create a national network of strong, viable and sustainable Micro Finance Institutions (MFIs) from the informal and formal financial sectors. SFMC serves as an apex wholesaler for micro finance in India providing a complete range of financial and non-financial services to the MFIs so as to facilitate their development into financially sustainable entities, besides developing a network of service providers and advocating for appropriate policy framework for the sector. SFMC is implementing the National Micro Finance Support Programme (NMFSP). The overall goal of NMFSP is to bring about substantial poverty elimination and reduced vulnerability in India amongst users of micro-finance services, particularly women.

Private Initiatives:

Though, government efforts have played a major role in advancing the SHG movement in the country, there have been a large number of voluntary organisations (NGOs) which too have facilitated and assisted SHGs in organizing savings and credit in different parts of India. SEWA in Ahmedabad, MYRADA in Karnataka, Nav Bharat Jagriti Kendra and Ramakrishna Mission in Jharkhand, and ADITHI in Bihar are some of the names which took the lead in promoting Self-Help Groups (mostly of women) around income generation activities using local skills. From organizing villagers into groups which could work on viable activities, to making a project and securing funds (own contribution or through a tie-up with the financial institution), these VOs have worked with involvement and dedication. PRADAN (Professional Assistance for Development Action), DHAN Foundation, ASSEFA (Association of SarvaSeva Farms, MALAR (Mahalir Association for Literacy, Awareness and Rights), SKS, Janodaya, Cohesion Foundation and Jan ChetnaSansthan are some of the other major non-governmental institutions which are promoting and nurturing a large number of SHGs of poor people, mostly women into effective organisations which could leverage credit from formal sources, and develop local resources and skills to increase productivity and income. It is thus, due to the combined efforts of the government and these private voluntary agencies that the SHGs have come to occupy a place of prominence in the socio-economic fabric of rural India.

Q: What has been the impact of SHGs on rural life?

A random impact evaluation study covering 560 members of 223 SHGs linked to Banks located in 11 States was carried out by NABARD. A three year period was selected for this study. The results of this survey released in 2000/18 indicated that

- 58% of the households covered under SHGs reported an increase in assets;
- the average value of assets per household increased by 72% from Rs.6,843 to Rs.11,793;
- majority of the members developed savings habit against 23% earlier;
- there was a threefold increase in savings and a doubling of borrowings per household;
- the share of consumption loan in the borrowing went down from 50% to 25%;
- 70% of the loans taken in post-SHG period went towards income generation ventures;
- employment expanded by 18%;
- the average net income per household before joining a SHG was Rs.20,177 which rose by 33% to 26,889; and
- about 41.5% of the household studied were below their state specific poverty line in the pre-SHG enrolment stage; it came down to 22%.

Participation in group activity significantly contributed to improvement of self-confidence among the members. In general, group members and particularly women became more vocal and assertive on social and family issues.

The structure of the SHG is meant to provide mutual support to the participants in saving money, preparing a common plan for additional income generation and opening bank accounts that would help them in developing credit relationship with a lending institution. It ultimately supports them in setting up micro-enterprises e.g. personalised business ventures like tailoring, grocery, and tool repair shops. It promotes the concept of group accountability ensuring that the loans are paid back. It provides a platform to the community where the members can discuss and resolve important issues of mutual concern.

While some of the SHGs have been initiated by the local communities themselves, many of them have come through the help of a mentor Body (either government or an NGO) which provided initial information and guidance to them. Such support often consists of training people on how to manage Bank accounts, how to assess small business potential of the local markets and how to upgrade their skills. In the end, it creates a local team of resource persons.

Group formation becomes a convenient vehicle for credit delivery in rural areas. Commercial Banks and other institutions which are otherwise not receptive to the demands of marginalized individuals, start considering such groups as their potential customers. Overall such Joint-Liability Groups expand the outreach of the micro-finance programme in an effective way, reaching out to the excluded segments e.g. landless, sharecroppers, small and marginal farmers, women, SCs/STs etc.

The majority of Self-Help Groups comprise of women members. There is evidence in this country as well as elsewhere that formation of Self-Help Groups has a multiplier effect in improving women's status in society as well as in the family. Their active involvement in micro-finance and related entrepreneurial activities not only leads to improvement in their socio-economic condition but also enhances their self-esteem. Women in a group environment become more articulate in voicing their concerns and a change occurs in their self-perception. They start to see themselves not only as beneficiaries but also as clients / informed citizens seeking better services. On the home front, their new found awareness and the confidence generated out of their entrepreneurial skills make them more confident vis-à-vis their menfolk.

The SHG programme has contributed to a reduced dependency on informal money lenders and other non-institutional sources. It has enabled the participating households to spend more on education than non-client households. Families participating in the programme have reported better school attendance and lower drop-out rates.

The financial inclusion attained through SHGs has led to reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health – especially among women and children.

But the SHG movement has certain weaknesses as well:

- contrary to the vision for SHG development, members of a group do not come necessarily from the poorest families;
- the SHG model has led to definite social empowerment of the poor but whether the economic gains are adequate to bring a qualitative change in their life is a matter of debate;
- many of the activities undertaken by the SHGs are still based on primitive skills related mostly to primary sector enterprises. With poor value addition per worker and prevalence of subsistence level wages, such activities often do not lead to any substantial increase in the income of group members.
- There is lack of qualified resource personnel in the rural areas who could help in skill upgradation/acquisition of new skills by group members.

Q: What then are the key issues facing SHGs today?

Though, during a short span of fifteen years the SHG movement has recorded remarkable progress much still remains to be done. The movement shows steep territorial variations. Many areas of the country lack adequate banking structure. Urban and semi-urban areas, to a large extent, stand excluded from this mode of credit delivery. Further growth of this movement faces threat from inadequacy of skills in the rural areas. And finally the pace of the movement needs to be accelerated. The following eight issues of this sector deserve priority attention:

- **Maintaining the participatory character:**

We saw the cooperative sector became a springboard for political aspirants. Though the SHG movement is relatively new, government interventions and subsidies have already started showing negative results. The patronage and subsidies provided to the SHGs by government and the Panchayats often lead to their politicization. Therefore, due care must be taken to ensure that government initiatives do not erode the fundamental principles of self-help and empowerment of the poor.

- **Need to expand** the SHG movement to States such as Bihar, Uttar Pradesh, Madhya Pradesh, Orissa, Rajasthan and in the North-East (where the SHG movement and micro-finance entrepreneurship is weak):

Overall 73% of the farmer household (in rural areas) have no access to any formal source of credit. In March, 2001, 71% of the total linked SHGs of the country were in just four States of the southern region viz. Andhra Pradesh, Karnataka, Kerala and Tamil Nadu. The figure went down to 58% in 2005, 54% in 2006 and to 44% in 2007. But even the current figure is a cause of concern when one talks of financial inclusion for the whole country.

- **Need to extend** small group organisations (SHGs) to peri-urban and urban areas:

According to the 2001 census, 314.54 million persons changed their place of residence (vis-à-vis the situation in the 1991 census) within the country and out of this 29.90 million or 9% changed their place of residence in search of better prospects elsewhere. Since issue of any form of identity card is invariably linked with the possession of an immovable property, such migrant workers do not have any formal document to prove their domicile in the city. But the overall economic and social well-being of the city is closely linked with the condition of this section of the city dwellers. In the absence of any documentary proof, it appears that this class of people do not have access to organised financial services. As per the existing statutory provisions, NABARD's mandate is to provide micro-finance facilities only to rural and semi-urban areas. Branches of the mainstream Banks too, though, equipped with manpower and technology, are not keen to service this sector. Even money lenders are reluctant to lend to them. The net result is that this segment of the urban population e.g. pavement sellers, street hawkers, construction workers etc. remains financially excluded.

- **Mode of SHG development and financial intermediation:**

Establishing stable linkage between a SHG and a local financial institution is one of the key elements of the SHG movement. Currently, four distinct models of financial intermediation are in operation in various parts of the country namely:

- SHG-Bank linkage promoted by a mentor institute
- SHG-Bank direct linkage
- SHG-Mentor Institution linkage; and
- SHG-Federation model

Since the borrowing SHGs consist mainly of low income members who cannot afford to miss even a day's wages, a hassle-free transaction with a Bank which is ready to come to their doorsteps with appropriate credit products is of great value to them. The SHG – Bank Linkage Model with a mentor SHPI in tow (Model I above) would be the most appropriate one for delivery of financial services to the SHGs.

- **Self-Help Groups and Regional Rural Banks:**

As on 1st April, 2007, out of a total of 622 districts in the country, 535 have a network of Regional Rural Banks; the rest 87 districts have no RRB presence. These branches have been created by the Regional Rural Banks Act, 1976 primarily for providing institutional credit to the marginalized sector of the rural economy (small, marginal farmers, landless labour and rural artisans). The extension of the RRB network to the remaining 87 districts would considerably speed up the process of inclusive banking and help in extending micro-finance to local SHGs.

- **Issues of sustainability:**

The institutional sustainability and the quality of operations of the SHGs are matters of considerable debate. It is generally held that only a minority of the Self-Help Groups are able to raise themselves from a level of micro-finance to that of micro-entrepreneurship. Neither do such Bank linkages lead to sanction of larger individual loans under the Bank's normal lending programmes. The ultimate objective of such a tie-up is to impart financial strength to the SHGs so that they can enter into a stable relationship with the local financial institutions - without any external support.

Even after many years of existence, by and large, SHGs are heavily dependent on their promoter NGOs or government agencies

• **Financial assistance to SHPIs and other support institutions:**

Forty-five per cent of the total numbers of women SHGs of the country are located in Andhra Pradesh. This enviable position of the State is primarily due to the initiative shown by promoter NGOs often known as Self-Help Promoting Institutions (SHPIs) / mentor organisations. If the SHG movement is to spread across the entire country, there is need to provide major incentives to SHPIs / promoter NGOs. Currently, the financial support to SHPIs comes from the Micro Finance Development and Equity Fund (MFDEF) of NABARD. It is limited to an amount of Rs.1500 per SHG (formed and activated). To attract more and more SHPIs to the rural areas, this quantum of support needs to be revised.

• **Role of Micro-Finance Institutions:**

Micro-credit is defined as provision of thrift, credit, and other financial services (such as deposits, loans, payment services, money transfer, insurance and related products) of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards. Micro-finance institutions are those which provide such micro-credit facilities. Micro-credit is an instrument of both social as well as economic policy. It opens up integral development processes such as use of financial and technical resources, basic services and training opportunities to the unprivileged. Access to savings, credit, money-transfer, payment, and insurance can help poor people take control of their financial life. It also empowers them to make critical choices about investing in business, sending children to school, improving health care of the family, covering the cost of key social obligations and unforeseen situations. But the most important of all, an access to finance generates self-esteem among them.

ARC-2 has made the following recommendations and the Micro Finance Sector (Development and Regulation) Bill, 2007 needs to be amended to include the following suggestions:-

- The scope of Micro-finance Services should be substantially widened to cover credit / savings, insurance, pension services, money transfer, issue / discount of warehouse receipts and future / option contracts for agricultural commodities and forest produce.
- The activities of Section 25 Companies to the extent they concern micro-financial services as described under the proposed Bill should also be brought under the purview of this legislation. However, for their management and other functions, they will continue to be governed by the provisions of the Companies Act.
- The issue of interest rate charged by the MFIs should be left to the Regulatory Authority which is being created under the proposed Bill.
- It should be ensured that if MFIs are allowed to handle thrift / savings and money transfer services, they would do so only as business correspondents of commercial Banks.

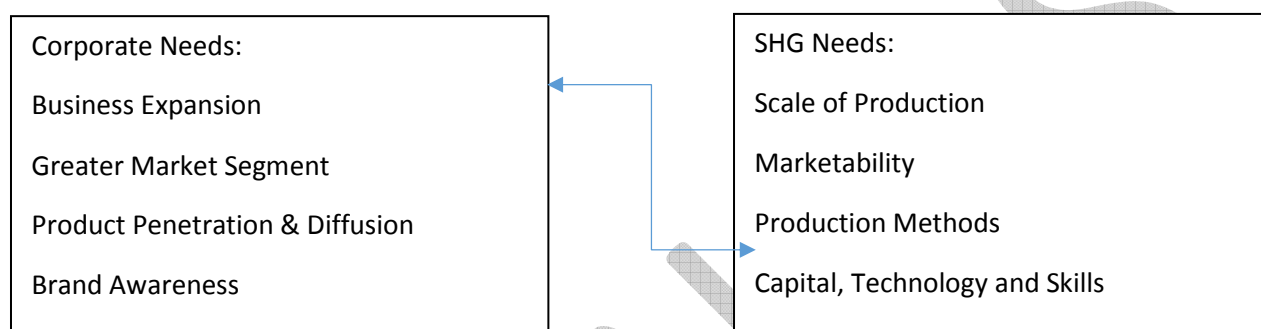
Q: With an eye on the future, let us explore Corporate-SHG linkages for rural markets:

Rural Market offers tremendous potential of growth for corporations by making their products and services available to these areas. Lot of interventions are designed by various companies to tap the rural market including designing tailor made supply chain, rural marketing campaigns, pruning marketing mix elements and integrating social elements to develop their brand awareness and market for their products. Apart from all these endeavours there is still a significant area largely untapped. Integration of SHGs with corporations as a part of their company policies in tackling the issues of reach and market awareness is a win-win solution. With various government initiatives including Promotion of SHG formation, microenterprise development, microcredit by FIIs and NBFCs and skill training, SHGs are becoming viable in their operations. Symbiotic association of corporations and SHGs utilizing distinctive competence can prove to be fruitful for both in the long run broadly in the form of market and socio-economic development. SHGs are broadly studied on two basis- Microfinance and Microenterprises. The first aspect of SHGs (Microfinance) is widely studied and several changes have been incorporated towards making SHGs viable. Development of Micro-enterprises is relatively a new phenomenon. As per study of M.Kunhaman, 2012, SHGs can better promote Micro-enterprises, especially in rural areas.

The real effort to support SHGs in India, however, came in the late 1990s when the central government of India introduced a holistic program, SGSY- Swarnajayanti Gram Swarozgar Yojana based on the group approach for rural development. The SGSY approach was to encourage the rural poor to organise themselves into SHGs and to independently take up viable economic activities as micro-enterprises with support from government subsidies and

bank credit. With the development of industrial norms, micro-enterprises are also coming up apart from large, medium and small industries. Micro-enterprises can be started and managed by individuals, groups or SHGs. Intended to strengthen viable, small businesses, resulting in increased household income and savings and thus alleviating the crunch of economic poverty, Micro-enterprise development aims at building self-esteem, self-reliance, encouraging autonomy and creating a community atmosphere. It builds economic capital by creating jobs and generating income, ultimately working towards community development in impoverished or unemployed areas.

The report of the working committee of RBI (1994) proposed the integration of SHGs into the strategies and policies of corporations. SHGs can provide a suitable option for companies to integrate into various functions such as- Marketing, Distribution, Procurement of various raw materials and semi-finished materials, Production and processing of indigenous products etc. For example, TAJ group has adopted a SHG for procurement of sea food and meet 60% of their demands through the SHG. SHGs can also become a suitable vehicle for distribution of rural products and help in faster diffusion of innovation in the rural market.



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G.S. PAPER II – SOCIAL JUSTICE

**Welfare Schemes for Vulnerable Sections of the Population by the
Centre and States and the Performance of these Schemes
Mechanisms, Laws, Institutions and Bodies Constituted for the
Protection and Betterment of these Vulnerable Sections**

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Q1. How would you define the term 'vulnerable sections'?

There are various ways to define who vulnerable sections are. Consider for instance the following definitions:

- A vulnerable section in a population is one that has some specific characteristics that make it at higher risk of falling into poverty than others. Vulnerable sections include the elderly, the mentally and physically disabled, at-risk children and youth, ex-combatants, internally displaced people and returning refugees, HIV/AIDS-affected individuals and households, religious and ethnic minorities and, in some societies, women. (World Bank)
- People who are long-term unemployed, and also others who are inactive but not registered as unemployed. It should include workers who are in some form of employment but are at a high risk of losing their jobs. It is, therefore, a very heterogeneous group, whose members share perhaps only the involuntary character of their present status. (Atkinson, 2000)
- Groups that experience a higher risk of poverty and social exclusion than the general population. Ethnic minorities, migrants, disabled people, the homeless, those struggling with substance abuse, isolated elderly people and children all often face difficulties that can lead to further social exclusion, such as low levels of education and unemployment or underemployment. (European Commission)

Q2. Is there a fixed criterion on the basis of which vulnerability can be defined?

There are multiple and complex factors behind vulnerability with different layers and it often cannot be analyzed in isolation. Further, a section of the population may face discrimination on a number of grounds due to their multiple identities. For example, in a patriarchal society, disabled women face double discrimination of being a women and being disabled. So it is difficult to provide a fixed criterion or classify vulnerable sections into separate watertight compartments.

However, for our purposes we can identify the prominent factors on the basis of which individuals or members of groups are discriminated in India, as structural factors, age, disability, caste, class, gender etc. It is usually these factors, which become the basis of discrimination and vulnerability.

Q3. On basis of the above definitions and criteria which sections do you think we can include as being 'vulnerable' in India?

If we use the above criteria and definitions, in the context of India, we can include the following sections as vulnerable sections:

- Differently Aabled Persons
- Old age people/ Senior Citizens
- Orphans and Street Children
- Women
- Sexual Minorities
- Schedule Caste/ Schedule Tribe/ Minorities/ Other Vulnerable groups

Q4. So now we know the sections that are vulnerable in India. But we don't yet know whether it is an individual or a group phenomenon. Discuss.

Vulnerability is not confined to individuals, rather relates to groups or sections. Thus, a social component is usually involved. This is particularly true in the case of India where inequality and exclusion are facts of life. Thus, some people not only have a greater share of valued resources – money, property, education, health, and power – than others, but social identities play a dominant role in acquiring these resources.

This can be more easily understood if we divide these social resources into three forms of capital- economic capital in the form of material assets and income; cultural capital such as educational qualifications and status; and social capital in the form of networks of contacts and social associations. Often, these three forms of capital overlap and one can be converted into the other. For example, a person from a well-off family (economic capital) can afford expensive

higher education, and so can acquire cultural or educational capital. Someone with influential relatives and friends (social capital) may – through access to good advice, recommendations or information – manage to get a well-paid job.

A section of society that lacks a plurality of these resources is more prone to discrimination than others in a number of spheres.

Q5. We mentioned that caste is one of the factors on the basis of which individuals or members of groups are discriminated in India. Explain how caste can perpetuate vulnerability among some sections of our population?

The caste system is a distinct Indian social institution that legitimizes and enforces practices of discrimination against people born into particular castes. These practices of discrimination are humiliating, exclusionary and exploitative.

Historically, the caste system classified people by their occupation and status. In actual practice both economic and social status tended to coincide. There was thus a fairly close correlation between social (i.e. caste) status and economic status – the high castes were almost invariably of high economic status, while the ‘low’ castes were almost always of low economic status.

Even now the caste-class correlation is still remarkably stable at the macro level. As the system has become less rigid, the distinctions between castes of broadly similar social and economic status have weakened. Yet, between different socio-economic groupings, the distinctions continue to be maintained. Therefore, caste continues to affect the life chances of Indians in the twenty-first century.

Q6. It is often mentioned that untouchability is an extreme and particularly vicious aspect of the caste system. Explain what untouchability is and analyze the vulnerable status of dalits in the light of untouchability practiced in the caste system.

Untouchability is indeed an extreme and particularly vicious aspect of the caste system that prescribes stringent sanctions against members of castes located at the bottom of the caste pyramid. Notions of ‘distance pollution’ existed in many regions of India for a long time.

However, untouchability refers not just to the avoidance or prohibition of physical contact but to a much broader set of social sanctions. For instance, it is almost always associated with economic exploitation of various kinds, most commonly through the imposition of forced, unpaid (or under-paid) labour, or the confiscation of property. There are three main dimensions of untouchability- namely exclusion, humiliation-subordination and exploitation – all are equally important to understand the phenomenon.

Although other (i.e., ‘touchable’) low castes are also subjected to subordination and exploitation to some degree, they do not suffer the extreme forms of exclusion reserved for ‘untouchables.’ Dalits experience forms of exclusion that are unique and not practiced against other groups – for instance, being prohibited from sharing drinking water sources or participating in collective religious worship, social ceremonies and festivals. At the same time, untouchability may also involve forced *inclusion* in a subordinated role, such as being compelled to play the drums at a religious event. The performance of publicly visible acts of (self-) humiliation and subordination is an important part of the practice of untouchability. Further, it is a pan-Indian phenomenon, although its specific forms and intensity vary considerably across regions and socio-historical contexts.

The word ‘Dalit’ which has been coined to refer to the ex-untouchable community means ‘downtrodden’ and conveys the sense of an oppressed people. Though it was not coined by Dr. Ambedkar, it resonates with his philosophy and the movement for empowerment that he led.

Q7. It is evident that untouchability is an extremely exploitative system that has been in practice for ages. Does the Constitution of India contain any provision to curb its practice?

Yes, the Constitution abolished untouchability and its practice in any form. Article 17 of the Constitution (Fundamental Right) that abolishes untouchability has been provided without any exception. It empowers the State to

prescribe by law providing punishment for the practice of untouchability. The Parliament enacted the Untouchability Offences Act, 1955 which has been subsequently amended and renamed as the Civil Rights Protection Act, 1976. It provides stringent punishment for the practice of untouchability. However, neither the Constitution nor the law defines what untouchability is. But the Judiciary has defined it as a social practice among the Hindus where a person is looked down upon and discriminated against solely on the basis of his birth.

Q. 8 Given the vulnerable status of Scheduled Castes, the Constitution includes certain provisions for their welfare. List them.

The Constitution includes the following provisions for the Scheduled castes:

- Article 15(4): It was introduced by the first Amendment Act after the SC judgment in the case of Champakam Dorairajan vs. State of Madras. Under this the State can make special provisions for the advancement of socially and educationally backward class of citizens including SCs and STs.
- Article 16(4): This clause allows the state to reserve vacancies in public service for any backward classes of the state that are not adequately represented in the public services.
- Article 16 (4A): It empowers the State to provide by law for the reservation of seats in favour of SCs and STs in public employment in promotions.
- Article 16(4B): It states the carry forward policy followed in favour of SCs and STs where the unfilled vacancies of the SCs and STs in a particular year are carried forward to the following years and filled up from among SCs and STs. It provides that the carry forward policy would be valid even if the overall reservation exceeds 50% in the subsequent years.
- Article 40: Provides reservation in one-third seats in Panchayats to SC/ST.
- Article 46: Enjoins the states to promote with care the educational and economic interests of the weaker sections, specially SC and STs.
- Article 330/332: Allows reservation of seats for SC/ST in the parliament as well as in state legislatures.
- Article 335: It states that claims of the members of the Scheduled Castes and the Scheduled Tribes shall be taken into consideration, consistently with the maintenance of efficiency of administration, in the making of appointments to services and posts in connection with the affairs of the Union or of a State
- Article 338/338A/339: Establishes a National Commission of SCs and STs. Article 339 allows the central govt. to direct states to implement and execute plans for the betterment of SC/STs.
- Article 340: Allows the President to appoint a commission to investigate the condition of socially and economically backward classes and table the report in the parliament.

Q. 9 In addition to the Constitutional provisions, the Government of India has also constituted certain mechanisms, laws, institutions and bodies for their protection and betterment. Discuss.

The Ministry of Social Justice and Empowerment is the nodal Ministry to oversee the interests of the Scheduled Castes. Under the Scheduled Castes Development Bureau, the Ministry implements Scheduled Castes Sub-Plan (SCSP) which is an umbrella strategy to ensure flow of targeted financial and physical benefits from all the general sectors of development for the benefit of Scheduled castes. Under the strategy, states/UTs are required to formulate and implement Special Component Plan (SCP) for Scheduled Castes as part of their Annual Plans by earmarking resources. Another policy initiative for the development of Scheduled Castes is Special Central Assistance to Special Component Plan, in which cent percent assistance is given as additive to Scheduled Caste Sub-Plan of the States/UTs on the basis of certain criteria such as SC population of the States/UTs, relative backwardness of the States/UTs, percentage SC families in the States/UTs, covered by composite economic development programmes in the State Plan to enable them to cross the poverty line, percentage of SCP to the Annual Plan as compared to SC population percentage of the States/UTs.

The Ministry implements two acts for protecting the civil rights of the Scheduled Castes, viz.:

- Protection of Civil Rights Act, 1955; and
- The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities Act, 1989)

Constitutional Measures:

- **National Commission for Scheduled Castes**

The National Commission for Scheduled Castes, a Constitutional body monitors the safeguards provided for Scheduled Castes and also reviews issues concerning their welfare. The Commission has wide powers to protect, safeguard and promote the interests of the SCs. The Commission has been conferred powers of a civil court trying a suit, to summon and enforce the attendance of any persons from any part of India and examining on oath, receiving evidence on affidavits.

- **National Commission for Safai Karmacharis**

The National Commission for Safai Karmacharis, a statutory body has, inter-alia, been empowered to investigate into specific grievances as well as matters relating to implementation of programmes and schemes for welfare of Safai Karmacharis.

- **Protection of Civil Rights Act, 1955**

In pursuance of article 17 of the Constitution of India, the Untouchability (Offences) Act, 1955 was enacted. Subsequently it was amended and renamed in the year 1976 as the “Protection of Civil Rights Act, 1955”. Rules under this Act, viz. “The Protection of Civil Rights Rules, 1977” were notified in 1977. The Act extends to the whole of India and provides punishment for the practice of untouchability. It is implemented by the respective State Governments and Union Territory Administrations.

- **Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989**

The Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989, specifies offences, which are considered as atrocities, and provides for deterrent punishments for commission of the same. Comprehensive Rules were also framed under the SCs and STs (POA) Act in 1995, which among other things provided for relief and rehabilitation of the affected people.

- **Committee to review implementation of PCR and POA Acts**

Educational Development

- **Pre Matric Scholarship**
- **Pre-Matric Scholarships for Children of those engaged in Unclean Occupations:**
- **Rajiv Gandhi National Fellowship Scheme**
- **National Overseas Scholarship**
- **Upgradation of Merit for SC Students**
- **Free Coaching for SCs and OBCs**
- **Babu Jagjivan Ram Chhatrawas Yojana**
- **Dr. Ambedkar Foundation**

Economic Empowerment

- **Special central Assistance to Scheduled Castes Sub Plan (SCSP)**
- **Assistance to State Scheduled Castes Development Corporations**
- **National Scheduled Castes Finance Development Corporation**
- **Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)**
- **Voluntary Organizations Working for the Welfare of SCs**
- **National Safai Karmacharis Finance and Development Corporation**

(Refer the chapter on Welfare in India Year Book and Economic Survey for details of these schemes).

Q. 10 Adivasis or tribals are another section of the population who often face discrimination. Explain who they are and why they are included as a vulnerable section.

Tribes or Adivasis in India have generally been defined in terms of what they were *not*. Tribes were defined as communities that did not practice a religion with a written text; did not have a state or political form of the normal kind; did not have sharp class divisions; and, most important, did not have caste and were neither Hindus nor peasants.

Like the Dalits, Tribes as social groups were recognized by the Indian Constitution as specially marked by poverty, powerlessness and social stigma. They were believed to be 'people of the forest' whose distinctive habitat in the hill and forest areas shaped their economic, social and political attributes. However, their long and close association with Hindu society and culture, made the boundaries between 'tribe' and 'caste' quite porous.

In the areas where tribal populations are concentrated, their economic and social conditions are usually much worse than those of non-tribals. The impoverished and exploited circumstances under which adivasis live can be traced historically to the pattern of accelerated resource extraction started by the colonial British government and continued by the government of independent India. The independence of India in 1947 should have made life easier for adivasis but this was not the case. Firstly, the government monopoly over forests continued. If anything, the exploitation of forests accelerated. Secondly, the policy of capital-intensive industrialization adopted by the Indian government required mineral resources and power-generation capacities which were concentrated in Adivasi areas. Adivasi lands were rapidly acquired for new mining and dam projects. In the process, millions of adivasis were displaced without any appropriate compensation or rehabilitation. Justified in the name of 'national development' and 'economic growth', these policies were actually a form of internal colonialism, subjugating adivasis and alienating the resources upon which they depended.

Q. 11 Mention the Constitutional provisions and other laws and institutions established for the welfare of Scheduled Tribes.

Constitutional Provisions:

Refer the Constitutional provisions mentioned above for Scheduled castes. Apart from them, certain other articles deal exclusively with problems faced by STs. They are as follows:

- Article 19(5): It allows the state to impose restriction on freedom of movement or of residence in the benefit of Scheduled Tribes.
- Article 164: Appoint special minister for tribal welfare in the states of MP, Bihar, and Orissa.
- Article 275: Allows special grant in aids to states for tribal welfare.

Other welfare schemes, laws, mechanisms, bodies and institutions:

- **Scheduled Areas and Tribal Areas**

Scheduled Tribes live in contiguous areas unlike other communities. It is, therefore, much simpler to have an area-approach for development activities and also regulatory provisions to protect their interests.

In order to protect the interests of Scheduled Tribes with regard to land alienation and other social factors, provisions of "Fifth Schedule and "Sixth Schedule" have been enshrined in the Constitution.

The Fifth Schedule under Article 244(1) of Constitution defines "Scheduled Areas" as such areas as the President may by Order declare to be Scheduled Areas after consultation with the Governor of the State.

The Sixth Schedule under Article 244 (2) of the Constitution relates to those areas in the States of Assam, Meghalaya, Tripura and Mizoram which are declared as "Tribal Areas" and provides for District Councils and/or Regional Councils for such Areas. These Councils have been conferred with wide ranging legislative, judicial and executive powers.

• The Fifth Schedule Areas

The criteria for declaring any area as a "Scheduled Area" under the Fifth Schedule are: (a) Preponderance of tribal population, (b) Compactness and reasonable size of the area, (c) A viable administrative entity such as a district, block or taluk, and (d) Economic backwardness of the area as compared to neighbouring areas.

The advantages of Scheduled Areas are as follows:

- The Governor of a state, which has Scheduled Areas, is empowered to make regulations in respect of the following:
 - a. Prohibit or restrict transfer of land from tribal people;
 - b. Regulate the business of money lending to the members of Scheduled Tribes.
- The Governor may be public notification direct that any particular Act of Parliament or of the Legislature of the State, shall not apply to a Scheduled Area or any part thereof in the State or shall apply to such area subject to such exceptions and modifications as he may specify.
- The Governor of a State having Scheduled Areas therein, shall annually, or whenever so required by the President of India, make a report to the President regarding the administration of the Scheduled Areas in that State and the executive power of the Union shall extend to the giving of directions to the State as to the administration of the said area.
- Tribes Advisory Council (TAC) shall be established in States having Scheduled Areas. The role of TAC is to advise the State Government on matters pertaining to the welfare and advancement of the Scheduled Tribes in the State as may be referred to it by the Governor.
- The Provisions of the Panchayats (Extension to Scheduled Areas) Act, 1996 (PESA) which were extended to Scheduled Areas, also contain special provisions for the benefit of Scheduled Tribes.

• The Sixth schedule – Tribal Areas

The Sixth Schedule under Article 244 of the Constitution identifies Autonomous districts in the Tribal Areas in the states of Assam, Meghalaya, Tripura and Mizoram. It also makes provisions for recognition of Autonomous Regions within these Autonomous Districts. These have been specified in Parts I, II, IIA & III of the table appended to paragraph 20 of the Sixth Schedule. In other words, areas where provisions of Sixth Schedule are applicable are known as Tribal Areas. The State-wise details of Tribal Areas are as under:

- Part-I Assam
 - 1. The North Cachar Hills District
 - 2. The Karbi-Anglong District
 - 3. The Bodo Land Territorial Area Districts
- Part II Meghalaya
 - 1. Khasi Hills District
 - 2. Jaintia Hills District
 - 3. The Garo Hills District
- Part IIA Tripura
 - 1. Tripura Tribal Areas District
- Part III Mizoram
 - 1. The Chakma District
 - 2. The Mara District
 - 3. The Lai District

The administration of Autonomous Districts and Autonomous Regions is done through District Councils/Regional Councils. These Councils are elected bodies and have powers of legislation, administration of justice apart from executive, developmental and financial responsibilities. The District or Regional Councils are empowered to make rules with the approval of the Governor with regard to matters like establishment, construction or management of primary schools, dispensaries, markets, cattle ponds, ferries, fisheries, roads, road transport and waterways in the district. The Autonomous Councils of the North Cachar Hills and Karbi Anglong have been granted additional powers to make laws with respect to other matters like secondary education, agriculture, social security and social insurance, public health and sanitation, minor irrigation, etc.

The Councils have also been conferred powers under the Civil Procedure Code and Criminal Procedure Code for trial of certain suits and offences, as also the powers of a revenue authority for their area for collection of revenue and taxes and other powers for the regulation and management of natural resources.

- **Tribal Sub-Plan (TSP)**

Upgradation of administration through the innovative strategy of the Tribal Sub-Plan (TSP) for STs was launched at the beginning of the 5th Five Year Plan in 1974-75, covering 21 States and 2 U.T.S., where Scheduled Tribes constitute a sizeable population.

This special strategy was expected to ensure that all the general development sectors, both at the Central and State levels, earmark funds for STs in proportion to their population so that adequate benefits from all the concerned sectors flow to this disadvantaged group. Thus the TSP strategy seeks to ensure adequate flow of funds for tribal development not only under every State Plan funds, but also from all the Central Ministries/Departments. TSP is a part of the overall plan of a State/UT or a Central Ministry/Department, and is therefore called a Sub-Plan.

The TSP promotes development activities through legal and administrative support. The TSP strategy is being implemented through 195 Integrated Tribal Development Projects (ITDPs)/Integrated Tribal Development Agencies (ITDAs), 259 Modified Area Development Approach (MADA) and 82 Clusters. The benefits of the Tribal Sub-Plan are also extended to the scattered tribal population.

The TSP is financed by four sources namely, flow from Centrally Sponsored Schemes. Special Central Assistance, State Plan, and Institutional finance. The Central Ministries have also been requested to utilize at least 8% of their budget for the welfare and development of Scheduled Tribes.

- **Special Central Assistance for Tribal Sub-Plan**

In support of TSP, the Government of India launched the SCA scheme in 1974 to the States and the UTs, as an additive to fill up the gaps, especially in the family based income-generating programmes. As a result, there has been a substantial increase in the flow of funds during the Ninth Five Year Plan for the development of STs besides enlargement of the share of benefits for STs under all the development programmes.

The SCA to TSP is provided by the Ministry of Tribal Affairs to 21 Tribal Sub- Plan States including North Eastern States of Assam, Manipur and Tripura. Since 2003-04 the Ministry of Home Affairs is releasing the funds under SCA to TSP meant for the UTS.

The SCA is to be utilised in conjunction with the TSP flow with a view to meeting the gaps, which are not otherwise taken care of by the State Plan. The objective and scope of SCA to TSP was originally meant for filling up of the critical gaps in the family-based income-generation activities of the TSP. From the Tenth Five Year Plan, the objective and scope of SCA to TSP has been expanded to cover the infrastructure incidental to income-generation.

- Grants under the First Proviso to Article 275(1) of the Constitution
- Program for development of Forest Villages
- Scheme for Primitive Tribal Groups (PTGs)
- Scheme of Construction of Hostels for ST Boys and Girls
- Establishment of Ashram Schools in Tribal Sub-Plan Area
- Upgradation of Merit of ST students
- Post Matric Scholarships for ST students
- Vocational Training in Tribal Areas
- Education of Girls in Low Literacy Pockets
- Grants-in-Aid to Voluntary Organisations
- Rajiv Gandhi National Fellowship (RGNF)
- National Overseas Scholarship Scheme for Scheduled Tribes (NON-Plan)
- Scheme of TOP Class Education for ST Students
- Grants-in-Aid for Minor Forest Produce (MPP) Operations
- Exchange of visits by STs

- **National Scheduled Tribes Finance and Development Corporation**
- **Special Schemes**
 - Adivasi Mahila Sashaktikaran Yojana (AMSY)
 - Micro-credit scheme – launch of a new scheme
- Tribal Cooperative Marketing Development Federation of India Ltd. (TRIFED)

(Refer the chapter on Welfare in India Year Book and Economic Survey for details of these schemes).

Q. 12 Having discussed Tribals, we now discuss who the Backward Classes are.

Though untouchability was the most visible and comprehensive form of social discrimination. However, there were a large group of castes that were of low status and were also subjected to varying levels of discrimination short of untouchability. These were the service and artisan castes who occupied the lower rungs of the caste hierarchy. The Constitution of India recognizes the possibility that there may be groups other than the Scheduled Tribes and Scheduled Castes who suffer from social disadvantages. These groups – which need not be based on caste alone, but generally are identified by caste – were described as the ‘socially and educationally backward classes’. This is the constitutional basis of the popular term ‘Other Backward Classes’ (OBCs), which is in common use today.

Like the category of the ‘tribe’ the OBCs are defined negatively, by what they are not. They are neither part of the ‘forward’ castes at the upper end of the status spectrum, nor of the Dalits at the lower end. But since caste has entered all the major Indian religions and is not confined to Hinduism alone, there are also members of other religions who belong to the backward castes and share the same traditional occupational identification and similar or worse socio-economic status.

However, the OBCs are severely under-represented in all spheres except landholding and political representation (they have a large number of MLAs and MPs). Although the upper OBCs are dominant in the rural sector, the situation of urban OBCs is much worse, being much closer to that of the Scheduled Castes and Tribes than to the upper castes.

Q. 13 The Government has enacted schemes for the welfare of backward classes. Discuss them.

Statutory Body

- **National Commission for Backward Classes**

In pursuance of the Supreme Court Judgement popularly known as Mandal Judgement (1992), the National Commission for Backward Classes was set up in 1993 as a permanent body for entertaining, examining and advising the Government on requests for inclusion and complaints of over-inclusion and under inclusion in the lists of Other Backward Classes (OBCs) of citizens. As per the provision of the Act, the advice tendered by the Commission shall ordinarily be binding upon the Government.

Educational Development

- Pre-matric Scholarships for OBCs
- Post-matric Scholarships for OBCs
- Hostels for OBC Boys and Girls
- Assistance to Voluntary Organisations for Welfare of OBCs

Economic Development

- National Backward Classes Finance and Development Corporation

(Refer the chapter on Welfare in India Year Book and Economic Survey for details of these schemes)

Reservation in Services

Reservation is given to Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs) in services under the control of Government. Reservation is also provided to persons with disabilities and the ex-servicemen in certain categories of posts. The quantum of reservation for SCs, STs, and OBCs in direct recruitment on all-India basis by open competition is 15 per cent, 7.5 per cent and 27 per cent respectively. In direct recruitment on all-India basis, otherwise than by open competition, reservation is 16.66 per cent for SCs, 7.5 per cent for STs and 25.84 per cent for OBCs. In case of promotion SCs and STs get reservation at the rate of 15 per cent and 7.5 per cent respectively. There is no reservation for OBCs in case of promotion. Three per cent of vacancies are kept reserved for persons with disabilities. Ten per cent of the vacancies in the posts of the level of Assistant Commandant in all paramilitary forces, 10 per cent of the vacancies in Group-C posts and 20 per cent of the vacancies in Group-D posts are reserved for the ex-servicemen.

Article 341 and 342 of the Constitution define as to who would be the SCs and the STs with respect of any State or Union Territory. The Government has prepared a list of OBCs has been prepared by the Government. The inter-state area restrictions have been imposed so that the people belonging to the specific community residing in a specific area which has been assessed to qualify for SC, ST and OBC status only benefit from the facilities provided for them. Definition of 'ex-servicemen' for the purpose of getting reservation in services is contained in Ex-servicemen (Reemployment in Civil Services and Posts) Rules, 1979 and conditions for reservation to persons with disabilities are given under the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995. To ensure that reserved vacancies are filled by candidates belonging to appropriate category, certain relaxations and concessions like relaxation in upper age-limit, etc., are provided. Liaison officers have been appointed for SCs/STs and OBCs in each Ministry/Department to ensure proper implementation of reservation policy for them.

Q. 14 Let us discuss the issues related to minorities next.

The notion of minority groups is widely discussed and is more than a merely numerical distinction – it usually involves some sense of relative disadvantage. Thus, privileged minorities such as extremely wealthy people are not usually referred to as minorities; if they are, the term is qualified in some way, as in the phrase 'privileged minority'. When minority is used without qualification, it generally implies a relatively small but also disadvantaged group.

The sociological sense of minority also implies that the members of the minority form a collectivity – that is, they have a strong sense of group solidarity, a feeling of togetherness and belonging. This is linked to disadvantage because the experience of being subjected to prejudice and discrimination usually heightens feelings of intra-group loyalty and interests. Thus, groups that may be minorities in a statistical sense, such as people who are left-handed or people born on 29th February, are not minorities in the sociological sense because they do not form a collectivity.

However, it is possible to have anomalous instances where a minority group is disadvantaged in one sense but not in another. Thus, for example, religious minorities like the Parsis or Sikhs may be relatively well-off economically. But they may still be disadvantaged in a cultural sense because of their small numbers relative to the overwhelming majority of Hindus. Religious or cultural minorities need special protection because of the demographic dominance of the majority. In democratic politics, it is always possible to convert a numerical majority into political power through elections. This means that religious or cultural minorities – regardless of their economic or social position – are politically vulnerable. They must face the risk that the majority community will capture political power and use the state machinery to suppress their religious or cultural institutions, ultimately forcing them to abandon their distinctive identity.

Q. 15 List the measures taken by the Government to address the problems of the minorities in India.

Constitutional Measures

- **National Commission for Minorities**

The Minorities Commission which was set up in January 1978 by a Resolution issued by Ministry of Home Affairs became a statutory body with the enactment of the National Commission for Minorities Act, 1992 and renamed as The National Commission for Minorities.

- **National Commission for Religious and Linguistic Minorities**

The Government of India has been seized of the welfare needs of socially and economically backward sections among religious and linguistic minorities. For having a detailed examination to determine the criteria for identifications of socially and economically backward sections among religious and linguistic minorities and to suggest measures for their welfare, the Government has constituted a National Commission for Religious and Linguistic Minorities, with the following terms of reference: (a) to suggest criteria for identification of socially and economically backward sections among religious and linguistic minorities; (b) to recommend measures for welfare of socially and economically backward sections among religious and linguistic minorities, including reservation in education and government employment; (c) to suggest the necessary constitutional, legal and administrative modalities, as required for the implementation of their recommendations; and to present a Report of their deliberations and recommendations.

- **Special Officer for Linguistic Minorities**

The Office of the Special Officer for Linguistic Minorities (commonly known as the Commissioner for Linguistic Minorities) was created in July 1957, in pursuance of the provision of Article 350-B of the Constitution. The Commissioner for Linguistic Minorities of India (CLM) has his Headquarters at Allahabad with Regional Offices at Kolkata, Belgaum and Chennai. The CLM takes up all the matters pertaining to the grievances arising out of the non-implementation of the Constitutional and Nationally Agreed Scheme of Safeguards provided to linguistic minorities that come to its notice or are brought to its knowledge by the linguistic minority individuals, groups, associations or organisations at the highest political and administrative levels of the State Governments and UT Administrations and recommends remedial actions to be taken.

- **The Central Wakf Council**

A Wakf is a permanent dedication of movable or immovable properties for purposes recognised by the Muslim Law as religious, pious or charitable. Apart from these religious aspects, the Wakfs are also instruments of social and economic upliftment.

Administration of Central Legislation for Wakfs is the responsibility of the Ministry of Social Justice and Empowerment. For the purpose of advising it on matters relating to working of the Wakf Boards and the proper administration of Wakfs in the country, the Central Wakf Council was established as a statutory body by the Central Government in December, 1964 under Section 8A of the Wakf Act, 1954 (now read as Sub-Sec(1) of the Section 9 of Wakf Act, 1995). The Council implements schemes for development of urban Wakf properties and educational programmes schemes.

- **The Durgah Khwaja Saheb Act, 1955**

It is an Act to make provision for the proper administration of Durgah and Endowment of the Durgah Khwaja Moinuddin Chisty (R.A.). Under this Central Act the administration, control and management of the Durgah Endowment has been vested in a representative Committee known as the Durgah Committee appointed by the Central Government.

- **Prime Minister's 15 Point Programme for the Welfare of Minorities**
- **Exclusive scholarship schemes for students belonging to the minority communities**
 - Merit-cum-Means Scholarship
 - Post-Matric Scholarships
 - Pre-Matric Scholarships
- **Identification of Minority Concentration Districts**
- **Free Coaching and Allied Scheme**
- **National Minorities Development and Finance Corporation**
- **Initiatives taken in Pursuance of the Sachar Committee Recommendations**

(Refer the chapter on Welfare in India Year Book and Economic Survey for details of these schemes)

Q. 16 Explain the term - Persons with Disabilities. What are the kind of problems that this section of the population faces.

The differently abled are not 'disabled' only because they are physically or mentally impaired' but also because society is built in a manner that does not cater to their needs. In contrast to the struggles over Dalit, adivasi or women's rights, the rights of the differently abled have been recognized only very recently. Yet in all historical periods, in all societies there have been people who are differently abled.

The social construction of disability has another dimension. There is a close relationship between disability and poverty. Malnutrition, mothers weakened by frequent childbirth, inadequate immunization programmes, accidents in overcrowded homes, all contribute to an incidence of disability among poor people that is higher than among people living in easier circumstances. Furthermore, disability creates and exacerbates poverty by increasing isolation and economic strain, not just for the individual but for the family; there is little doubt that disabled people are among the poorest in poor countries.

Q. 17 List the measures taken by the government to address the concerns of the Persons with Disabilities.

- **Persons with Disabilities Act, 1995**

A comprehensive law, namely, the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 has been enacted and enforced in February 1996. The law deals with both prevention and promotion aspects of the rehabilitation such as education, employment and vocational training, creation of barrier-free environment, provision of rehabilitation services for persons with disabilities, institutional services and supportive social security measures like unemployment allowance and grievance redressal machinery both at the Central and State-Level.

- **National Trust for the Welfare of Persons with Autism, Cerebral palsy, Mental Retardation and Multiple Disabilities**

The National Trust is a statutory body under "The National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999". The main objectives of the Trust are to enable and empower persons with these disabilities to live independently as fully as possible, to extend support to registered organisations providing need-based services and to evolve procedure for appointment of legal guardians for persons with disabilities requiring such protection.

- **Office of the Chief Commissioner for Persons with Disabilities**

The Chief Commissioner is an important statutory functionary, appointed under Section 57 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995. The functions and duties of the Chief Commissioner include coordinating the work of State Commissioners for persons with disabilities, monitoring of utilisation of funds disbursed by the Central Government, taking steps to safeguard rights and facilities made available to persons with disabilities and also to look into complaints with respect to deprivation of rights of persons with disabilities.

The Chief Commissioner can also take suo motu notice of non-implementation of any Rule, Law, etc. meant for persons with disabilities and is vested with the powers of a civil court relating to summoning of witness, discovery, requisitioning and production of any document, etc.

- **Rehabilitation Council of India**

The Rehabilitation Council of India is a statutory body set up under the Rehabilitation Council of India Act, 1992. The Council is responsible for regulating the training policies and programmes for various categories of professionals in the area of rehabilitation and special education. Its functions include: (i) standardization and regulation of training courses at different levels in all the training institutions throughout the country, (ii) recognition of institutions/universities running training courses in the area of rehabilitation of the disabled within and outside the country on a reciprocal basis, (iii) promotion of research in rehabilitation and special education, (iv) maintenance of a Central Rehabilitation Register for professionals possessing the recognized qualifications in the area of rehabilitation

and (v) encouragement of Continuing Rehabilitation Education programmes in collaboration with organisations working in the area of disability.

- India is a signatory to the Declaration on the Full Participation and Equality of People with Disabilities in the Asia Pacific Region. India is also a signatory to the **Biwako Millennium Framework** for action towards an inclusive, barrier free and rights based society. India signed the UN Convention on Protection and Promotion of the Rights and Dignity of Persons with Disabilities on 30th March, 2007, the day it opened for signature. India ratified the UN Convention on 1st October, 2008.
- **National Handicapped Finance and Development Corporation**
- **Scheme for Assistance to disabled Persons for Purchase/Fitting of aids and appliances**
- **Artificial Limbs Manufacturing Corporation of India**
- **Composite Regional Centers and Regional Rehabilitation Centers**

Q. 18 Explain the issues related to an ageing population. How does the Government plan to address them?

Demographic ageing is a global phenomenon. It has implications at both the macro and household level. It is true that due to strong family ties in India, majority of elderly people live with their sons or are supported by them in one way or the other. However, there have been changes in recent times, which have made the position of many elderly people vulnerable. These have mainly to do with changing nature of occupations of the children, changing life styles, extended periods of dependency and higher health and other costs.

Constitutional and Other Provisions

- Article 41 of the DPSP directs that the State shall, within the limits of its economic capacity and development, make effective provision for securing the right of public assistance in cases of old age.
- **National Social Assistance Programme (NSAP)**

The National Social Assistance Programme (NSAP) which came into effect from 15th August, 1995 represents a significant step towards the fulfillment of the Directive Principles in Article 41 of the Constitution. It introduces a National Policy for Social Assistance for the poor and aims at ensuring minimum national standard for social assistance in addition to the benefits that the states are currently providing and might provide in future. NSAP at present comprises of the following:

- Indira Gandhi National Old Age Pension Scheme (IGNOAPS)
- Indira Gandhi National Widow Pension Scheme (IGNWPS)
- Indira Gandhi National Disability Pension Scheme (IGNDPS)
- National Family Benefit Scheme (NFBS)
- Annapurna Scheme

- **Integrated Programme for Older Person**

Objectives:

- Providing support for the capacity building of senior citizens by establishing and maintaining Old Age Homes; Day Care Centers; Mobile Medicare Units and Non-Institutional services.
- Popularize the concept of life through re-enforcement & strengthening of the ability & commitment of the family to provide care to older persons.
- Productive ageing.
- Preparation of old age.
- Generating greater awareness on issues concerning older persons

Q. 19 Who are Sexual Minorities? Why are they considered a vulnerable section of the population? Does the Constitution provide for any provisions to safeguard their interests?

Another group that faces stigma and discrimination are the sexual minorities. Those identified as gay, lesbian, transgender, bisexual, kothi and hijra, experience various forms of discrimination within the society and the health system. Due to the dominance of hetero-sexual relations as the only form of normal acceptable relations within the society, individuals who are identified as having same-sex sexual preferences are ridiculed and ostracized by their own family and are left with very limited support structures and networks of community that provide them conditions of care and support. Their needs and concerns are excluded from the various health policies and programmes.

Constitutional Provisions for sexual minorities

- Art. 15(1): The State shall not discriminate against any citizen on grounds only of religion, race, caste, sex, place of birth or any of them.

Others:

- National AIDS Prevention and Control Policy.

Q. 20 Orphans and street children are also considered as vulnerable sections. Explain how.

A Street child is a term used to refer to a child who lives on the streets of a city. Such children are deprived of family care and protection. Most children on the streets are between the ages of about 5 and 17 years old, and their population between different cities is varied. Street children live in abandoned buildings, cardboard boxes, parks or on the street itself. A great deal has been written defining street children, but the primary difficulty is that there are no precise categories, but rather a continuum, ranging from children who spend some time in the streets and sleep in a house with ill-prepared adults, to those who live entirely in the streets and have no adult supervision or care. A widely accepted set of definitions, commonly attributed to UNICEF, divides street children into two main categories:

Children on the street are those engaged in some kind of economic activity ranging from begging to vending. Most go home at the end of the day and contribute their earnings to their family. They may be attending school and retain a sense of belonging to a family. Because of the economic fragility of the family, these children may eventually opt for a permanent life on the streets.

Children of the street actually live on the street (or outside of a normal family environment). Family ties may exist but are tenuous and are maintained only casually or occasionally.

Q. 21 List the Constitutional provisions that safeguard the interests of children.

Constitutional Provisions for children

- Article 15(3) empowers the state to make special provisions for welfare of children and women.
- Article 19 A: Education up to 14 yrs has been made a fundamental right. Thus, the state is required to provide school education to children.
- In the case of Unni Krishnan vs State of AP, SC held that right to education for children between 6 to 14 yrs of age is a fundamental right as it flows from Right to Life U/A 21. After this decision, education was made a fundamental right explicitly through 86th amendment in 2002.
- Article 24: Children have a fundamental right against exploitation and it is prohibited to employ children below 14 yrs of age in factories and any hazardous processes. Recently the list of hazardous processes has been update to include domestic, hotel, and restaurant work.
- Article 39(e) of DPSP puts responsibility of State to ensure that children of tender age should not be misused.
- Several PILs have been filed in the benefit of children. For example, MC Mehta vs State of TN, SC has held that children cannot be employed in match factories or which are directly connected with the process as it is hazardous for the children.
- In the case of Lakshmi Kant Pandey vs. Union of India, J Bhagwati has laid down guidelines for adoption of Indian children by foreigners.
- Article 45: Urges the state to provide early childhood care and education for children up to 6 years of age.

Q. 22 Apart from the Constitutional provisions which other policies and schemes have been enacted to protect the rights of children? Specify.

Statutory Bodies

- **National Commission for protection of Child Rights**

The Commissions for Protection of Child Rights Act, 2005 was notified in 2006. It has started functioning from March 2007. The National Commission for Protection of Child rights is a statutory body. Its mission is to protect, promote and defend child rights in India. Its mandate is to ensure that all laws, policies, programmes, practices and administration structure in the country are in consonance with the child rights perspective as enshrined in the constitution of India and also the UN Convention on the Rights of Children.

Policies

- **National Policy for Children**

The National Policy for Children was adopted in 1974. This policy lays down that the State shall provide adequate service for children, both before and after birth and during the growing stages for their full physical, mental and social development. The measures suggested in the policy include, amongst others, a comprehensive health programme, supplementary nutrition for mothers and children, free and compulsory education for all children up to the age of 4 years, promotion of physical education and recreational activities, special consideration for children etc. The Policy is being reviewed by the Ministry as per present needs and priorities.

- **National Charter for Children**

The Government of India adopted the National Charter for Children in 2004. The National Charter is a statement of intent embodying the Government's agenda for children. The document emphasizes GOI's commitment to children's rights to survival, health and nutrition, standard of living, play and leisure, early childhood care, education, protection of girl child, empowering adolescents, equality of life and liberty, name and nationality, freedom of expression, freedom of association and peaceful assembly, the right to a family and right to be protected from economic exploitation and all forms of abuse. It also provides for protection of children in difficult circumstances, children with disabilities, children from marginalized and disadvantaged communities and child victims. The document, while stipulating the duties of the State and the Community towards children, also emphasizes the duties of children towards family, society and the Nation.

Schemes

- **Integrated Child Development Services (ICDS) Scheme**

The Integrated Child Development Services (ICDS) Scheme was launched in 1975 as a Centrally Sponsored Scheme with the following objectives: (a) to improve the nutritional and health status of children below the age of six years and pregnant and lactating mothers; (b) to lay the foundation for the proper psychological, physical and social development of the child, (c) to reduce the incidents of mortality, morbidity, malnutrition and school dropouts, (d) to achieve effective coordination of policy and implementation among various departments to promote child development, (e) to enhance the capability of the mother to look after the health and nutritional needs of the child through proper health and nutrition education. The Scheme provides for a package of services to children below 6 years and pregnant women and lactating mothers, comprising (i) Supplementary nutrition (ii) Immunization, (iii) Health check-ups, (iv) Nutrition and Health education, (v) Referrals, (vi) Pre-school, non formal education.

- Rajiv Gandhi National Creche Scheme for the Children of Working Mothers
- Integrated Child protection Scheme (ICPS)
- Scheme for Welfare of Working Children in Need of Care and Protection
- Dhanlakshmi-Conditional Cash Transfer for Girl Child with insurance Cover
- Rajiv Gandhi Manav Seva Award For Service To Children
- Balika Samriddhi Yojana (BSY)
- Kishori Shakti Yojana (KSY)

- Nutrition Programme for Adolescent Girls (NPAG)
- Early Childhood Education for 3-6 Age Group Children Under the Programme of Universalisation of Elementary Education.
- Central Adoption Resource Agency (CARA)
- General Grant-in-Aid Scheme in the field of Women and Child Development.

(Refer the chapter on Welfare in India Year Book and Economic Survey for details of these schemes)

Q. 23 Women comprise roughly half of the population of our country. What is the reason that they are still a vulnerable section?

Because of the obvious biological and physical differences between men and women, gender inequality is often treated as natural. However, despite appearances, scholars have shown that the inequalities between men and women are social rather than natural. For example, there are no biological reasons that can explain why so few women are found in positions of public power. Nor can nature explain why women generally receive a smaller or no share in family property in most societies. But the strongest argument comes from the societies that were different from the 'normal' or common pattern. If women were biologically unfit to be inheritors and heads of families, how did matrilineal societies (as the Nairs of Kerala used to be, and as the Khasis of Meghalaya still are) work for centuries? How have women managed to be successful farmers and traders in so many African societies? There is, in short, nothing biological about the inequalities that mark the relations between men and women. Gender is thus also a form of social inequality and exclusion like caste and class, but with its own specific features.

Women's reform was a major issue much before independence. While in the nineteenth century reform movements, the emphasis had been on the backward aspects of tradition like sati, child marriage, or the ill treatment of widows, two decades after Independence, women's issues re-emerged in the 1970s with emphasis on 'modern' issues – the rape of women in police custody, dowry murders, the representation of women in popular media, and the gendered consequences of unequal development. The law was a major site for reform in the 1980s and after, specially when it was discovered that many laws of concern to women had not been changed since the 19th century. As we enter the twenty-first century, new sites of gender injustice are emerging. The sharp fall in the child sex ratio and the implicit social bias against the girl child represents one of the new challenges of gender inequality.

Q. 24 Mention the Constitutional provisions laid down for the welfare of women.

- Article 15(3): It allows the state to make special provisions for women and children. Several acts such as Dowry Prevention Act have been passed including the most recent one of Protection of women from domestic violence Act 2005.
- Article 23: Under the fundamental right against exploitation, forcing people into immoral activities has been prohibited.
- Article 39: Ensures equal pay to women for equal work.

In the case of *Randhir Singh vs Union of India*, SC held that the concept of equal pay for equal work is indeed a constitutional goal and is capable of being enforced through constitutional remedies under Art. 32.

- Article 40: Provides one-third reservation in panchayats.
- Article 42: Provides free pregnancy care and delivery.
- Article 44: It urges the state to implement uniform civil code, which will help improve the condition of women across all religions. It has, however, not been implemented due to political compulsions. In the case of *Sarla Mudgal vs Union of India*, SC has held that in Indian Republic there is to be only one nation i.e. Indian nation and no community could claim to be a separate entity on the basis of religion.

Q. 25 Give an account of the various policies, schemes, mechanisms and bodies constituted as a safeguard against women vulnerability.

Policies

- **National Policy for Empowerment of Women (NPEW)**

It was formulated in 2001 with the express goal of bringing about the advancement, development and empowerment of women. The NPEW laid down detailed prescriptions to address discrimination against women, strengthen existing institutions which includes the legal system,, provide better access to health care and other services, equal opportunities for women's participation in decision-making and mainstreaming gender concerns in the development process etc. The policies/programmes of the Government are all directed towards achieving inclusive growth with special focus on women in line with the objective of the NPEW.

Statutory and Autonomous Organizations

- **National commission for Women**

It is a statutory body constituted in 1992 under the National Commission for Women Act, 1990. The main task of the Commission is to study and monitor all matters relating to the Constitutional and legal safeguards provided for women and to review the existing legislations and suggest amendments, wherever necessary. The commission also ensures speedy redressal of grievances of women.

- **Rashtriya Mahila Kosh (RMK)**

Rashtriya Mahila Kosh (National Credit Fund for Women) was set up by the Government of India in March 1993 as an independent registered society. Its main objective was to provide micro credit to poor, assetless women for income generation activities for asset creation and for tiding over contingent consumption needs, as also as an instrument of socio-economic change and development of women. Government has proposed to restructure and strengthen RMK to scale up their activities including that of background and forward linkages to function as a single window facilitator and service provider for women self help groups (SHGs).

Schemes

- Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) - SABLA
- Indira Gandhi Matritva Sahyog Yojana (IGMSY – CMB Scheme
- Support to Training and Employment Programme for Women (STEP)
- Women Empowerment and Livelihood Programme in Mid-Gangetic Plains
- Swadhar
- Short Stay Homes
- Working Womens' Hostel
- Ujjawala
- Gender Budgeting Initiatives
- National Mission for Empowerment of Women
- Family Counselling Centers
- Condensed Courses of Education of Women
- Awareness Generation Programme

Other Programmes

- General Grant-in-aid Scheme for Innovative Work on Women and Child Development
- Convention on Elimination of Discrimination against Women (CEDAW)
- Beijing Platform for Action
- UN Convention on the Rights of the Child

(Refer the chapter on Welfare in India Year Book and Economic Survey for details of these schemes)

Q. 26 Analyze India's Welfare Policy. What is the criteria on the basis of which an assessment of India's Welfare Policy and Schemes can be done.

Independent India embraced equality as a cardinal value against a background of elaborate, valued and clearly perceived inequalities. Her constitutional policies to offset these proceeded from an awareness of the entrenched and cumulative nature of group inequalities. The result has been an array of programmes that have been called as welfare schemes. It would not be unfair to say that these welfare schemes have been pursued with remarkable persistence and generosity (if not always with vigour and effectiveness).

Few in independent India have voiced disagreement with the proposition that the disadvantaged and vulnerable sections of the population deserve and need 'special help'. But there has been considerable disagreement about exactly who is deserving of such help, about the form this help ought to take and about the efficacy and propriety of what the government has done under this head.

There is no open defence of the practices followed in earlier times. Everyone is against untouchability and against caste discrimination. Public debate takes the form of argument among competing views of what is really good for the "lower" castes and for the country. These views involve a host of assertions about the effects – beneficial and deleterious – of social welfare schemes.

The evaluation of these schemes involves a two-stage inquiry. **First**, there is what we might call the problem of performance: does the scheme actually deliver the goods. **Second**, we need to evaluate what we might call the problem of achievement. Has the scheme produced the results that it is supposed to achieve – do more jobs for Scheduled Castes produce considerate treatment by officials, or stimulate educational accomplishment, or produce social integration? To what extent does delivering the jobs entail the costs alleged by critics of preferential treatment – stigmatizing the beneficiaries, fomenting group resentments, lowering self-esteem, and so on.

Q. 27 Based on the above mentioned scheme of evaluation can we say that India's welfare programmes have largely been able to meet their objectives?

Given the complexity and number of schemes, mechanisms, laws and institutions performance of these are difficult to measure: effects ramify in complex interaction with other factors. Compensatory policies are designed to pursue a multiplicity of incommensurable goals in unspecified mixtures that vary from programme to programme, from time to time, and from proponent to proponent.

However undeniably, welfare measures have produced substantive redistributive effects though redistribution is not spread evenly throughout the beneficiary groups. For instance, there has been a major redistribution of educational opportunities to the vulnerable sections. In the utilization of these opportunities, however, there is evidence for substantial clustering, which appears to reflect structural factors (for instance, the greater urbanization of some groups) more than deliberate group aggrandizement, as is often charged. The better situated among the beneficiaries enjoy a disproportionate share of programme benefits. This tendency, inherent in all government programmes is aggravated by a passive administration and by the concentration on higher echelon benefits.

The welfare schemes have brought a many-fold increase in the number of families liberated from circumscribing subservient roles, enabling them to utilize expanding opportunities and support high educational attainments.

However, if as critics of preferential programmes charge, receiving separate and special treatment in itself wounds and alienates the members of beneficiary groups, this is surely amplified by the hostility encountered on being identified as a recipient. As sources of alienation, these experiences must be placed against the background of more devastating manifestations of hostility, such as the much publicized assaults and atrocities perpetrated on Scheduled Castes.

Welfare programmes provide the basis for personal achievement and enlarge the beneficiaries' capacity to shape their own lives. However, though these programmes have kept the beneficiary groups and their problems visible to the educated public, they have not stimulated widespread concern to provide for the inclusion of the vulnerable sections, apart from what is mandated by government policy. Some may also offer these as an excuse to absolve themselves of any responsibility for the betterment of the vulnerable sections on the ground that it is responsibility of

the government. The pervasive overestimation of the amount and effectiveness of welfare reinforces the notion that enough (or too much) is already being done and nothing more is called for.

In conclusion, one can only say that these schemes should not be judged only for their instrumental qualities. They are also expressive: through it Indians tell themselves what kind of people they are and what kind of nation India is. These schemes express a sense of connection and shared destiny. Advantaged and disadvantaged are indissolubly bound to one another. There is continuity between past and future that allows past injustices to be rectified. They embody the brave hopes of India reborn that animated the freedom movement and were crystallized in the Constitution. If the reality has disappointed many fond hopes, the turn away from the older hierarchic model to a pluralistic participatory society has proved vigorous and enduring.

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SUPPLEMENTARY MATERIAL (REFERENCE MATERIAL)

G. S. PAPER II

Some Government Policies

- NATIONAL ENVIRONMENT POLICY, 2006
- NATIONAL POPULATION POLICY 2000
- NATIONAL POLICY ON EDUCATION
- NATIONAL MANUFACTURING POLICY, 2011
- FISCAL AND MONETARY POLICY
- SCIENCE, TECHNOLOGY AND INNOVATION POLICY (STI), 2013
- FDI IN MULTIBRAND RETAIL
- NATIONAL FOOD SECURITY BILL

1.1 NATIONAL ENVIRONMENT POLICY, 2006

The National Environment Policy (NEP) seeks to extend the existing policies for environmental management for **ensuring sustainable development** by integrating the environmental concerns in the developmental projects. *It recognizes that while conservation of environmental resources is necessary to secure livelihoods and well being of all, the most secure basis for conservation is to ensure that people dependent on particular resources obtain better livelihoods from the fact of conservation, than from degradation of resources.* The policy also seeks to stimulate **partnership of different stakeholders** in harnessing their respective resources and strength for environmental management. **The Environment Impact Assessment Notification (EIA), 2006** requires developmental projects / activities / processes, listed therein to obtain prior environmental clearance under the provisions thereof so as to ensure that environmental concerns associated with these projects are duly integrated and addressed during different stages of project cycle. *The present national policies for environmental management are contained in the National Forest Policy, 1988; National Conservation Strategy and Policy Statement on Environment and Development, 1992; Policy Statement on Abatement of Pollution, 1992; National Agriculture Policy, 2000 National Population Policy, 2000; National Water Policy 2000. NEP seeks to extend the coverage to all these policies, and fill in gaps that still exist.*

1.1.1 Main concern of the NEP: Three foundational aspirations

1. Human beings should be able to enjoy a decent **quality of life**;
2. Humanity should become capable of respecting the **finiteness of the biosphere**;
3. Neither the aspiration for the good life, nor the recognition of biophysical limits should preclude the search for **greater justice in the world**.

There is a need for balance and harmony between economic, social and environmental needs of the country. The **dominant theme** of this policy is that while conservation of environmental resources is necessary to secure livelihoods and well-being of all, the most secure basis for conservation is to ensure **that people dependent on particular resources obtain better livelihoods from the fact of conservation, than from degradation of the resource**.

1.1.2 Constitutional Provisions

The NEP is a response to our national commitment to a clean environment, mandated in the constitution in **Articles 48 A and 51 A (g)**, strengthened by judicial interpretation of **Article 21**. *It is recognized that maintaining a healthy environment is not the state's responsibility alone, but also that of every citizen.*

1.1.3 Key Environmental Challenges

The proximate drivers of environmental degradation are **population growth**, inappropriate technology and **consumption choices**, and poverty, leading to changes in relations between people and ecosystems, and development activities such as intensive agriculture, polluting industry, and unplanned urbanisation. Institutional failures, lack of clarity or enforcement of rights of access and use of environmental resources, policies provide disincentives for environmental conservation, market failures, and governance constraints.

i. Poverty and Environment:

Poverty and environment have a mutual impact on each other.

Environment degradation causes poverty

The loss of the environmental resource base can result in certain groups of people being made destitute, even if overall, the economy shows strong growth. Urban environmental degradation, through lack of waste treatment and sanitation, industry and transport related pollution, adversely impacts air, water, and soil quality, and differentially impacts the health of the **urban poor**. *This, in turn, affects their **capability to seek and retain employment**, attends school, and enhances gender inequalities, all of which perpetuate poverty.*

Poverty causes environment degradation

For the poor, several environmental resources are complementary in production and consumption to other commodities e.g. water, fuel wood, a number of environmental resources are a source of income or food. Poor rely heavily on natural resources which a source of **cumulative causation**, where **poverty, gender inequalities, and environmental degradation** mutually reinforce each other. Environmental factors are estimated as being responsible in some cases for nearly **20 percent of the burden of disease in India**, and a number of environment-health factors are closely linked with dimensions of poverty e.g. malnutrition, lack of access to clean energy and water.

ii . Economic Loss

Economic growth bears a **dichotomous relationship** to environmental degradation. Growth may result in “**excessive**” environmental degradation through use of natural resources and generation of pollution aggravated by institutional failures. If impacts on the environmental resource base are neglected, an incorrect picture is obtained from conventional monetary estimates of national income. Unsustainable consumption patterns, particularly in industrialized countries also have serious adverse impacts on the environment, both local, and global. The global impacts are largely manifest in developing countries, and further accentuate poverty.

iii. Climate Change:

Discussed ahead in detail.

1.1.4 Objectives of the National Environment Policy

1. To conserve **Critical Environmental Resources** which are essential for life support, livelihoods, economic growth, and a broad conception of human well-being.
2. Intra-generational **Equity**: To ensure equitable access to environmental resources and quality for all sections of society those are most dependent on environmental resources.
3. Inter-generational Equity: To meet the needs and aspirations of the present and **future generations**.
4. **To integrate environmental concerns** into policies, plans, programmes, and projects for economic and social development.
5. **To ensure efficient use of environmental resources** in the sense of reduction in their use per unit of economic output, to minimize adverse environmental impacts.
6. To apply the principles of **good governance** to the management and regulation of use of environmental resources.
7. To ensure higher resource flows, comprising finance, technology, management skills, traditional knowledge, and social capital, for environmental conservation through mutually beneficial **multi-stakeholder partnerships**.

1.1.5 Liability in Environmental Degradation

i. Legal Liability

The present environmental redressal mechanism is predominantly based on **doctrines of criminal liability**, which have not proved sufficiently effective, and need to be supplemented. Civil liability for environmental damage would deter environmentally harmful actions, and compensate the victims of environmental damage. Conceptually, the principle of legal liability may be viewed as an embodiment in legal doctrine of the “**polluter pays**” approach, itself deriving from the principle of economic efficiency. The following alternative approaches to civil liability may apply:

1. Fault Based Liability: A party is held liable if it breaches a preexisting legal duty, for example, an environmental standard.

2. Strict Liability: Imposes an obligation to compensate the victim for harm resulting from actions or failure to take action, which may not necessarily constitute a breach of any law or duty of care.

Criminal processes and sanctions would be available for serious, and potentially provable, infringements of environmental law, and their initiation would be vested in responsible authorities. Recourse may also be had to the relevant provisions in the Indian Penal Code, and the Criminal Procedure Code. *Both civil and criminal penalties would be graded according to the **severity of the infraction**.*

ii. Public Trust Doctrine:

The State is not an absolute owner, but a **trustee of all natural resources**, which are by nature meant for public use and enjoyment, subject to reasonable conditions, necessary to protect the legitimate interest of a large number of people, or for matters of strategic national interest.

iii. Environmental Offsetting:

If for **exceptional reasons of overriding public interest** environmental protection cannot be provided in particular cases for larger public interest (e.g. dam building), *cost-effective offsetting measures must be undertaken by the proponents of the activity to restore as nearly as may be feasible, the lost environmental services to the same publics.*

1.1.6 Strategies and Actions

i. Revisiting the regulatory reforms

The present legislative framework is broadly contained in the umbrella Environment Protection Act, 1986; Water (Prevention and Control of Pollution Act), 1974; the Water Cess Act, 1977; Air (Prevention and Control of Pollution Act), 1981; Indian Forest Act, 1927; The Forest (Conservation) Act, 1980; Wild Life (Protection) Act, 1972 and Biodiversity Act (2000). There is a need to revise all these on broad based consensus.

ii. Process Related Reforms:

The Govindarajan Committee identified delays in environment and forest clearances as the largest source of delays in development projects, will be followed for reviewing the existing procedures for granting clearances and other approvals under various statutes and rules. These include all these acts mentioned as above plus Genetic Engineering Approval Committee (GEAC) Rules under the Environment Protection Act. *The objective is to reduce delays and levels of decision-making, realize decentralization of environmental functions, and ensure greater transparency and accountability.*

iii. Substantive Reforms:

a. Environment and Forests Clearances:

EIA will continue to be the principal methodology for appraising and reviewing new projects. The assessment processes are under major revision in line with the **Govindarajan Committee** recommendations. *Under the new arrangements, there would be significant devolution of powers to the State/UT level.*

b. Coastal Areas:

Development activities in the coastal areas are regulated by means of the Coastal Regulation zone notifications and Integrated Coastal Zone Management (ICZM) plans made under them. There is need to ensure that the regulations are firmly founded on scientific principles to ensure effective protection to valuable coastal environmental resources. Adequate environmental safeguards should be built into development projects in the islands, in particular those relating to tourism, high value agriculture, deep sea fishing, prospecting for oil and natural gas, etc. It

c. Living Modified Organisms (LMOs):

Review the regulatory processes for LMOs and National Bio-safety Guidelines, and Bio-safety Operations Manual to ensure that these are based on current scientific knowledge. Ensure the conservation of bio-diversity and human health when dealing with LMOs in transboundary movement in a manner consistent with the multilateral Bio-safety Protocol.

d. Environmentally Sensitive Zones:

Environmentally Sensitive Zones may be defined as areas with identified environmental resources having **“Incomparable Values”** which require special attention for their conservation. Identify and give legal status to Environmentally Sensitive Zones. Formulate area development plans with adequate participation by the local communities. Ensure adherence to the approved area development plans.

1.1.7 Monitoring of Compliance:

Weak enforcement of environmental compliance is attributed to inadequate technical capacities, monitoring infrastructure, and trained staff in enforcement institutions, insufficient involvement of local communities in the monitoring of compliance, and absence of institutionalized public-private partnerships in enhancement of monitoring infrastructure. NEP proposes to take measures, including capacity development initiatives to enable *Panchayati Raj Institutions and urban local bodies to undertake monitoring of compliance with environmental management plans. Measures will also be taken to encourage municipalities to annually report their environmental performance to their governing bodies. Develop feasible models of public-private partnerships to leverage financial, technical, and management resources of the private sector in setting up and operating infrastructure for monitoring of environmental compliance, with ironclad safeguards against possible conflict of interest or collusion with the monitored entities.*

1.1.8 Use of Economic Principles in Environmental Decision-making:

It is necessary that the costs associated with the degradation and depletion of natural resources be incorporated into the decisions of economic actors at various levels, to reverse the tendency to treat these resources as **“free goods”** and to pass the costs of degradation to other sections of society, or to future generations of the country. At the macro-level, a system of natural resource accounting is required to assess whether in the course of economic growth we are drawing down, or enhancing, the natural resource base of production, including relevant depletable assets. In addition, the environmental costs and benefits associated with various activities, including sectoral policies, should be evaluated to ensure that these factors are duly taken into account in decision-making.

The current near exclusive reliance on fiat based instruments for environmental regulation do not permit individual actors to minimize their own costs of compliance. This leads, on the one hand, to noncompliance in many cases, and on the other, unnecessary diversion of societal resources from other pressing needs. Economic instruments, of which a large, feasible suite, has emerged through practical experience in several developed and developing countries, work by aligning the interests of economic actors with environmental compliance, primarily through application of **“polluter pays”**. This may ensure that for any given level of environmental quality desired, the society-wide costs of meeting the standard are minimized. However, in some cases, use of economic instruments may require intensive monitoring, which too may entail significant societal costs. On the other hand, use of existing policy instruments, such as the fiscal regime, may significantly reduce or eliminate the need for enhanced institutional capacities to administer the incentive based instruments. *In future, accordingly, a judicious mix of incentives and fiat based regulatory instruments would be considered for each specific regulatory situation.*

1.1.9 Conserving Environmental Resources

i. Land Degradation:

The degradation of land, through soil erosion, alkali-salinization, water logging, pollution, and reduction in organic matter content has several proximate and underlying causes. The proximate causes include loss of forest and tree cover, unsustainable grazing, excessive use of irrigation, improper use of agricultural chemicals,

diversion of animal wastes for domestic fuel, and disposal of industrial and domestic wastes on productive land. These proximate causes of land degradation in turn, are driven by implicit and explicit subsidies for water, power, fertilizer and pesticides. Grazing lands are usually common property resources, and insufficient empowerment of local institutions for their management leads to overexploitation of the biomass base. The following specific initiatives would be taken:

- a) Research and development, extension of knowledge, pilot scale demonstrations, and large scale dissemination, including farmer's training, access to institutional finance.
- b) Formulation and adoption of multi-stakeholder partnerships, involving the land owning agency, local communities, and investors.
- c) **Watershed management** strategies, for arresting and reversing desertification, and expanding green cover.
- d) Organic farming, **sustainable cropping patterns**, and efficient irrigation techniques.

ii. Desert Ecosystems:

The arid and semi-arid region of India covers 38.8% of India's geographical area and spreads over 10 states. The pressures of a rapidly increasing population on the natural resource base necessitate adoption of innovative measures for conservation of desert ecosystems. The needed measures include:

- a) Intensive **water and moisture conservation** through traditional and science based knowledge;
- b) Enhancing and **expanding green cover based** on local species;
- c) Promoting agricultural practices and varieties adapted to the desert ecosystem.

iii. Forests:

Foremost sustain our rivers; conserve the soil; prevent floods and drought; provide habitat for wildlife; ecological conditions for maintenance; natural evolution of genetic diversity of flora and fauna. They are the homes of traditional forest dependent communities. The principal direct cause of forest loss has been the conversion of forests to agriculture, settlements, infrastructure, and industry, commercial extraction of fuelwood, illegal felling, and grazing of cattle, has degraded forests. These causes, however, have their origins in the fact that the environmental values provided by forests are not realized as direct financial benefits by various parties, at least to the extent of exceeding the monetary incomes from alternative uses, including those arising from illegal use. *Moreover, while since antiquity forest dwelling communities had generally recognized traditional community entitlements over the forests, on account of which they had strong incentives to use the forests sustainably and to protect them from encroachers, following the commencement of formal forest laws and institutions in 1865. These entitlements were effectively extinguished in many parts of the country.* Such disempowerment has led to the forests becoming open access in nature, leading to their gradual degradation in a classic manifestation of the **"Tragedy of Commons"**. It has also led to perennial conflict between the forest dependent communities and the Forest Department, constituting a major denial of justice. *The Panchayats (Extension to the Scheduled Areas) Act, 1996, and the relevant provisions of Part IX of the Constitution may provide a framework for restoration of the key traditional entitlements.* It is essential that **women play a greater role** in the management of natural resources. Relevant provisions of the National Policy for the Empowerment of Women provide a framework for incorporating elements of proposed actions.

Further, The National Forest Policy, 1988; and the Indian Forest Act, 1927; as well as the regulations under it, provide a comprehensive basis for forest conservation. **The National Forest Commission**, set up in 2003, is reviewing the policy, legislative and institutional basis of forest management. Apart from that the following step are also required:

1. Give **legal recognition** of the traditional entitlements of forest dependant communities.
2. Formulate an innovative strategy for increase of forest and tree cover from the 2003 level of 23.69 percent of the country's land area, to 33 percent in 2012.
3. Formulate an appropriate methodology for reckoning and **restoring the environmental values of forests; and "Code of Best Management Practices"** for dense natural forests.

4. **Denotify Bamboo** and similar other species as '**Forest Species**' under the Forest Conservation Act, to facilitate their cultivation outside notified forests.
5. Promote plantation of only such species as are conducive to the conservation.

iv. Wildlife:

The status of wildlife in a region is an accurate index of the state of ecological resources, and of the natural resource base of human well-being. This is because of the interdependent nature of ecological entities ("the web of life"), in which wildlife is a vital link. Several **charismatic species of wildlife embody "Incomparable Values"**, comprise a major resource base for sustainable eco-tourism. The following actions are a must for wild life conservation:

1. Expand the **Protected Area (PA)** network of the country to give fair representation to all bio-geographic zones of the country.
2. Revisit the norms, criteria and needs of data for placing particular species in different schedules of the **Wildlife Protection Act**.
3. Implement programs for conservation of endangered species outside protected areas, while reducing the scope for man-animal conflict.
4. Facilitate access to finance and technology, for local people, in particular tribals, who are relocated from PAs for provision of ecotourism services in the PAs.
5. *Paralleling multi-stakeholder partnerships for enhancement of wildlife habitat in Conservation Reserves and Community Reserves.*
6. Strengthen capacities and implement measures for **captive breeding**.
7. Strengthen *institutional measures and capacities of enforcement authorities*.
8. Ensure that human activities on the fringe areas of PAs do not degrade the habitat.

v. Biodiversity, Traditional Knowledge, and Natural Heritage:

Conservation of **genetic diversity** is crucial for development of improved crop varieties resistant to particular stresses, new pharma products, etc., apart from ensuring the resilience of ecosystems. **Traditional Knowledge (TK)**, referring to ethno-biology knowledge possessed by local communities, is the basis of their livelihoods, and also a potent means of unlocking the value of genetic diversity through reduction in search costs. Natural heritage sites, including endemic "**biodiversity hotspots**", sacred groves and landscapes, are repositories of significant genetic and eco-system diversity, and the latter are also an important basis for eco-tourism. *They are nature's laboratories for evolution of wild species in response to change in environmental conditions.* India is fortunate in having, through the efforts of dedicated scientists over many decades, developed vast inventories of floral and faunal resources, as well as ethno-biology knowledge. India is, thus well-placed to tap this enormous resource base for benefits for the country as a whole, and local communities in particular, provided that the genetic resources are conserved, and appropriate **Intellectual Property Rights (IPRs)** conferred on local communities in respect of their ethno-biology knowledge. A large-scale exercise has been completed for providing inputs towards a **National Biodiversity Strategy and Action Plan**. These inputs would be reviewed in terms of the Objectives and Principles of National Environment Policy, scientific validity, financial and administrative feasibility, and legal aspects. In any event, the following measures would be taken:

- a) Strengthen the protection of areas of high endemism of genetic resources ("**biodiversity hot spots**"), while providing alternative livelihoods and access to resources to local communities who may be affected thereby.
- b) Pay explicit attention to the potential impacts of development projects on biodiversity resources and natural heritage. *In particular, ancient sacred groves and "biodiversity hotspots" should be treated as possessing "Incomparable Values"*.
- c) Enhance ex-situ conservation of genetic resources in designated gene banks across the country. *Genetic material of threatened species of flora and fauna must be conserved on priority.*
- d) There is need to harmonize the Patent Act, 1970 with the Biodiversity Conservation Act 2000 to enable local communities holding traditional knowledge of use of biological material to benefit from providing access to traditional knowledge.

- e) **Equitable Benefit** sharing in respect of biological material and traditional knowledge of use of such biological material to enable the country and local communities respectively to derive economic benefits from providing access.

vi. Freshwater Resources:

(i) River Systems:

According to the Third Assessment Report of the Intergovernmental Panel on Climate Change (IPCC, 2001) almost 67% of the glaciers in the Himalayan mountain range have retreated in the past decade. *Available records suggest that the Gangotri glacier is retreating by about 30 meters per year.* Elevated global mean temperature may increase net melting rates resulting in glacial retreat and consequent adverse impact on flows in major rivers. Rivers are also subject to siltation from sediment loads due to soil loss, itself linked to loss of forest and tree cover, net water withdrawals along their course due to agricultural, industrial, and municipal use.

Rivers possess significant natural capacity to assimilate and render harmless many pollutants; the existing pollution inflows in many cases substantially exceed such natural capacities. This fact, together with progressive reductions in stream flows, ensures that the river water quality in the vast majority of cases declines as one goes downstream. The results include loss of aquatic flora and fauna, leading to loss of livelihoods for river fisherfolk, significant impacts on human health from polluted water, increased drudgery for poor, rural women in collecting drinking water from distant water bodies, loss of habitat for many bird species, and loss of inland navigation potential. Apart from these, India's rivers are **inextricably linked with the history and religious beliefs** of its peoples, and the degradation of important river systems accordingly offends their spiritual, aesthetic, and cultural sensibilities.

The direct causes of river degradation are, in turn, linked to several policies and regulatory regimes. These include tariff policies for irrigation systems and industrial use, which, through inadequate cost-recovery, provide incentives for overuse near the headworks of irrigation systems, and drying up of irrigation systems at the tail-ends. This results in excessive cultivation of water intensive crops near the head works, which may lead to inefficient water use, water logging and soil salinity and alkalinity. The irrigation tariffs also do not yield resources for proper maintenance of irrigation systems, leading to loss in their potential. In particular, resources are generally not available for lining irrigation canals to prevent seepage loss. These factors result in reduced flows in the rivers. Pollution loads are similarly linked to pricing policies leading to inefficient use of agricultural chemicals, and municipal and industrial water use. In particular, revenue yields for the latter two are insufficient to install and maintain sewage and effluent treatment plants, respectively. Pollution regulation for industries is typically not based on formal spatial planning to facilitate clustering of industries to realize scale economies in effluent treatment, resulting in relatively high costs of effluent treatment, and consequent increased incentives for non-compliance. There is, accordingly need to review the relevant **pricing policy regimes** and regulatory mechanisms, in terms of their likely adverse environmental impacts. The following comprise elements of an action plan for river systems:

- a) Promote research in glaciology to evaluate the impacts of climate change on glaciers and river flows.
- b) Promote integrated approaches to management of river basins to ensure maintenance of adequate flows, in particular for maintenance of in-stream ecological values.
- c) Mitigate the impacts on river and estuarine flora and fauna, and the resulting change in the resource base for livelihoods,
- d) Mandating the installation of water saving closets and taps in the building bye-laws.
- e) Integrate conservation and wise use of wetlands into river basin management to ensure maintenance of hydrological regimes and conservation of biodiversity.
- f) Prevent soil erosion, improve green cover. Encourage adherence to water quality standards.

(ii) Groundwater:

The water table has been falling rapidly in many areas of the country in recent decades. *This is largely due to withdrawal for agricultural, industrial, and urban use, in excess of annual recharge. In urban areas, apart from withdrawals for domestic and industrial use, housing and infrastructure such as roads prevent sufficient*

recharge. Some pollution of groundwater occurs due to leaching of stored hazardous waste and use of agricultural chemicals, in particular, pesticides. Contamination of groundwater is also due to **geogenic causes**, such as **leaching of arsenic and fluoride from natural deposits**.

The direct causes of groundwater depletion have their origin in the pricing policies for electricity and diesel. In the case of electricity, wherever individual metering is not practiced, a flat charge for electricity connections makes the marginal cost of electricity effectively zero. Subsidies for diesel also reduce the marginal cost of extraction to well below the efficient level. Given the fact that groundwater is an open access resource, the user then “rationally extracts groundwater until the marginal value to him equals his now very low marginal cost of extraction. The result is inefficient withdrawals of groundwater by all users, leading to the situation of falling water tables. The following actions will be taken to avoid all these issues:

- a) Take explicit account of **impacts on groundwater tables of electricity tariffs and pricing of diesel**.
- b) Promote efficient water use techniques; provide necessary pricing, inputs, and extension support to feasible and remunerative alternative crops.
- c) Ensure availability of ground water potential maps through a designated institution.
- d) *Rain water harvesting, artificial recharge and traditional methods for enhancing groundwater recharge.* Mandate water harvesting; provide web based information on water harvesting techniques.
- e) Implement a comprehensive strategy for regulating use of ground water by large industrial and commercial establishments.
- f) Support R&D in cost effective techniques suitable for rural drinking water projects for remedial measures and removal of **arsenic, fluoride, and other toxic** substances.
- g) Improve productivity per unit of water consumed in industrial processes.
- (i) Suitable sites for dumping the toxic waste material to prevent the movement of the toxic waste in the ground water.
- (j) Optional utilization of fertilizers, pesticides and insecticides should be encouraged for improving the water quality.

1.1.10 Wet Lands

Wetlands are under threat from drainage and conversion for agriculture and human settlements, besides pollution. This happens because public authorities or individuals having jurisdiction over wetlands derive little revenues from them, while the alternative use may result in windfall financial gains to them. In many cases, the economic values of wetlands' environmental services may significantly exceed the value from alternative use. The reduction in economic value of their environmental services due to pollution, as well as the health costs of the pollution itself, are not taken into account while using them as a waste dump. *There also does not yet exist a formal system of wetland regulation outside the international commitments made in respect of Ramsar sites.* The following actions will be taken to conserve the wetlands:

- a) Set up a legally enforceable regulatory mechanism for identified valuable wetlands and develop a national inventory of such wetlands.
- b) Formulate conservation and prudent use strategies for each wetland.
- c) Implement **eco-tourism strategies for identified wetlands**.
- d) Take explicit account of impacts on wetlands of significant development projects.
- e) Consider particular unique wetlands as entities with **“Incomparable Values”**.
- f) Integrate wetland conservation, including conservation of village ponds and tanks, into sectoral development plans for poverty alleviation and livelihood improvement efforts.

1.1.11 Mountains

Mountains are among the most fragile of ecosystems in terms of susceptibility to anthropogenic shocks. There has been significant adverse impact on mountain ecosystems by way of deforestation, submergence of river valleys, pollution of freshwater sources, despoliation of landscapes, degradation of human habitat, loss of genetic diversity, plantation of species not conducive to conservation of the mountain environment, retreat of glaciers, and pollution. The most significant proximate causes of these are illegal logging and

commercial fuel wood collection, besides faulty construction of infrastructure, unplanned urbanization and lack of enforcement of building bye-laws, absence or disrepair of sanitation systems, setting up of polluting industries, large scale mining of low unit value minerals, climate change, and excessive use of agricultural chemicals. The following elements of an Action Plan will be taken up to conserve mountains:

- a) Adopt appropriate land use planning and watershed management practices.
- b) Adopt “best practice” norms for infrastructure construction in mountain regions.
- c) Encourage cultivation of traditional varieties of crops and horticulture by promotion of organic farming.
- d) Promote sustainable tourism through adoption of “best practice” norms for tourism facilities and access to ecological resources, and multi-stakeholder partnerships.
- e) Regulate tourist inflows into mountain regions to ensure the carrying capacity of the mountain ecology.
- f) Consider particular unique mountain scapes as entities with “Incomparable Values”, in developing strategies for their protection.

1.1.12 Coastal Resources

In recent years there has been significant degradation of coastal resources, for which the proximate causes include poorly planned human settlements, improper location of industries and infrastructure, pollution from industries and settlements, and overexploitation of living natural resources. In the future, sea level rise due to climate change may have major adverse impacts on the coastal environment. The deeper causes of these proximate factors lie in inadequate institutional capacities for, and participation of local communities in, formulation and implementation of coastal management plans, the open access nature of many coastal resources, and **lack of consensus on means of provision of sanitation and waste treatment**. The following further actions will be taken up:

- a) Sustainable management of mangroves into the forestry sector regulatory regime.
- b) Techniques for regeneration of coral reefs and support activities.
- c) Explicitly consider sea-level rise and vulnerability of coastal areas to climate change and geological events, in coastal management plans.
- d) Adopt a comprehensive approach to Integrated Coastal Management by addressing linkages between coastal areas, wetlands, and river systems.
- e) Strengthen regulation of ship-breaking activities on human health, and coastal and near marine resources.

1.1.13 Pollution Abatement

(i) Air Pollution:

Air pollution may have adverse impacts on human health, as well the health of other living entities, manmade heritage, and life-support systems, such as global climate. Depending upon the lifetime of the pollutants, the location of the source, and the prevailing air currents, the receptors may be located at homestead, local, regional, or global levels, at time intervals from near instantaneous, to several decades. *The direct causes of air pollution are emissions from the use of fossil energy, and other industrial processes, and some consumption activities.* The deeper causes arise in a multiplicity of policy, and institutional, including regulatory shortcomings, in particular, inefficient pricing of fossil fuel based energy. **Indoor air pollution, a special case**, arises from the low societal status of women, leading to continued use of polluting, inefficient biomass stoves, besides pricing policies for agricultural chemicals which lead to substitution of biomass based fertilizer by chemicals, the biomass then being used inefficiently as fuel. *These deeper causes need to be addressed through policies and programmes for redressing women's status, and dialogue aimed at consideration of the environmental impacts of pricing policies for agricultural chemicals.* In addition, the following specific actions will be taken:

- a) **Integrated approach** to energy conservation and adoption of renewable energy technologies to improve conversion, transmission, distribution, and end-use efficiency.

Remove policy, legal, and regulatory barriers to setting up decentralized generation and distribution systems for power and other secondary energy forms, based on local primary energy resources.

- b) Accelerate the national programmes of dissemination of improved fuelwood stoves, and solar cookers, suited to local cooking practices and biomass resources.
- c) Enforcement of emission standards for both point and non-point sources.
- d) Addressing air pollution for both point and non-point sources, relying on a judicious combination of fiat and incentive based instruments.
- e) Ensure adequate investment in low-pollution mass transport systems.
- f) Promote reclamation of wastelands by energy plantations for rural energy through multi-stakeholder partnerships.
- g) *Replace fossil fuels by bio-fuels, through promotion of bio-fuels plantations, promoting relevant research and development, and streamlining regulatory certification of the new technologies.*

(ii) Water Pollution:

The direct and indirect causes of pollution of surface water sources, groundwater, and coastal areas have been discussed above. The following comprise further elements of an action plan:

- a) Public-private partnership models for setting up and operating effluent and sewage treatment plants. Progressively use public resources, including external assistance, to catalyze such partnerships and *enhance the **capacities of municipalities** for recovery of user charges for water and sewage systems.*
- b) Address water pollution, comprising regulatory systems relying on a appropriate combination of fiat and incentive based instruments, projects implemented through public agencies as well as public-private partnerships for treatment, reuse, and recycle where applicable.
- c) Prevent pollution of water bodies from other sources, especially waste disposal on lands.
- d) Enhance capacities for spatial planning among the *State and Local Governments, with adequate participation by local communities, to ensure clustering of polluting industries to facilitate setting up of common effluent treatment plants, to be operated on cost recovery basis.* Ensure that legal entity status is available for common effluent treatment plants to facilitate investments, and enable enforcement of standards.
- e) Promote R&D in development of low cost technologies for sewage treatment at different scales, in particular, replication of the **East Kolkata wetlands** and **other bio-processing based models** for sewage treatment, to yield multiple benefits.
- f) Take explicit account of groundwater pollution in pricing policies of agricultural inputs, especially pesticides, and dissemination of agronomy practices. **Encourage Integrated Pest Management (IPM) and use of biodegradable pesticides.**

(iii) Soil Pollution

An Action Plan to mitigate soil pollution will comprise:

- a) Develop and implement viable models of public-private partnerships for setting up and operating secure landfills, incinerators, and other appropriate techniques for the treatment and disposal of toxic and hazardous waste, both industrial and biomedical, on payment by users, taking the concerns of local communities into account.
- b) Develop and implement strategies for clean up of toxic and hazardous waste dump legacies, in particular in industrial areas, and abandoned mines, and reclamation of such lands for future, sustainable use.
- c) Strengthen capacities of institutions responsible for monitoring and enforcement in respect of toxic and hazardous wastes.
- d) Strengthen the **legal arrangements and response measures** for addressing emergencies arising out of transportation, handling, and disposal of hazardous wastes, as part of the chemical accidents regime.
- e) Strengthen the capacities of local bodies for segregation, recycling, and reuse of municipal solid wastes- recognizing inter-alia the positive impacts it may have on the welfare of safai-karamcharis, and setting up and operating sanitary landfills, in particular through competitive outsourcing of solid

waste management services.

- f) Give legal recognition to, and strengthen the informal sector systems of collection and recycling of various materials. In particular enhance their access to institutional finance and relevant technologies.
- g) **Promote organic farming of traditional crop varieties through research** in and dissemination of techniques for reclamation of land with prior exposure to agricultural chemicals, facilitating marketing of organic produce in India and abroad, including by development of transparent, voluntary, science-based labelling schemes.
- h) Promote **biodegradable and recyclable substitutes for non-biodegradable** materials, and develop and implement strategies for their recycle, reuse, and final environmentally benign disposal, including through promotion of relevant technologies, and use of incentive based instruments.
- i) Develop and enforce regulations and guidelines for management of **e-waste**, as part of the hazardous waste regime.
- j) Promote, through incentives, removal of barriers, and regulation, the beneficial utilisation of generally non-hazardous waste streams such as fly ash, bottom ash, red mud, and slag, including in cement and brick making, and building railway and highway embankments.

1.1.14 Climate Change

Climate change, resulting from anthropogenic emissions of a suite of gases (called “greenhouse gases” or GHGs) due to fossil fuel use, certain agricultural and industrial activities, and deforestation, leading to their increasing concentrations in the atmosphere, has the potential, over the next few generations, to significantly alter global climate. This would result in large changes in ecosystems, leading to possibly catastrophic disruptions of livelihoods, economic activity, living conditions, and human health. On the other hand, abatement of GHGs, would involve significant economic costs. While climate change is a global environmental issue, different countries bear different levels of responsibility for increase in atmospheric GHGs concentrations. Further, the adverse impacts of climate change will fall disproportionately on those who have the least responsibility for causing the problem, in particular, developing countries, including India.

India's GHG emissions in 1994 were 1228 million ton (Mt) CO₂ equivalent²⁵, which is below 3% of global GHG emissions. In per-capita terms, it is 23 per cent of the global average, and 4 per cent of USA, 8 per cent of Germany, 9 per cent of UK, and 10 per cent of Japan, per capita emissions in 1994. In terms of the GHG intensity of the economy, in Purchasing Power Parity terms, India emitted a little above 0.4 ton CO₂ equivalent per 1000 US dollars in 2002, which is lower than the global average. In terms of primary energy use, India's share of renewable energy (being a non GHG emitting energy form) at 36 per cent is far higher than industrialized countries can hope to reach in many decades. Since GHG emissions are directly linked to economic activity, India's economic growth will necessarily involve increase in GHG emissions from the current extremely low levels. Any constraints on the emissions of GHG by India, whether direct, by way of emissions targets, or indirect, will reduce growth rates.

On the other hand, India's policies for sustainable development, by way of promotion of energy efficiency, appropriate mix of fuels and primary energy sources including nuclear, hydro and renewable sources, energy pricing, pollution abatement, afforestation, mass transport, besides differentially higher growth rates of less energy intensive services sectors as compared to manufacturing, results in a relatively GHGs benign growth path. Anthropogenic climate change, significant responsibility for which clearly does not lie with India or other developing countries, may, on the other hand, have likely adverse impacts on India's precipitation patterns, ecosystems, agricultural potential, forests, water resources, coastal and marine resources, besides increase in range of several disease vectors. Large-scale resources would clearly be required for adaptation measures for climate change impacts, if catastrophic human misery is to be avoided. Accordingly, the following will comprise essential elements of India's response to climate change:

- a) Adherence to the principle of common but differentiated responsibilities and respective capabilities of different countries in respect of both mitigation of GHGs, and adaptation measures.
- b) *Reliance on multilateral approaches, as opposed to bilateral or plurilateral or unilateral measures.*
- c) **Equal per-capita entitlements** of global environmental resources to all countries.
- d) Over-riding priority of the right to development.

- e) Identify key vulnerabilities of India to climate change, in particular impacts on water resources, forests, coastal areas, agriculture, and health.
- f) Assess the need for adaptation to future climate change, and the scope for incorporating these in relevant programmes, including watershed management, coastal zone planning and regulation, forestry management, agricultural technologies and practices, and health programmes.
- g) *Encourage Indian Industry to participate in the Clean Development Mechanism (CDM) through capacity building for identifying and preparing CDM projects, including in the financial sector.*
- h) *Participate in voluntary partnerships with other countries both developed and developing, to address the challenges of sustainable development and climate change, consistent with the provisions of the UN Framework Convention on Climate Change.*

1.1.15 Environmental Management Systems, Ecolabeling and Certification:

Environmental Management Systems (EMS), such as ISO 14000, by requiring the adoption of standardized environmental management practices, documenting their actual use, and credible third party verification of the fact, may significantly ease the public burden of monitoring and enforcement of prescribed emissions standards. On the other hand, their adoption may involve transaction costs, which, for small and medium enterprises may be significant in relation to their total investment. *Global harmonization of EMS, however, is a safeguard against adoption of arbitrary national EMS regimes to serve as non-tariff barriers.* Ecolabeling (and other voluntary certification mechanisms) differ from the EMS in that **they address the preferences of environmentally conscious consumers, rather than ensuring adherence to national environmental standards.** They may involve review of the entire product cycle, from sourcing raw materials, to final disposal of the product after use, and since they are concerned primarily with consumer preferences, may relate to external or ad-hoc, rather than national environmental standards. Further, at present, non-public bodies have established several labeling schemes in India's export destinations, with no satisfactory evidence of being based on scientific knowledge, or participation by the potentially affected producers. *Moreover, they may be based on prescriptions of production processes, and not only of the product characteristics, and for this reason, their mandatory application is inconsistent with provisions of the WTO regime.* Ecolabels, etc., clearly have the potential to be employed as trade barriers, at least by competing firms in the export destinations, if not directly by their Governments. The obtaining of an ecolabel, especially one granted by an agency located in a developed country, may involve large transactions costs. **However, ecolabeled products may command significant price premia, as well as ease of entry to markets.** On the other hand, the fact of a large, rapidly growing, environmentally conscious consumer base in India itself, may provide the required leverage to realize significant advantages from mutual recognition of ecolabeling schemes. The following actions will be taken:

1. Encourage industry associations to promote the adoption of ISO 14000 among their members, through provision of technical and training support. Mainstream promotion of **ISO 14000** in the small-scale sector in the various promotion schemes for the sector.
2. Encourage adoption of EMS through purchase preference for ISO 14000 goods and services for Government procurement, except for items reserved for the small-scale sector at any given time. Mandate ISO 14000 when a sufficient number of domestic suppliers for each good or service have ISO 14000 certification.
 - o Formulate **"Good Practice Guidelines"** for ecolabels to enhance their scientific basis, transparency, and requirements of participation. Promote the mutual recognition of Indian and foreign ecolabels, which adhere to the Good Practice Guidelines, to ensure that Indian exporters enhance their market access at lower costs.

1.1.16 Clean Technologies and Innovation:

Clean technologies, as distinct from "end-of-pipe" abatement technologies minimize the generation of waste streams in the production processes and utilize waste from other consumption goods and production processes, rather than treating the waste after generation. In general, clean technologies are less intensive in use of raw materials and energy, than conventional technologies, which rely on pollution abatement after generation. For this reason, they may also offer significant cost advantages to the producer. *Barriers to the adoption of clean technologies are, first, the fact that many of them are proprietary, and protected by strong*

patent regimes held abroad. The vendors, accordingly, would be able to extract large premiums in the absence of competitive substitutes. In such cases a project specific approach will be adopted in respect of enhancing market access. Secondly, lack of **capacity in development financial institutions** for appraisal of proposals for switching existing production facilities to clean technologies. Third, the **lack of coordination in R&D efforts** in India aimed at developing a shelf of commercially viable clean technologies. The last should also be viewed against the fact that in future, almost all commercial transfers of production technology worldwide may be for clean technologies. The following will comprise elements of an Action Plan:

- a) Encourage capacity building in the financial sector for appraising clean technology switchover project proposals.
- b) Set up a mechanism to network technology research institutions in the country, public and private, for cooperation in technology research and development and adaptation, information, and evaluation of clean technologies. Create a database of such technologies, and promote dissemination of new technologies developed both in India and abroad.
- c) Consider use of revenue enhancing fiscal instruments to promote shifts to clean technologies in both existing and new units.
- d) *Promote adoption of clean technologies by industry, in particular in the small and medium sector, through regulatory and fiscal measures, and standards setting.*

1.1.17 Partnerships and Stakeholder Involvement:

Conservation of the environment requires the participation of multiple stakeholders, who may bring to bear their respective resources, competencies, and perspectives, so that the outcomes of partnerships are superior to those of each acting alone. Implementing and policy making agencies of the Government, at **Central, State, Municipal, and Panchayat levels**; the legislatures and judiciary; the public and private corporate sectors; financial institutions; industry associations; academic and research institutions; independent professionals and experts; the media; youth clubs; community based organizations; voluntary organizations; and multilateral and bilateral development partners, may each play important roles in partnerships for the formulation, implementation, and promotion of measures for environmental conservation. Institutions of local self-government have an important role in management of the environment and natural resources. *The 73 rd and 74th Constitutional amendments provide the framework for their empowerment.* Further policy and legislative changes are necessary to enable them to actually realize such a role, and participate in various partnerships in this context. A generic classification of some, not exhaustive, possible partnerships is as follows:

- a) Public-Community Partnerships, by which public agencies and local communities cooperate in the management of a given environmental resource, each partner bringing agreed resources, assuming specified responsibilities, and with defined entitlements, **e.g. Joint Forestry Management.**
- b) Public-Private Partnerships, by which **specified public functions** with respect to environmental management are contracted out competitively to private providers, e.g. **monitoring of environmental quality.**
- c) Public-Community-Private Partnerships, in terms of which the partners assume joint responsibility for a particular environmental function, with defined obligations and entitlements for each, with competitive selection of the private sector partner, e.g. **afforestation of degraded forests.**
- d) Public-Voluntary Organization Partnerships, similar to public-private partnerships, in respect of functions in which voluntary organizations may have a comparative advantage over others, the voluntary organizations, in turn, being selected competitively, **e.g. environmental awareness raising.**
- e) Public-Private-Voluntary Organization Partnerships, in which the provision of specified public responsibilities is accomplished on competitive basis by the private sector, and the provision is monitored by competitively selected voluntary organizations, e.g. **"Build, Own, Operate"** sewage and effluent treatment plants.
- f) It is also essential that all partnerships are realized through, and are carried out in terms of the principles of good governance, in particular, transparency, accountability, cost effectiveness, and efficiency.
- g) **Youth constitute the most vibrant segment of the country's population.** Their strength needs to be

harnessed and channelised in protection and conservation of environment. They also need to be involved in relevant stakeholder participation.

1.2 NATIONAL POPULATION POLICY 2000

The objective of socio-economic development is to improve the quality of lives of people to enhance their well being, opportunities and choices. *India was the first country in the world to launch a national family programme for reducing birth rates to stabilize the population at a level consistent with the requirement of national economy in 1952* Sharp declines in death rates were not accompanied by a similar drop in birth rates as per the programme expectations. In 1983, **National Health Policy** shifted the goal post to 2000 for achieving the total fertility rate targets.

At present level, India represents 16 % of the world's population and 2.4 % of the world's land area. India may overtake China in 2045 to become the most populous country in the world; if population grows at the current pace. The population of India has increased nearly five times from 23 crores to 1 billion in the last century. India's current annual population growth rate can threaten resource base of the environment and the stability of it.

Controlling the rate of population is pre-requisite for promoting inclusive and sustainable development with equitable distribution. For this, it is required to make reproductive health care; primary and secondary education accessible and affordable as well as basic amenities such as sanitation, safe drinking water, and housing. Gender empowerment, employment opportunities, transport and communications etc. have complementary effect on the development.

The National Population Policy, 2000 (NPP) was designed with a commitment towards voluntary choice and consent of citizens in availing of reproductive health care services. *The family planning services by the govt. were administered with no enforcement or mandatory obligations in achieving some pre-defined targets.* Nonetheless, the NPP is a policy framework for advancement of goals and priorities for the future to meet the reproductive and child health needs of Indian populace e.g. net replacement levels of TFR by 2010. The policy is broad based to address issues of child survival, maternal health and contraception and comprehensive package of reproductive and child health services by government in multi-stakeholder partnership with industry, non-government sector and civil society etc.

1.2.2 Objectives of the NPP

1. The immediate objective of the NPP 2000 is to address the *unmet needs for contraception, health care infrastructure, and health personnel, and to provide integrated service delivery for basic reproductive and child health care.*
2. The medium-term objective is to bring the **TFR to replacement levels by 2010.**
3. The long-term objective is to achieve a **stable population by 2045**, at a level consistent with the requirements of sustainable economic growth, social development, and environmental protection.

1.2.3 Following National Socio-Demographic Goals to be achieved in each case by 2010 are formulated to achieve the objectives above:

- I. Address the unmet needs for basic reproductive and child health services, **supplies and infrastructure.**
- II. Make school education up to **age 14 free and compulsory**, and reduce drop outs at primary and secondary school levels to below 20 percent for both boys and girls.
- III. Reduce infant mortality rate to below **30 per 1000** live births.
- IV. Reduce maternal mortality ratio to below **100 per 100,000 live births.**
- V. Achieve **universal immunization of children** against all vaccine preventable diseases.
- VI. Promote **delayed marriage** for girls, not earlier than age 18 and preferably after 20 years of age.
- VII. Achieve 80 percent **institutional deliveries** and 100 percent deliveries by trained persons.

- VIII. Achieve universal access to information/counseling, and services for **fertility regulation and contraception** with a wide basket of choices.
- IX. Achieve 100 per cent **registration of births**, deaths, marriage and pregnancy.
- X. Contain the spread of Acquired Immunodeficiency Syndrome (AIDS), and promote greater integration between the management of reproductive tract infections (RTI) and sexually transmitted infections (STI) and the National AIDS Control Organisation.
- XI. Prevent and control **communicable diseases**.
- XII. **Integrate Indian Systems of Medicine (ISM)** in the provision of reproductive and child health services, and in reaching out to households.
- XIII. Promote vigorously the **small family norm** to achieve replacement levels of TFR.
- XIV. Bring about **convergence** in implementation of related social sector programs so that family welfare becomes a people centred programme.

1.2.4 Key reasons for high population growth in India

- i. The large size of India's population is in the reproductive age-group i.e. 58 % of total population. *This fast increase in population would continue for some more years because high TFRs in the past have resulted in a large proportion of the population being currently in their reproductive years.* Majority of the reproductive age group has not been committed to the small family norms. More than 45 % of the population increase is contributed by births above two children per family.
- ii. Higher fertility is because of unmet need for contraception which estimated to contribute 20% of the population growth. India has 168 million eligible couples of which 54 % are currently not effectively protected. Immediate action is required to make contraception more widely available, accessible, and affordable. More than 74 % of the population lives in rural areas in about 6 lakh villages. Many are with poor transport and rural infrastructure. Reproductive health and basic health infrastructure and services do not reach the villages.
- iii. *High wanted fertility due to the high infant mortality rate (IMR) which estimated contribution about 20 %. Repeated child births are seen as an insurance against multiple infant and child deaths; and high infant mortality impedes all efforts at reducing TFR.*
- iv. Over 50 % of girls marry below the age of 18, the minimum legal age of marriage, resulting in a typical reproductive pattern of "**too early, too frequent, too many**". 33% births occur at intervals of less than 24 months, which not only result in high MMR also results in high IMR.

1.2.5 Strategy for implementation of action plan

i. Decentralised Planning and Implementation

PRIs are an important means of decentralised planning and programme implementation in the context of the NPP 2000. Constitution of India's 73rd and 74th Constitutional Amendments Act, 1992, have directed PRIs to take responsibility for implementing the provisions of NPP related to health, family welfare, and education. State govt. need to strengthen the further delegation of administrative and financial powers to PRIs including powers of resource mobilization. As 33% of elected panchayat seats are reserved for women, panchayats should promote **gender sensitive**, multi-sectoral agenda for population stabilization. Besides, Panchayats need to identify unmet needs for reproductive health services, and suggest the district level committees to prepare need-based, demand driven, socio-demographic plans at the village level. Block level institutions must identify and provide responsive, people-centred and integrated, basic reproductive and child health care. PRIs as the very grass root institutions have to **demonstrate exemplary performance** in the compulsory registration of births, deaths, marriages, and pregnancies, universalizing the small family norm, increasing safe deliveries. *Bringing about reductions in infant and maternal mortality and promoting compulsory education up to age 14 are also other major responsibilities of the PRIs.*

ii. Convergence of Service Deliveries

To make the NPP successful in long term, state govts. have to direct an integrated package of

essential services at village level door to door. Current health infrastructure includes 2,500 community health centres, 25,000 primary health centres (each covering a population of 30,000), and 1.36 lakh subcentres (each covering a population of 5,000 in the plains and 3,000 in hilly regions) is inadequate considering the demand for services. *Inadequacies in the existing health infrastructure led to an unmet need of 30 % for contraception facilities, and widening gaps in coverage and outreach.* Health care centres are over-exploited. They fail to provide services with limited personnel and equipment to a vast number of beneficiaries. Lack of supportive supervision, training in interpersonal communication, and motivation to work in rural areas impede access to reproductive and child health services and contribute to poor quality of services. Such problems are more acute particularly for remote, inaccessible, and sparsely populated regions in the country like hilly and forested areas, desert regions and tribal areas. Govt. with multi-stakeholders need to promote a more flexible approach, by extending basic reproductive and child health care through **mobile clinics and counseling services**. *Government alone cannot make up for the inadequacies in health care infrastructure and services, in order to resolve unmet needs and extend coverage.*

iii. Manpower and Logistics at village level

An increase in the number of trained birth attendants of **at least two** per village, is necessary to universalise coverage and outreach of ante-natal, natal and post-natal health care. An equipped maternity health centre in each village should be set up to serve as a delivery room with adequate midwifery kits, basic medication for essential obstetric aid, and indigenous medicines and supplies for maternal and new born care. Programmes for safe maternity, universal immunisation, child care and oral rehydration have been combined into an **Integrated Reproductive and Child Health Programme**. *Integrated service delivery would facilitate the registration at village levels, of births, deaths, marriage, and pregnancies.* Village should maintain a list of community midwives and trained birth attendants, village health guides, **panchayat sewa sahayaks**, primary school teachers and anganwadi workers to entrust various responsibilities in the implementation of integrated service delivery. Reproductive health services for **adolescent girls and boys** are especially significant in rural areas where adolescent marriage and pregnancy are widely prevalent. Their special requirements comprise information, counseling, population education, and making contraceptive services accessible and affordable, providing food supplements and nutritional services through the ICDS, and enforcing **the Child Marriage Restraint Act, 1976**.

iv. Gender Empowerment

Women's health and nutrition is a critical determinant in socio-economic development. Discriminatory childcare leads to malnutrition and impaired physical development of a girl child. Proper nutrition diets in early adolescence and lack of food entitlements to the nutrition are crucial to well-being of women and children. *The positive effects of good health and nutrition on the labour productivity of the poor are well recognized. Interventions for improving women's health and nutrition are critical for poverty reduction.* Serious pregnancy related complications results in impaired health in early childbearing. *Women's risk of premature death and disability is highest during their reproductive years. Malnutrition, frequent pregnancies, unsafe abortions, RTI and STI etc. keep the maternal mortality ratio in India among the highest in the world.*

Maternal mortality is not merely a burden to Indian women but it is a matter of **social injustice**. Maternal mortality is an indicator of disparity and inequity in access to appropriate health care and nutrition services. Low social and economic status of girls and women limits their access to education, good nutrition. Women in poor area can't afford to pay to pay for health care and family planning services. Women's health and nutrition problems can be prevented through low cost interventions designed for low income rural areas.

Increased Participation of Men in Planned Parenthood:

Gender inequalities in patriarchal societies ensure that men play a critical role in determining the education and employment of family members, age at marriage, besides access to and utilisation of health, nutrition, and family welfare services for women and children. The active involvement of men is also called for in planning families, supporting contraceptive use, helping pregnant women stay healthy, arranging skilled care during

delivery, avoiding delays in seeking care, helping after the baby is born and, finally, in being a responsible father. More than 97% of sterilisations are tubectomies which manifests gender imbalance. Govt must re-popularise vasectomies, in particular non scalpel vasectomy as a safe and simple procedure focusing on men.

v. Child Health Care

High infant mortality is an indicator of poor socio-economic development; high mortality and morbidity among infants and children below 5 years occurs on account of inadequate care, asphyxia during birth, premature birth, low birth weight, acute respiratory infections, diarrhoea, vaccine preventable diseases, malnutrition and deficiencies of nutrients. Govt's priority is to intensify neo-natal care. A National Technical Committee consisting consultants in obstetrics, pediatrics (neonatologists), family health, medical research, public health professionals, clinical practitioners and government representative must be set up for perinatal audit norms, developing quality improvement activities with monitoring schedules and suggestions for facilitating provision of continuing medical and nursing education. Implementation at the grass-roots must benefit from current developments in the fields of perinatology and neonatology. **The baby friendly hospital initiative (BFHI) should be extended to all hospitals and clinics up to subcentre levels in villages.** Besides promoting breast-feeding and complementary feeds, the BFHI should include updating of skills of trained birth attendants to improve new born care practices to reduce the risks of hypothermia and infection. Universal immunization, control of childhood diarrhoeas with oral rehydration therapies, management of acute respiratory infections, massive doses of Vitamin A and food supplements can help in reducing infant and child mortality and morbidity. **Decline in standards**, outreach and quality of routine immunization must be controlled.

vi. Family Welfare Services for Under-Served Population Groups

In rural and sub-urban areas face severe problems of unmet needs for contraceptives, supplies and equipment for integrated service delivery, mobility of health providers, patients, comprehensive information and awareness. It is important to strengthen the cutting edge of health infrastructure at the village, sub centre and primary health centre levels to improve facilities for referral transportation to encourage local initiatives for ambulance services at village and block levels. Further there is a need to increase **innovative social marketing schemes** for affordable products and services for improved advocacy. More than 100 million people live in urban slums, with no access to potable water, sanitation facilities and health care services which contributes to high infant and child mortality. **This in turn perpetuates high TFR and maternal mortality.** **Basic and primary health care needs to be provided through coordination with municipal bodies for water, sanitation, waste disposal, targeted information, and education and communication campaigns.**

Vii. Special provisions for tribal, hill area populations, displaced and migrants:

Such areas have high levels of morbidity arising from poor nutrition and low levels of literacy, coupled with high infant, child, and maternal mortality. These areas remain under-served in the coverage of reproductive and child health services. Such areas need special attention in terms of basic health, and reproductive and child health services, mobile clinics, information and counseling on infertility, regular supply of standardized medication.

Viii. Promote Indian Systems of Medicine and Homeopathy (ISMH)

Utilisation of ISMH in basic reproductive and child health care would expand effective health care providers, optimise utilisation of local remedies and cures, and promote low cost health care. Guidelines need to be evolved to regulate and ensure standardisation, efficacy and safety of ISMH for wider acceptability entry into national health planning.

Challenges in this regard are appropriate training, skill development in reproductive and child health care to the institutionally qualified ISMH medical practitioners. At village levels, the services of the ISMH "barefoot doctors", may be utilised for advocacy and counseling for distributing supplies and equipment. ISMH practices may also be applied at village maternity centres and for ante-natal, natal and post natal care.

Ix. Provisions for the older population

The elderly population is increasingly vulnerable because of lack of protection and care. Promotion and provisions of old age health care and support is required for senior citizens. The Ministry of Social Justice and Empowerment has adopted in January 1999 a **National Policy on Older Persons** to build in **geriatric health concerns** in the population policy. Steps in the direction include sensitising, training and equipping rural and urban health centres and hospitals for providing geriatric health care; encouraging NGOs to design and implement formal and informal schemes that make the elderly economically self reliant.

1.2.6 Measures for Small Family Norms:

1. Panchayats and Zila Parishads would be rewarded and honoured for exemplary performance in universalising the small family norm
2. *The Balika Samridhi Yojana run by the Department of Women and Child Development, to promote survival and care of the girl child to continue with a cash incentive of Rs. 500 is awarded at the birth of the girl child of birth order 1 or 2.*
3. **Maternity Benefit Scheme** run by the **Department of Rural Development** would provide a cash incentive of Rs. 500 is awarded to mothers who have their first child after 19 years of age, for birth of the first or second child only. *Disbursement of the cash award will in future be linked to compliance with ante-natal check up, institutional delivery by trained birth attendant, registration of birth and BCG immunisation.*
4. A Family Welfare -linked Health Insurance Plan will be established for couples below the poverty line, who undergo sterilisation with not more than two living children for health insurance (for hospitalisation) not exceeding Rs. 5000, and a personal accident insurance cover for the spouse undergoing sterilisation.
5. Couples below the poverty line, who marry after the legal age of marriage, register the marriage, have their first child after the mother reaches the age of 21, accept the small family norm, and adopt a terminal method after the birth of the second child, will be rewarded.
6. A revolving fund will be set up for income -generating activities by village-level self help groups, who provide community-level health care services.
7. Crèches and child care centres will be opened in rural areas and urban slums. This will facilitate and promote participation of women in paid employment.
8. A wider, affordable choice of contraceptives will be made accessible at diverse delivery points, with counseling services to enable acceptors to exercise voluntary and informed consent.
9. **Facilities for safe abortion will be strengthened and expanded.**
10. Products and services will be made affordable through innovative **social marketing schemes**.
11. **Local entrepreneurs** at village levels will be provided soft loans and encouraged to run ambulance services to supplement the existing arrangements for referral transportation. Soft loans to ensure mobility of the ANMs will be increased.
12. Increased vocational training schemes for girls, leading to self-employment will be encouraged.
13. Strict enforcement of Child Marriage Restraint Act, 1976; Pre-Natal Diagnostic Techniques Act, 1994.

1.3 NATIONAL POLICY ON EDUCATION

The National Policy on Education (NPE) is a policy formulated by the Government of India to promote education amongst India's people. The policy covers elementary education to colleges in both rural and urban India. *The first NPE was promulgated in 1968 by the government of Prime Minister Indira Gandhi, and the second by Prime Minister Rajiv Gandhi in 1986.* The latest education policy is National Policy on Education, 1992. It emphasizes three aspects in relation to elementary education:

- Universal **access** and enrolment,
- Universal **retention** of children up to 14 years of age,
- A substantial **improvement** in the quality of education.

Constitutional Provisions

- **Article 21A** (Constitution (Eighty - Sixth Amendment) Act, 2002: The State shall provide **free and compulsory education** to all children of the age of 6 to 14.
- **Article 45:** To provide **early childhood care and education** for all children until they complete the age of six years.
- RTE Act, 2009: It represents the consequential legislation as per Article 21-A.

1.3.1 Historical Background of Policy on Education

1. Indian government has been sponsoring a variety of programmes to address the problems of illiteracy. *Maulana Abul Kalam Azad, first Minister of Education, envisaged **strong central government control** over education throughout the country with a uniform educational system.* In 1948, **University Education Commission** (UGC) and the **Secondary Education Commission** in 1952 were established to develop and modernise India's education system. Nehru advocated the development of high-quality **scientific education institutions** such as the Indian Institutes of Technology. In 1961, the govt. formed the **National Council of Educational Research and Training** (NCERT) as an autonomous organisation to advise both the centre and state govts. for formulating and implementing education policies.

2. NPE 1968

Based on the recommendations of the Education Commission 1964, first NEP was developed in 1968 for a **"radical restructuring"** and **"equalise educational opportunities"** *in order to achieve national integration and greater cultural and economic development.* The policy called for fulfilling compulsory education for all children up to the age of 14 as per Constitutional provisions and for better training and qualification of teachers. **"Three language formula"** : the instruction of the English language, the official language of the state, and Hindi as the national language was evolved for implementation in secondary education. *The decision of use and learning of Hindi to be encouraged uniformly to promote a common language for all Indians proved to be controversial.* Ancient **Sanskrit** language was considered an essential part of India's culture and heritage. The NPE of 1968 called for education spending to increase to **6% of the GDP**.

3. NPE 1986

The new policy called for *"special emphasis on the **removal of disparities** and to equalise educational opportunity."* Women, Scheduled Tribes and the Scheduled Caste etc. were given a special focus. NPE, 1986 called for expanding scholarships, adult education, recruiting more teachers, incentives for poor families to send their children to school regularly, development of new institutions and providing housing and services. The NPE called for a **"child-centred approach"** in primary education, and launched **"Operation Blackboard"** to improve primary schools nationwide. *The policy expanded the Open University system with the Indira Gandhi National Open University, which had been created in 1985.* The policy also called for the creation of the **"rural university"** model based on the philosophy of Mahatma Gandhi to promote economic and social development at the grassroots level in rural India.

4. National Policy on Education 1986(As modified 1992)

NPE 1986 was modified in as NPE 1992 by the P.V. Narasimha Rao govt.

- NPE 1992 provides for a National System of Education, which implies that up to a given level, all students, irrespective of caste, creed, location or sex, have access to education of a comparable quality. It also accord priority for improvement of the standard of education at all levels for children living in rural and urban areas.
- The NPE 1992 recognizes that the rural areas, with poor infra-structure services, will not get the benefit of trained and educated youth, unless **rural-urban disparities** are reduced and determined measures are taken to promote diversification and dispersal of employment opportunities. *The XIth Plan envisages implementation of a centrally Sponsored Scheme for Universalisation of access to and improvement of quality of education at secondary stage (SUCCESS) with the objective to make secondary education of good quality available, accessible and affordable to all young persons by providing a secondary school **within five kilometers of every habitation.***

It also envisages setting up of six thousand good quality secondary schools at Block level, at the rate of one school in each Block, which will serve as benchmark of excellence for other schools in the area.

iii. Various programs under the new policy include: **Mid-day Meal scheme (MDM)**, **Kasturba Gandhi Balika Vidyalaya (KGBV)** scheme, **Mahila Samakhya** and the scheme of Information & Communication Technology (ICT) in Schools, **Jawahar Navodaya Vidyalayas** have been opened in rural areas specifically in order to provide quality education to rural children. *There are other institutions such as Gandhigram Rural Institute and the National Council of Rural Institute which address issues of reducing disparities in education.*

iv. Major developments under the NPE 1992 are:

- a) **Sarva Shiksha Abhiyan (SSA)/ Right to Education (RTE).** Sarva Shiksha Abhiyan is a national level Government programme under which efforts are made to ensure useful and relevant education at the **elementary level**. Some key activities under SSA involve: Free textbooks to all girls upto class VIII; separate toilets for girls; back to school camps for out-of-school girls; bridge courses for older girls; recruitment of 50% women teachers; early childhood care and Education centres in/near schools in convergence with ICDS programme etc.; teachers' sensitization programmes to promote equitable learning opportunities; gender-sensitive teaching-learning materials including textbooks; Intensive community mobilisation efforts ; '**Innovation fund**' per district for need based interventions for ensuring girls' attendance and retention.
- b) The Scheme of **Mahila Samakhya** is being implemented in selected districts for improving the literacy and empowerment of women.
- c) **National Programme for Education of Girls at Elementary Level (NPEGEL):** *The NPEGEL scheme is meant for the educationally backward blocks (EBB) where both girls who are in 'in' and 'out' of school, are targeted.* The out of school girls include never enrolled and drop out girls. In the case of girls in elementary school, the thrust is on girls with low attendance rates and girls with low levels of achievement. Ensuring a positive self image and to eliminate gender bias in the classroom is also in the design of the scheme. *The scheme stresses the responsibility of teachers to spot such girls and pay special attention to bring them out of their state of vulnerability and prevent them from dropping out.* Recognising the need for support services to help girls with responsibilities with regard to fuel, fodder, water, sibling care and paid and unpaid work provisions have been made for incentives that are decided locally.
- d) **Rashtriya Madhyamik Shiksha Abhiyan (RMSA):** RMSA envisages setting up of new secondary schools within a reasonable distance of every habitation, improvement/strengthening of existing Government secondary schools and appointment of additional teachers to improve **Pupil Teachers Ratio (PTR)**. Model Degree Colleges are being established on each in 374 educationally backward districts with low GER. These colleges will predominantly serve rural areas and districts with concentration of population of SC/ST/Minorities.
- e) **Inclusive Education for the Disabled at Secondary Stage (IEDSS)**
- f) **Saakshar Bharat** scheme focuses on women's literacy, especially in rural areas. 80 % overall literacy is targeted by the end of the 11th Plan period. The States/UT Governments have been informed that under Saakshar Bharat 70 million non-literates are to be made literate, of which 60 million will be women.
- g) **Kasturba Gandhi Balika Vidyalaya (KGBV) scheme** provides for setting up of residential upper primary schools for girls from SC, ST, OBC & Muslim communities. This scheme targets areas of scattered habitations, where schools are at great distances and are a challenge to the security of girls. This often compels girls to discontinue their education. KGBV addresses this through setting up residential schools, in the block itself.

The KGBV scheme very specifically targets: adolescent girls who are unable to go to regular schools; out of school girls in the 10+ age group who are unable to complete primary school ; younger girls of migratory populations in difficult areas of scattered habitations that do not qualify for primary/upper primary schools; as the KGBVs specifically targets communities where girls are more disadvantaged, such as SC/ ST, OBC and Muslim minorities, the scheme provides for a minimum reservation of 75% of the seats for girls from SC/ST/OBC and minorities communities and 25% to girls from families that live below the poverty line.

v. There is **no proposal to implement uniform syllabus** and uniform education system throughout the country. NPE 1986 (as modified in 1992) recommends that the national system of education will be based on a National Curriculum Framework (NCF), which contains a common core along with other components which are flexible. *Central Advisory Board of Education (CABE) emphasized the need for all States to modify their curriculum, syllabi and textbooks on the basis of NCF-2005.* There is no proposal to introduce a system of continuous and comprehensive evaluation and grading of students at classes 11 and 12.

Arun Ghosh Committee , 1993 – Evaluation of NLM

- To **stop formal declaration** of total literacy achievements by States/ districts.
- Target of 80% success unrealistic and **55% to 60%** to be considered as good.
- Involve **PRIs** and gram panchayats and panchayat samities in literacy programmes.
- To **decentralize** the procedure for NLM project; tighten its evaluation procedures.
- To cover the age group of **9-14** also under TLCs.

vi. Gender parity in education

The Government has initiated several measures to impart quality education and improve gender parity as per NPE 1992 for removal of gender disparities:

- NCERT has addressed quality and **gender issues in its curriculum framework** and assists govt. in executing policies & programmes in the education sector.
- UGC has introduced a number of schemes for improving *participation of women & ensuring gender parity in higher education.*
- AICTE gives **preferential assistance** to women teachers for various Research and Development schemes.
- CABE on the subject "**Girls Education and the Common School System**" has been set up to examine existing schemes, incentives and special measures aimed at reducing gender disparity.
- The other measures include improving curricular relevance and transaction, teacher empowerment & evaluation of the holistic profile of the learners through continuous & comprehensive evaluation.
- The issue of gender parity has been adequately addressed in the design of text book & other Co-Scholastic activities which is reflected in the improved performance of girl children.
- Girls' hostels scheme is operational since 1993, to provide free boarding & lodging facilities to girls of Upper Primary, Secondary and Senior Secondary Schools.
- Special campaign for literacy in low female literacy districts focused on female literacy by implementing special female literacy through NGOs, Panchayati Raj functionaries & women volunteers covering 25 lakh illiterate women in the age group of 15 to 35 years.
- The Department of Women & Child Development runs a scheme known as **Balika Samridhi Yojana**, started on 15th August, 1997 *for the survival and development of girl child* in below poverty line (**BPL**) families.

vii. NCF-2005

National Curriculum Framework 2005 has been implemented in all Central Board of Secondary Education (CBSE) affiliated schools in the country as per NPE 1992 for:

- The examination system has been reconstructed to *test more of conceptual knowledge and understanding rather than rote memory.*
- **Continuous and comprehensive evaluation** has already been introduced with marks assigned for internal assessment.
- **No home work for children of classes I-V.**
- Additional 15 minutes time in class X and XII examinations to enable students to read question papers thoroughly.
- Examination help-line and making available **sample question papers.**

- *Designing question papers so that all the questions can be answered in 2 ½ hours even though the total period of the examination is 3 hours.*
- Shift from content based testing to **problem solving and competency based** testing.
- **Higher weightage to practicals.**
- Introduction of Mathematics labs in schools to improve conceptual understanding.
- Allowing students to appear in compartmental examination immediately after the declaration of the result of the main examination.

viii. The RTE Act 2009

- a) Right of children to *free and compulsory education* till completion of elementary education in a neighbourhood school.
- b) It clarifies that '**compulsory education**' means obligation of the appropriate govt to provide free elementary education and ensure compulsory admission, attendance and completion of elementary education to every child in the six to fourteen age group. '**Free**' means that no child shall be liable to pay any kind of fee or charges or expenses which may prevent him or her from pursuing and completing elementary education.
- c) It makes provisions for a non-admitted child to be admitted.
- d) It specifies the duties and responsibilities of appropriate Governments, local authority and parents in providing free and compulsory education, and sharing of *financial and other responsibilities between the Central and State Governments*.
- e) It lays down **the norms and standards** relating inter alia to Pupil Teacher Ratios (PTRs), buildings and infrastructure, school-working days, teacher-working hours.
- f) It provides for rational deployment of teachers by ensuring that the specified **pupil teacher ratio** is maintained for each school, rather than just as an average for the State or District or Block, thus ensuring that there is no urban-rural imbalance in teacher postings.
- g) It also provides for prohibition of deployment of teachers for *non-educational work*, other than decennial census, elections to local authority, state legislatures and parliament, and disaster relief.
- h) It provides for appointment of appropriately **trained teachers**, i.e. teachers with the requisite entry and academic qualifications.
- i) It prohibits (a) **physical punishment** and mental harassment; (b) **screening procedures** for admission of children; (c) capitation fee; (d) private tuition by teachers and (e) running of schools without recognition.
- j) *It provides for development of curriculum in consonance with the values enshrined in the Constitution and which would ensure the all-round development of the child, building on the child's knowledge, potentiality and talent and making the child free of fear, trauma and anxiety through a system of child friendly and child centred learning.*

ix. Employment Oriented Education

- a) NPE 1992 has recognized that Education develops manpower for different levels of the economy through introduction of systematic, well-planned and rigorously implemented programmes of vocational education. *These elements are meant to develop a healthy attitude amongst students towards work and life, to enhance individual employability, to reduce the mis-match between the demand and supply of skilled manpower, and to provide an alternative for those intending to pursue higher education without particular interest or purpose.*
- b) The Government has already started **Technical Quality Improvement Programme** to improve quality education and enhance existing capability of the technical institutions to become dynamic demand-driven, quality conscious, efficient at national and international levels. *The proposed reforms include faculty development, examination reform, curriculum revision, semester system seminar tutorials, autonomy with the accountability.*
- c) Nation-wide scheme of "**Sub-Mission of Polytechnics**" has also been launched, wherein assistance is being given to the State Governments for starting 1000 new Polytechnics, revamping the Community Polytechnic Scheme and increasing their number to 1000, providing assistance for construction of 500 women hostels and for the upgradation of existing 500 Polytechnics.

- d) The UGC also has a scheme of Career Orientation to Education/Career Oriented Programme/Career Oriented Course, with an objective to ensure that graduates who pass out after completing these courses, have knowledge, skills and aptitude for gainful employment.
- e) The National Curriculum Framework, 2005 has recommended *work-centred education as an integral part of the school curriculum*.
- f) Govt. has also introduced a scheme called **Jan Shikshan Sansthan (JSS)**. There are 221 JSS in the country and they are expected to act as district level support agencies especially in regard to organization of vocational training and skill development programmes for the neo-literates and other large groups of the continuing education programme. *The Jan Shikshan Sansthans offer a large number (371) of vocational training programmes from candle making to computer courses.*

x. National Early Childhood Care and Education Policy

The vision of the policy is to promote inclusive, equitable and contextualized opportunities for promoting optimal development and active learning capacity of all children below six years of age. It envisages improving pathways for a successful and smooth transition from care and education provided at home to centre based facility and thereafter to school age provision by facilitating an enabling environment through appropriate systems, processes and provisions across the country.

xi. Strategy Focused Equally On 'Demand' And 'Supply' Sides

The two broad stands on this strategy has been to focus equally on the 'demand' and 'supply' sides. On the supply side the government aims to make the education system responsive to the needs of beneficiaries. In actual practice, it means -

- Ensure access to schools and increase proportion of teachers.
- Training to enhance gender sensitivity of teachers for girl students' retention.
- Develop gender sensitive and relevant curriculum & textbooks.
- Provide supportive structures such as Early Childhood Care and Education centers and alternative learning facilities.
- Ensure basic facilities in schools – toilets and drinking water.
- *The community demands for education is also sought to be generated through:—motivation and mobilization of parents and community; enhance the role of women and mothers in school related activities; ensure people's participation in school committees; strengthen links between the school, teachers and community.*

1.4 NATIONAL MANUFACTURING POLICY, 2011

1.4.1 Introduction: The concern about the stagnant and low share of the manufacturing sector in India's GDP necessitated a dedicated policy for the sector with a view to **accelerated development, inclusive growth and provision of gainful employment**. Govt has a vision to increase the share of manufacturing in GDP from **16% to 25%**. *National Manufacturing Competitiveness Council (NMCC) proposed a draft national manufacturing policy.* NMCC and the **Planning Commission** papers have been incorporated in this policy document. A **lower emission inclusive growth strategy** is another important area. *This Policy document has been prepared after extensive stakeholder consultations and inputs from the industry, state governments and experts in the field of manufacturing, technology development, and business environment.* The policy seeks to present **specific action points** in the areas identified as constraints that require immediate policy attention.

1.4.2 The role of Manufacturing: India has a **favourable demographic profile** with over 60% of population in the working age group of 15-59 years. Over the next decade, India has to create **gainful employment** opportunities for a large section of its population, with varying degrees of skills and qualifications. *This will entail creation of 220 million jobs by 2025 in order to reap the demographic dividend. The manufacturing sector would have to be the bulwark of this employment creation initiative.* Every job created in manufacturing has a **multiplier effect** of creating two to three additional jobs in related activities. Therefore, a thrust on manufacturing is integral to the

inclusive growth agenda of the government. The development of the manufacturing sector is critical from the point of view of ensuring that the **growth model of India is sustainable** by providing value addition to our natural and agricultural resources, addressing our strategic needs, and developing new technologies for the welfare of our citizens.

1.4.3 Policy Strategy: The relatively **low level of value-addition** in the products manufactured in the country, and the **growing imports of capital equipment** – the **building blocks** of a country's manufacturing competitiveness also needs to be addressed urgently. Acquiring depth in manufacturing is crucial from the stand point of **long-term competitiveness** in strategic areas of economy such as defence and telecommunication. It is important to have a **strong indigenous value chain addition** element from the stand point of **national security**. The growth of the manufacturing sector has to be made sustainable, particularly ensuring **environmental sustainability** through **green technologies**, energy efficiency, and *optimal utilization of natural resources and restoration of damaged /degraded eco-systems*. Developments of Indian manufacturing sector calls for **deepening and recalibrating** of economic reforms that would strengthen the sector and make it grow faster and become **an engine of inclusive growth**.

a. Plan of Action:

- i. **Foreign investments** and technologies will be welcomed while leveraging the country's expanding market for manufactured goods to induce the building of more manufacturing capabilities and technologies within the country;
- ii. **Competitiveness of enterprises** in the country will be the guiding principle in the design and implementation of policies;
- iii. Compliance burden on industry arising out of procedural and regulatory formalities will be reduced through **rationalization of business regulations**.
- iv. *Innovation will be encouraged for augmenting productivity, quality, and growth of enterprises;*
- v. **Effective consultative mechanism** with all stake holders will be instituted to ensure mid-course corrections.

b. Policy Implementation:

In order to ensure effective implementation of the Policy, a manufacturing policy review mechanism will be instituted and a high-level committee chaired by Secretary, Department of Industrial Policy and Promotion will monitor the implementation on a regular basis. A Manufacturing Industry Promotion Board (MIPB) at the level of Union Minister of Commerce and Industry will be constituted to ensure coordination amongst Central Ministries and State Governments. State Governments would need to be equal partners in giving effect to this policy and the State Industry Ministers Conference will be convened on a half-yearly basis to initiate a dialogue for giving a focused thrust to manufacturing.

1.4.4 Six objectives under NMP

- i. Increase manufacturing sector growth to 12-14% over the medium term; at least 25% of the National GDP by 2022.
- ii. Increase the rate of job creation in manufacturing to create **100 million additional jobs** by 2022.
- iii. Creation of appropriate **skill sets among** the rural migrant and urban poor to make **growth inclusive**.
- iv. Increase **domestic value addition** and technological depth in manufacturing.
- v. Enhance **global competitiveness** of Indian manufacturing through appropriate policy support.
- vi. Ensure **sustainability of growth**, particularly with regard to the environment including energy efficiency, optimal utilization of natural resources and restoration of damaged/ degraded eco-systems.

1.4.5 Special Focus Areas

- i. **Employment intensive industries:** Adequate support will be given to promote and strengthen **employment intensive industries** to ensure job creation. *Special attention will be given in respect of textiles and garments; leather and footwear; gems and jewellery; and food processing industries.*

- ii. **Capital Goods:** A robust economic growth would necessitate a strong demand for capital goods. A special focus will be given to *machine tools; heavy electrical equipments; heavy transport, earth moving and mining equipments*. Time bound programmes will be initiated for building strong capacities with R&D facilities and also to encourage growth and development of these capacities in the private sector while strategically strengthening the public sector to complement the private initiatives where essential.
- iii. **Industries with strategic significance:** A strategic requirement of the country would warrant the launch of programmes to build national capabilities to make India a major force in sectors like *aerospace; shipping; IT hardware and electronics; telecommunication equipment; defence equipment; and solar energy*. Mission mode projects will be conceptualised in each of these sectors, recognizing the fact that a mission on solar energy has already been launched under the **National Action Plan on Climate Change**.
- iv. **Industries where India enjoys a competitive advantage:** India's large domestic market coupled with a strong engineering base has created indigenous expertise and cost effective manufacturing in **automobiles; pharmaceuticals; and medical equipment**. The concerned ministries will be formulating special programmes to consolidate strong industry base to retain the global leadership position.
- v. **Small and Medium Enterprises :** The SME sector contributes about **45% to the manufacturing output, 40% of the total exports**, and offers employment opportunities both for self-employment and jobs, across diverse geographies. A healthy rate of growth shall be ensured for the overall growth of the manufacturing sector as also the national economy by policy interventions in areas like manufacturing management, including accelerated adoption of Information technology; skill development; access to capital; marketing; procedural simplification and governance reform.
- vi. **Public Sector Enterprises:** Public Sector Undertakings, especially those in **Defence and Energy sectors**, continue to play a major role in the growth of manufacturing as well as of the national economy. A suitable policy framework will be formulated in this regard to make PSUs competitive while ensuring functional autonomy.

1.4.6 Key Provisions

i. National Skill Development Initiative

The growth of manufacturing has to come hand in hand with the concerted thrust on skill development programme. The National Skill Development Initiative launched by the Govt. has provided a renewed thrust to build productive capacities. This Policy seeks to make ***skill development integral to productive enterprise*** in the country which would be supported by robust government institutions.

ii. Sustainable development

Government would **prescribe emission and discharge standards**, excluding green house gas emissions, and the choice of technologies to meet the standards would be decided by the project promoters. The Government will provide continuous **incentives** to encourage polluting entities to reduce releases of harmful pollutants to ensure that the standards are complied with.

iii. Land Banks

The Government will take measures to make industrial land available, which is critical for sustained industrial growth through creation of land banks by States; digitization of land and resources maps; and programmes for utilization of lands locked under non productive uses, including defunct or sick industries.

iv. Need for Technology

Manufacturing and technology development are closely inter-connected as technologies become useful when they are converted into products through manufacturing and the feedback from manufacturing fosters continuing technology development. By leveraging the strength of our large market, policies and measures will be **taken to ensure access for Indian companies to foreign technologies** as well as development of advanced indigenous technologies through:

- i. Incentives, in the form of tax concessions and government subsidies, for indigenous development of technology;
- ii. Partnerships between industries and government laboratories;
- iii. Preferential purchases by government agencies of indigenously developed products and technologies;
- iv. *Judicious development of an Intellectual Property regime to enable more collaborative innovation, as well as more indigenous innovation and improved access to environmentally friendly technologies. India will be very cautious about further expansions beyond the present TRIPS regime which could have implications on development and ownership of technologies within the country.*
- v. Joint ventures between foreign companies and Indian partners.

Technology Acquisition and Development Fund (TADF): TADF will be established for acquisition of appropriate technologies including environment friendly technologies; creation of a patent pool; and development of domestic manufacturing of equipments used for controlling pollution and reducing energy consumption. Acquisition of advanced technology companies would facilitate transfer of technology to the parent manufacturing company, while acquisition of companies enjoying better brand value or strategic location advantages would enhance market access of Indian firms. TADF will also function as an autonomous patent pool and licensing agency to purchase IPRs to inventions from patent holders. Any company that wants to use the IP to produce products can seek a license from the pool against the payment of royalties. **Compulsory License for the technology** which is not being provided by the patent holder at reasonable rates or is not being worked in India to meet the domestic demand in a satisfactory will be issued only within the provisions of TRIPS.

Greening of Technology: NMP will introduce new mechanisms to promote green technologies for the objective of the national action plan on climate change and the strategy for inclusive sustainable development. This will necessitate specification of clear definitions and eligibility criteria for what can be categorised as **Clean and Green**. Objective criteria will be prescribed by a Committee called the **Green Manufacturing Committee (GMAC)** comprising representatives from Govt. and outside government. The criteria will be reviewed by the Committee annually. TADF will provide incentives for technologies used to produce energy from the sun, wind, geothermal and other renewable resources; clean coal technology; energy-conservation technologies; for renewable fuels, Fuel Cells, Micro-turbines or energy-storage systems.

v. Rationalization of Regulatory Procedures

On an average, a manufacturing unit needs to comply with nearly **70 laws** and regulations. Apart from facing multiple inspections, these units have to file sometime as many as **100 returns** in a year. *This kind of compliance burden puts-off young entrepreneurs and they are not willing to take up an entrepreneurial role.* There have been attempts at **single window systems and fast track approvals**. In certain cases technology has been leveraged to enable electronic approvals. These efforts have been only partially successful, because different Government departments are not willing to **shed or reinvent their roles**. The Government has to recognise the need to reinvent itself and allow the industry to self regulate itself to the extent possible. *The objective of an act or regulation should be achieved without being intrusive and giving rise to complaints of corruption.* Several provisions of different acts may either be rationalised or implemented in cooperation with public or private institutions under the overall control of statutory authorities to facilitate the entrepreneurs. *Proposed framework* for this is:

- a) Central/ State Governments may provide exemptions subject to fulfilment of conditions through **Special Purpose Vehicle (SPV)**.
- b) *Cooperation of public or private institutions* with govt. inspection services in respect of environmental laws/regulations, the inspection to be done by special agencies.
- c) Central/State govt. to **delegate** the power to State Pollution Control Boards (SPCB) for *Environment Impact Assessment (EIA)*.
- d) Process of clearances will be made web-enabled and timelines will be defined.
- e) Multiple returns will be replaced by one Monthly/ Quarterly return wherever feasible.

vi. Labour Welfare

The most significant are the environment clearances and matters relating to **labour welfare**. A suitable mechanism will be set up in concurrence with the Ministry of Labour & Employment to enforce various labour laws. The Government will conduct periodic audit of the enforcement to ensure compliance of all **labour welfare provisions**.

vii. Skill Up gradation Measures

It is estimated that between 2007-2017, 85 million persons will be added to the labour force. The growth of total employment during this period is estimated at 116 million. *With incremental job opportunities in agriculture being negative, entire projected increase in workers will be accommodated in the manufacturing and services sectors.* All these jobs would require trained workforce. Since **only 6%** of the Indian workforce receives any form of vocational training currently, there is a pronounced skill gap both in terms of quality and quantity. Overall skill gap would be significantly larger as even the existing workforce would need skill training. Recognizing the urgency of interventions needed to address both the qualitative and quantitative gaps in skill development, the NMP proposes to create a three tier structure for skill development:

- Skill building for minimally educated workforce:** Skill-building in this segment would include Farm to Work and School to Work programmes targeted at the minimally educated workforce entering the **nonagricultural sector** for the first time and seeking **seasonal employment**.
- Skill training through establishment of ITIs in PPP mode and Polytechnics:** These will be demand driven short-term training courses based on Modular Employable Skills (MES). Efforts of private sector companies/institutions, directly or through their non profit arms, on skill upgradation, will be scaled up.
- Establishment of Instructor's Training Centre in each NIMZ:** In a NIMZ, the Special Purpose Vehicle will undertake skill up gradation in co-ordination with the National Skill Development Corporation (NSDC).

viii. Small and Medium Enterprises

SMEs accounts for about 45 per cent of the manufacturing output and 40 per cent of the total exports of the country. The sector is estimated to employ about 59 million persons in over 26 million units throughout the country. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products, ranging from traditional to high-tech items, which are being manufactured by the SMEs in India. The MSME sector provides the maximum opportunities for both self-employment and jobs after agriculture sector.

a. Problems in access to Finance:

Capital Markets: are difficult to access, due to high costs, difficulties in complying with regulatory requirements etc.

Promoters' equity: by its very nature, can provide only limited access to funding.

Bank finances: access is limited, due to the inability of SMEs to create tangible assets, as also the debt-equity ratio norms followed by banks. Inadequate capital infusion, resulting in denial of adequate bank finance, is one of the basic reasons of sickness in such units.

Venture Capital/ Private Equity Funds: First generation entrepreneurs, investing in SMEs, have also found access to VC funds difficult, despite the Venture Capital (VC) and Private Equity (PE) market having grown considerably in India.

b. NMP proposals for improving access to finance for SMEs:

Relief from long term Capital Gains Tax on sale of a residential property for re-investment of a new start-up SME.

- Venture Capital Funds (VCFs) with a focus on SMEs in the manufacturing sector. Liberalization of RBI norms for banks and IRDA guidelines to provide for investments by insurance companies investing in VCFs.
- Setting up of a stock exchange for SMEs under SEBI's guidelines.

- c) Separate fund with the SIDBI and strengthening of the NSIC equity base, to give the demand side impetus to MSME enterprises.
- d) Access to bank finance through priority lending norms.

c. Infrastructure Development and Govt. Procurement:

Govt. procurement is a major policy instrument for strengthening manufacturing industry and development of technological competence in critical technological areas like LED, solar energy equipment, IT hardware and IT based security systems and fuel efficient transport equipment such as hybrid and electric automobiles. The infrastructure deficit and requirement of equipment in each area viz power; roads and highways; railways; aviation; and ports can be assessed over a number of years to create the volumes and scales which would enable the development of domestic manufacturing capabilities in these areas as well. Infrastructure deficit is leveraged to the extent of the required equipment, the manufacturing sector growth could be enhanced by close to 3 % per annum.

x. NIMZs

NIMZs will be developed as integrated industrial townships with state-of-the art infrastructure and land use on the basis of zoning; clean and energy efficient technology; necessary social infrastructure; skill development facilities, etc., to provide a productive environment to persons transitioning from the primary sector to the secondary and tertiary sectors. These NIMZs would be managed by SPVs which would ensure master planning of the Zone; pre-clearances for setting up the industrial units. To enable the NIMZ to function as a **self governing and autonomous body**, it will be declared by the State Government as an Industrial Township under **Art 243 Q(c)** of the Constitution. In sum, the NIMZs would be large areas of developed land, with the requisite ecosystem for promoting world class manufacturing activity. *They would be different from SEZs in terms of size, level of infrastructure planning, and governance structures related to regulatory procedures and exit policies.*

a. Land for NIMZs:

At least 5000 hectares in size; State Govt. will be responsible for selection of land suitable for development of the NIMZ. The State Government will bear the cost of the resettlement & rehabilitation package for the owners of acquired lands.

b. Administrative Structure for NIMZs:

The administrative structure of NIMZ will comprise of a **Special Purpose Vehicle, a developer, State and Central Govt. SPV** will exercise the powers to discharge the functions assigned to it under this Policy to manage the affairs of the NIMZ as a legal entity by the name of the NIMZ. This SPV can be a company of different stakeholders (govt., public sector or private participants). Some of the functions of SPV would be: master planning of the Zone; preparation of a strategy for development of the Zone and an action plan for self regulation to serve the purpose of the policy; selection of Developer; formulation of rules and procedures etc. **State Government's** would take care of water requirement; power connectivity and other physical infrastructure and utilities linkages. DIPP under **central govt.** will act as the nodal agency for the central government in matters pertaining to the NIMZs. The application for setting-up of NIMZ will be forwarded by the state to the DIPP for approval. Central Government will bear the cost of master planning for the NIMZ; improve/provide external physical infrastructure linkages to the NIMZs including Rail, Road (National Highways), Ports, Airports, and Telecom, in a time bound manner created/upgraded through Public Private Partnerships. The Central Govt. will undertake, along with the State Govt. the promotion of domestic as well as global investments in NIMZs.

c. Funding of internal infrastructure in an NIMZ:

- i. **Viability Gap Funding (VGF):** Under the Ministry of Finance Scheme for Support to Public Private Partnerships in Infrastructure 'in the form of capital grant at the stage of project construction will be given at twenty percent of the total project cost.
- ii. State Government may also provide funding out of their budget as may be feasible.

- iii. Long term soft loans from multilateral financial institutions.
- iv. External Commercial Borrowings.

d. Green Manufacturing for NIMZ:

- a) Environmental and Water audit will be mandatory for industrial units in NIMZs.
- b) Mandatory treatment of waste-water by every industry as per CPCB and PCB norms.
- c) **Rain Water Harvesting** Will be compulsory for all industrial institutional.
- d) **Renewable Energy** Appropriate incentives under the existing schemes of Govt.
- e) *All buildings in the NIMZ to obtain green rating under the Indian Green Building Council.*

1.5 FISCAL AND MONETARY POLICY

1.5.1 Current Macro-economic Scenario

Indian economy grew 8.4 % of GDP growth in 2009-10 and 9.3 % of GDP growth in 2010-11 even in the background of global economic slowdown of during 2008-09. However, in the following year 2011-12, GDP was at 6.2%. Still the growth rate was amongst the top economies of the world during the same period. *Although, US and EU economy have not impacted to a larger extent but the Indian economy has faced the ripple effects of the slow down in their economies.*

i. India's fiscal deficit

a. External Reasons:

Fiscal deficit of Indian economy has continuously been increasing. Euro Zone crisis and gloomy economic trends in major economies across world impact India's exports negatively. Crude prices and high levels of gold imports led to the widening of trade gap and Current Account Deficit (CAD). International crude prices fluctuations at high levels in the range of US \$ 110 to 115 per barrel peaking to above US \$ 120 per barrel for some time also accumulated the burden due to net imports of crude oil which accounts for 80% of India's oil energy demand. This also led heavy **under recovery costs** to the PSUs in oil sector. Owing to this, **fertilizer bill** increased due to rising Urea prices.

b. Domestic Causes:

Sticky inflation, falling savings rates, falling investments and even consumption have been some of the major domestic causes of worsening fiscal deficit. *The monetary policy tightening measures led to a perceptible negative impact on economic growth.* The growth is estimated to come down to a decade low of 5 % of GDP this year as per CSO's advance estimates. The rigid inflationary conditions and tight monetary policy along with negative sentiment on investment climate at home and depleting savings impacted the industrial growth very much. The widening trade gap, falling investment and difficult economic situation both domestically and abroad have added to the slow down of Indian economy.

High fiscal deficit leads to inflation, reduces flexibility for monetary policy alternatives and dampens discourages the private investment. Indian economy witnessed **Twin Deficit hypothesis** i.e. increase in current account deficit and reduction in private investment.

c. Implications:

Slower rate of economic growth implied shortfall in direct tax (corporation, income tax) revenues; custom duty and non-tax revenue by at least Rs. 30,000 crore on account various types of scandals. Tax and Non-tax revenue loss is estimated to be at least Rs 60,000 crore in BE 2012-13 and subsidy expenditure by Rs 70,000 crore. All

this, may lead to a fiscal deficit above **6.1 % of GDP**. It may lead to '**crowding-out**' private sector investment and large scale commercial borrowings which would augment the problem further. Therefore, there are following two major challenges in front of the fiscal policy:

- To stimulate economy's growth
- To cut down the deficit from

1.5.2 Fiscal Policy Responses

1. Mid-term course correction with suitable policy response became imminent in the current macro-economic scenario. Fiscal consolidation measures through regulating deficits and cutting expenditure to create positive investment environment was immediate need of the hour. **Kelkar Committee, 2012** suggested '**Roadmap for Fiscal Consolidation**' within one month's time period. A slew of measures to contain the rising trend of fiscal deficit were suggested by **deficit financing**. As per Kelkar committee recommendations, fiscal deficit target was revised from 5.1% to 5.3% for the current year and 4.8% by 2013-14 with a reduction of 0.6% every year and to achieve 3.0 % target by 2016-17.

2. Govt. took major decisions to contain government spending on subsidy. Raising diesel and LPG prices to meet the widening gap would be inflationary in the short run and increase the fiscal deficit in long run. Govt. was forced to take corrective measures for increasing in the price of diesel by 5%, allowing oil marketing companies (OMCs) to raise diesel prices by small amounts regularly and a cap on the number of subsidized LPG cylinders. The current level of fuel subsidy was unsustainable. A gradual increase in prices over a period of time may ease the inflationary tendencies.

3. Govt. undertook an exercise of rationalizing both Plan and Non-plan expenditure as per revenue to rationalize the expenditure and optimize available resources to infuse confidence in the market for growth revival. Decisions were taken to increase FDI up to 49% in Insurance sector and other sector. Govt.'s decision of allowing FDI in multi brand retailing is driven to consolidate fiscal position.

4. Direct Tax measures: Increase in **tax to GDP ratio** with lower than budgeted expenditure enhanced government's ability to check fiscal deficit. It also provided space for some monetary policy measures by the RBI. Control public expenditure eases inflationary pressure through if the interest rates are low. Tax to GDP ratio estimated at 10.7 per cent of GDP in BE 2012-13 is estimated to fall to 10.4 per cent of GDP in RE 2012-13 due to slowdown in economic growth which is further estimated to increase to 10.9 per cent in BE 2013-14. Some key direct tax related measures were:

- Commodities Transaction Tax is proposed to be levied on sale of commodity derivative at the rate of 0.01 per cent.
- General Anti-Avoidance Rule has been deferred till 31st March, 2016.
- 360 degree profiling of taxpayers and potential taxpayers is being done for gathering information regarding their sources of income and spending habits.

Indirect Tax measures: The introduction of Goods and Services Tax (GST) was scheduled to be implemented this fiscal year. Central Excise duties and Service Tax are integrated. Full integration of the taxation of goods and services will be achieved only when the State VAT would be merged into GST. In-direct tax related measures were taken by reducing and increasing the duties on tax sensitive products such as customs duty on standard gold bars from 4% to 6% with a view to contain the impact of gold imports on the Current Account Deficit.

5. FRBM Act - Rules Notified

- As part of amendments to the FRBM Act, 2003, Medium Term Expenditure Framework (MTEF) in the Finance Bill was proposed with an objective of **integration between the expenditure and medium term fiscal targets** planned by the govt. The MTEF offers a three-year rolling target for the expenditure indicators. MTEF, thus, directs the Ministries and other govt. departments for an efficient allocation of budget over a medium term and better planning of activities in their schemes and programmes.

- b) The fiscal deficit targets adopted in the MTEF roadmap formed the basis of the new FRBM Rules notified. Govt. laid down that the fiscal deficit targets as explained above in the Kelkar report. Besides, a target of Revenue deficit has been reset to bring it down to below 2.0 per cent by 2015-16 to eliminate **Effective Revenue Deficit** in the same time period.
- c) *The concept of effective revenue deficit was introduced in the Budget 2010-11.* It brings out structural problems in the revenue expenditure in federal set-up. It attempts to resolve these by laying greater emphasis on development related expenditure at field level. The emphasis to eliminate effective revenue deficit by 2015-16 to generate adequate surplus must help in proper resource utilization.
- d) *Budget 2013-14 provides for an increase in plan expenditure by 6.6% over the budgeted estimates of last year with an increase of 29.6% over the revised estimates of 2012-13. An increase of 10.8% has been provided for Non-plan expenditure in BE 2013-14 over RE 2012-13 for Defence, Subsidies, Interest payments, Finance Commission Grants, salaries and pensionary payments etc. which would result in overall expenditure increase of 16.3% in BE 2013-14 over RE 2012-13. Fiscal deficit is estimated to come down to 4.8 per cent of GDP as a result of these measures.*

6. Decision to move towards nutrient based subsidy (NBS) regime along with recent trends of reducing the rates of imported fertilizers is expected to contain the requirements on fertilizer subsidy in 2013-14. Government is committed to towards food security for all. *For this, govt. has taken measures to reduce the cost of working capital of Food Corporation of India (FCI) by extending Ways and Means advance at lower cost.* As per the recommendations of the Standing Committee, govt. will support non- procuring States to strengthen their procurement machinery by creating suitable institutional mechanism and by adopting Decentralized Procurement Scheme (DPS) and also by leveraging food credit facilities offered by RBI.

7. Government Borrowings, Lending and Investments: *Borrowing strategy focuses on raising resources through on market oriented instruments to meet both the short-term and medium term borrowings requirements of the Government. India's debt policy is driven by the principle of gradual reduction of public debt to GDP ratio so as to further reduce debt servicing risk and create fiscal space for developmental expenditure. India's debt profile is characterized by reliance on domestic market borrowings, with market determined rates rather than administered rates and diminishing proportion of external debt as percentage of total borrowing. Development of Government securities markets is one of the key reforms suggested through an independent Debt Management Office (DMO) in Ministry of Finance. The external funding has reduced significantly in RE 2012-13.*

8. Govt. is also moving towards administered interest rates with the market rates. Interest rates on small savings are now linked with yields in secondary market for dated securities. Collections under various small saving schemes, net of withdrawals, during the financial year form the source of funds for **National Small Savings Fund (NSSF)**. The net collection is invested in Central and State Government Securities as per the recommendation of the Committee on Small Savings constituted in July, 2010. States are provided excess interest relief based on their compliance with fiscal targets in respective FRBM Act. External assistance, state provident funds and National Small Savings Fund (NSSF) were budgeted to finance the remaining 6.7 % of GFD. *The finances of State governments also reflect contained fiscal deficit as indicated by build-up of cash balances and increased investments in Central Government treasury bills.*

9. Disinvestment proceeds from Central PSUs from the financial year 2013-14 onwards will be used only for select capital investments such as recapitalization of public sector banks and investments in Railways for modernization and other capital projects from National Innovation Fund. *By using disinvestment proceeds for above purposes Government will only change the nature of capital assets owned by it as the disinvestment proceeds by reduction in capital assets of Government on one side will be matched by increase in the stock of its capital assets in other approved areas.*

10. *Committee on Direct Cash Transfers held by the Prime Minister, Direct Benefit Transfers has been rolled out from 1st January 2013 in 43 identified districts. The purpose of Direct Benefits Transfer is to ensure that benefits go to individual's bank accounts electronically, cutting down delays, channels and diversions. Pilot projects in respect of direct transfer of subsidy for LPG and Kerosene have been undertaken. Similar projects for Fertilizer are also being considered. Government is deciding about nationwide rollout of the programme. With*

direct transfer of benefits to the end users, delivery of subsidies can be streamlined through better targeting and administration.

11. The plan investment in railways is funded through GBS, internal resources and extra budgetary resources (EBR). The 12th Five Year Plan for railways has been approved at Rs 5.19 lakh crore, targeting investment of Rs 1.94 lakh crore through GBS, Rs 1.05 lakh crore of internal resources and Rs 2.20 lakh crore of EBR. The plan resources are also targeted to be invested judiciously and operationally important projects will be provided assured funding during the 12th Plan. This will help the railways in not only removing the infrastructure bottlenecks but also augment the revenue earning capacity of the system.

1.5.2 Monetary Policy Measures

Some key monetary measures in the wake of current macro-economic policy changes taken by the RBI are as follows:

i. CRR: The cash reserve ratio (CRR) of scheduled banks has been retained at 4.0 per cent of their net demand and time liabilities (NDTL).

ii. Repo Rate: It has been decided to reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from **7.5 per cent to 7.25 per cent** with immediate effect.

iii. Reverse Repo Rate: The reverse repo rate under the LAF, determined with a spread of 100 basis points below the repo rate, stands adjusted to 6.25 per cent with immediate effect.

iv. Marginal Standing Facility Rate: The Marginal Standing Facility (MSF) rate, determined with a spread of 100 basis points above the repo rate, stands adjusted to 8.25 per cent with immediate effect.

v. Bank Rate: The Bank Rate stands adjusted to 8.25 per cent with immediate effect.

vi. Guidance

- a) The policy action undertaken in this review carries forward the measures put in place since January 2012 towards supporting growth in the face of gradual moderation of headline inflation. **Recent monetary policy action, by itself, cannot revive growth.** *It needs to be supplemented by efforts towards easing the supply bottlenecks, improving governance and stepping up public investment, alongside continuing commitment to fiscal consolidation.*
- b) *With upside risks to inflation still significant in the near term in view of sectoral demand supply imbalances, ongoing correction in administered prices and pressures stemming from MSP increases, monetary policy cannot afford to lower its guard against the possibility of resurgence of inflation pressures.*
- c) Monetary policy will also have to remain alert to the risks on account of the CAD and its financing, which could warrant a swift reversal of the policy stance.
- d) The balance of risks stemming from the Reserve Bank's assessment of the growth-inflation dynamic yields little space for further monetary easing. The Reserve Bank will endeavour to actively manage liquidity to reinforce monetary transmission, consistent with the growth-inflation balance.

1.5.3 Monetary policy interface with fiscal policy

- a) The laws imposed limits on fiscal deficits and public debt prohibits primary financing of the fiscal deficit by the central bank. This institutional framework which assures **operational independence to the central bank** in its conduct of monetary policy within a rule-based regime can be successful in keeping inflation low.
- b) *Monetary policy should be avoided to become hostage to fiscal compulsions. Central bank must not be forced beyond endurance to maintain expansionary monetary stances to compensate for fiscal laxity.*
- c) Monetary basic commitment must be towards price stability. Central bank should not become vulnerable to political pressures and its autonomy should not be at stake. *Fiscal policy must not try to control the monetary policy.*

- d) Provisions of primary financing of government debt by the central bank should be prohibited under FRBM act.
- e) Reserve Bank should be given necessary flexibility to implement monetary policy aimed at low and stable inflation.
- f) The quantum of **non-discretionary expenditure** (salaries, pensions, interest payments) is large which cannot be adjusted easily, at any rate in the short-term. Largest component of discretionary expenditure is on subsidies - on food, fertilizer and petroleum products.
- g) Monetary tightening works by restraining demand. In a scenario, wherein fiscal stance is more supportive of demand, the monetary stance has to be more rigorous.
- h) *For monetary policy to be more supportive of growth, it will be necessary for fiscal consolidation to provide a basic platform for stability.*
- i) *In India, the dilemma for monetary policy is the decision whether monetary policy is to be tightened that much more because of fiscal demand.*

1.6 SCIENCE, TECHNOLOGY AND INNOVATION POLICY (STI), 2013

The STI Policy seeks to send a signal to the Indian scientific community, both in the private and public domain, that *science, technology and innovation should focus on faster, sustainable and inclusive development of the people*. The policy seeks to focus on both STI for people and people for STI. It aims to bring all the benefits of Science, Technology & Innovation to the national development and sustainable and more inclusive growth. It seeks the right sizing of the gross expenditure on research and development by encouraging and incentivizing private sector participation in R & D, technology and innovation activities.

The policy also seeks to trigger an ecosystem for innovative abilities to flourish by leveraging partnerships among diverse stakeholders and by encouraging and facilitating enterprises to invest in innovations. It also seeks to bring in mechanisms for achieving gender parity in STI activities and gaining global competitiveness in select technological areas through international cooperation and alliances. *The policy goal is to **accelerate the pace of discovery, diffusion and delivery of science led solutions** for serving the aspirational goals of India for faster, sustainable and inclusive growth.*

1.6.1 Background

Prime Minister, Shrimati Indira Gandhi had announced the **Technology Policy Statement (TPS) at the Science Congress in January 1983**. It focused on the need to attain **technological competence and self-reliance**. Several of the statements of TPS were implemented. Subsequently, a Science and Technology Policy (STP) was announced in 2003, seeking to bring science and technology (S&T) together. It basically called for integrating programmes of socio-economic sectors with the national R&D system and the creation of a national innovation system. The world has changed vastly since then in all spheres of human activity. New paradigms of innovation have emerged, arising, among others, out of the pervasive intrusion of internet and globalization. Even then systems that foster innovation have become country and context specific. India has declared 2010-20 as the **"Decade of Innovation."** India's demographics have changed significantly too. The youthful populations have high expectations and aspirations of the nation. The Science, Technology and Innovation Policy (STI) 2013 approved by the Union Cabinet is in furtherance of this declaration and aims to bring perspectives to bear on Science & Technology led innovations in the changing context.

Chronology of the policy on Science and Technology:

1. 1958: India's first Scientific Policy Resolution.
2. 1983: New policy which focused on the need to attain *technological competence and self reliance*.
3. 2003: This new policy wanted to bring science and technology together; bring higher investment into R&D to address national problems.
4. 2013: **Innovation** is added as one of the elements along with Science and Technology.

1.6.2 Basic Principles in STI policy 2013

1. Integration of STI for **value creation**
2. **Global competitiveness** and **National inclusiveness** need to be interconnected
3. Policy for STI to be developed and STI policy for People
4. **Innovation for inclusive growth** should ensure access, availability and affordability.
5. Facilitating Investments into science and Investment of science into the growth of the nation
6. Synergetic relationship among science, economics and well being of people

1.6.3 Key features of the STI policy 2013

1. Promoting the spread of **scientific temper** amongst all sections of society.
2. Enhancing **skills for applications** of science among the young from all social sectors.
3. Making **careers** in science, research and innovation attractive enough for talented and bright minds.
4. Establishing **world class infrastructure** for R&D for gaining global leadership in some select frontier areas of science.
5. Positioning India among the top five global scientific powers by 2020 (by increasing the share of global scientific publications from 3.5% to over 7% and quadrupling the number of papers in top 1% journals from the current levels).
6. The policy goal is the establishment of a strong and viable Science, Research and Innovation system for High Technology led path for India (**SRISHTI**).
7. *Linking contributions of Science Research and innovation system with the **inclusive economic growth agenda** and combining priorities of excellence and relevance*
8. Creating an environment for enhanced **private sector participation in R & D**.
9. Enabling conversion of R & D output with societal and commercial applications by replicating hitherto successful models, as well as establishing of **new PPP structures**.
10. Seeking S&T based **high risk innovation** through new mechanisms.
11. Fostering resource optimized cost-effective innovation across size and technology domains.
12. Triggering in the mindset & value systems to recognize respect and reward performances which create wealth from S&T derived knowledge.
13. Creating a robust national innovation system.

1.6.4 Targets

1. Raising Gross Expenditure in Research and Development (**GERD**) to **2%** from the present 1% of the GDP in this decade by encouraging enhanced private sector contribution.
2. Increasing the number of Full Time Equivalent (FTE) of R&D personnel in India by at least 66% of the present strength in 5 years.
3. Increasing accessibility, availability and affordability of innovations, especially for women, differently-abled and disadvantaged sections of society.

1.6.5 Decade of Innovation

1. India has declared 2010-20 as the "**Decade of Innovation.**"

1.6.6 Importance of STI policy 2013

1. It aspires to position India among the **top five global scientific powers** by 2020.
2. Today innovation is no longer a mere appendage to science and technology but has assumed centre stage in the developmental goals of countries around the world.
3. The policy thus seeks to focus on both people for science and science for people and combine the benefits of excellence and relevance.
4. *India's STI-led developmental efforts should thus aim at faster, inclusive and sustainable growth.*
5. India needs '**inclusive innovation**'. The policy will thus drive both investments in science and Science, Technology, Innovation Policy 2013 investment of science-led technology and innovation in agriculture, manufacturing and services that lead to socio-economic benefits to a wide cross section of society.

1.6.7 Other claims made by the govt. of the policy

1. A few scientists seem to have **expressed skepticism** with respect to **high growth in industrial R & D** as reported in the media. The Government, while formulating the STI Policy held extensive discussions with industrial sector at the meetings organized by overarching industry chambers. Besides, a Joint Committee set up by the Government has prepared a report on stimulation of investment of private sector into Research and Development (R & D).
2. A bibliometric study commissioned by the Department of Science and Technology indicates that India's science publication share has increased from **1.8% in 2001 to 3.5%** in 2011. *China has been investing significant national resources in scientific research during the last decade. South Korea also invests significantly into Research and Development (R&D).* The Government has taken note of China's higher performance in R&D relative to India. *However, there is no significant gap between India and China in critical technology areas such as space, software, vaccines, and renewable energy.*

1.6.8 Policy Implementation and Mechanism

Implementation of the proposals contained in the Policy will necessitate consultations with different government departments/ministries and agencies besides consultations with overarching, science and engineering academies industry and business associations etc. Accordingly DST will establish a Policy Implementation Group to expeditiously operationalise the proposals within the next two years.

Mechanism:

Wide ranging mechanisms are envisaged to be deployed to realize the policy aspirations, a few of these are:

1. Permitting **multi stakeholders participation** in the Indian R&D system.
2. Treating R&D in the private sector at par with public institutions for availing public funds.
3. Bench marking of R&D funding mechanisms and patterns globally.
4. Aligning Venture Capital and Inclusion **Innovation Fund systems.**
5. Sharing of IPRs between inventors and investors and modifying IPR policy to provide for marching rights for social good when supported by public funds and for co-sharing IPRs generated under PPP.
6. Providing incentives for **commercialization of innovations** with focus on green manufacturing and closing gaps in the translation of new findings at the grassroots and the commercial space.
7. Forging strategic partnerships and alliances with **other nations** through both bilateral and multilateral cooperation in science, technology and innovation.
8. **Triggering ecosystem** changes in attitudes, mindset, values and governance systems of publicly funded institutions engaged in STI activities to recognize, respect and reward performances which create wealth from S&T derived knowledge.

1.6.9 Some remaining concerns

1. The biggest question is on the investment in R&D sector and allocation of Gross Expenditure in Research and Development (GERD) to 2%. *From where would the govt. bring in additional investment?* In the past, private sector has shown no enthusiasm in India's R&D contribution.
2. The policy doesn't provide any reference to augmenting the **technological competitiveness of SMEs and MSMEs**. These industries have faced the dire competition from the bigger counterparts and the global MNC giants.
3. The domestic educational institutions lack the ecosystem for basic R&D activities and commercialization of technology. Only 15-20% of 500 universities and 19000 colleges are research oriented and rests are just teaching institutions.
4. There is no concrete road map or action plan on how can we attain the goal of top 5 Science Powers?
5. The policy talk of **inclusive innovation** but with the limited govt. capacity and lack of willingness of private sectors makes it a more ambitious and distant dream.

2.1 FDI IN MULTIBRAND RETAIL

As per existing policy, FDI, up to 100%, is permitted, with prior Government approval, for **single brand product retail trading**. The government had allowed 51% FDI in multi-brand retail in 2011, but the decision was kept in abeyance following widespread opposition from the allies and opposition parties. *Recently, Supreme Court, the apex court of the country upheld the constitutional validity of govt's decision allowing 51% FDI in the multi-brand retail sector.* As of now, **FDI is not permitted in Multi Brand Retail.**

Stakeholders in FDI in Retail:

- Central and State Govt.
- MNCs and Indian corporate
- Unorganized Retails Stores(e.g. Kiryana Stores)
- Farmers
- Consumers

2.1.1 Govt. mandate on FDI in Multi Brand Retail

1. As per the FDI policy, 30% local sourcing is mandatory. For *FDI proposals beyond 51% in single brand retail, 30% sourcing from 'Small Industries' has been made mandatory.*
2. For multi-brand retail, 50% FDI brought in shall be invested in back-end infrastructure within 3 years of FDI induction. Multi-brand retailers must have a minimum investment of US\$100 million with at least half of the amount invested in *back end infrastructure, including cold chains, refrigeration, transportation, packing, sorting and processing to considerably reduce the post harvest losses and bring remunerative prices to farmers;*
3. All multi-brand and single brand stores in India must confine their operations to **53-odd cities** with a population over one million, out of some 7935 towns and cities in India.

2.1.2 Expected outcomes

New policy on FDI is expected to attract investment, create employment. If 100% FDI in retail becomes a reality, the move would allow global firms such as Wal Mart, Tesco etc. to set up shop with a local partner and sell directly to consumers. *It would transform the \$450 billion retail market and reduce inflationary tendencies in the consumer market.* The opening of Indian retail industry to global competition is expected to spur competition in domestic market in India. It has the potential to transform not only the retailing industry but also the nation's poor agricultural backward and forward infrastructure. In some of the analyses, it is claimed that fresh investments in Indian organized retail will generate *10 million new jobs between 2012–2014, and about five to six million of them in logistics industry alone; even though the retail stores are permitted just 53 cities out of about 8000 towns and cities in India.* Govt. supports its policy on the FDI in multibrand retail is aimed to **eliminate middlemen** and help provide farmers a better price for their produce.

2.1.3 Imaginary negative aftermaths

- The **informal retail shops** (kiryana shops, mandi, cooperatives) would face a severe competition from the globally powerful MNCs. Independent stores will be vulnerable. *It may lead to large scale unemployment of unskilled workforce who dwell on informal retailing.*
- Even Indian companies such as Reliance, Tata or Mahindra are no match to global giants' (such as Walmart, Metro, Tesco etc.) **efficiency at supply chain management** and core competencies in the retail industry.
- **Numerous small scale retailers and the middle channel partners** present in the retail industry play a vital role in supporting the local economy since they facilitate the procure goods and services, transportation, and logistic infrastructure which leads to **increased economic activity**, wealth redistribution and cash flow. With large and efficient retailers, *retail industry would be monopolized by only a few players.*

- Indian market may be dumped of lower price and inferior quality goods or restrict better quality of products to urban elites and middle class by raising the prices.

2.1.4 Politics over FDI in Multi Brand Retail Trade

i. Role of States

States' approval in the opening of retail competition within India's federal structure is a prerequisite. The states of India have the *prerogative to accept it and implement it, or they can decide to not implement it*. Actual implementation of policy will be within the parameters of state laws and regulations. The Department of Industrial Policy & promotion, Government of India, wrote to all the State Governments for their support for FDI in multi-brand retail trade in 2012, Responses have been received from a few states.

ii. Objection of Political Parties

The UPA II government ally Trinamool Congress expressed strong opposition on the government's decision. In December 2011, Mamata Banerjee, Chief Minister of the West Bengal, who is against the policy (whose Trinamool Congress brings 19 votes to the ruling Congress party-led coalition) claimed that India's government must put the FDI retail reforms on hold until it reaches consensus within the ruling coalition; else the support to govt. may be withdrawn. Opposition party BJP also called the FDI in Retail as a "betrayal of people of country". Even the apex court of the country is not convinced about govt. FDI policy considering the mammoth of scams, frauds and other scandals in the ruling govt.

iii. Industry Opinion

Majority of Indian corporate has been pressing the govt. for allowing FDI in multibrand retail. Indian corporate is of the view that the government will stick to its decision of allowing FDI in multi-brand retail because that is absolutely essential. The industry is convinced that once a few states implement the policy; the others will see the benefits and definitely consider it as well. Foreign MNCs and investors are getting fed up with India because the deadlock on the FDI policy in multi brand retail appears to be permanent.

Finally, India needs trillions of dollars to build its infrastructure, hospitals, housing and schools for its growing population. The Indian economy is still developing and with limited surplus capital and ever growing fiscal deficit. The government is already struggling with budget deficits and resource crunch. It is simply not possible for Indian investors or the government to diversify the domestic economic activities, fund this economic expansion, job creation and growth at the rate India has evaluated in its planning. Global investment capital through inward FDI is an utmost need of the hour. Besides the capital requirement, the Indian retail companies require knowledgebase and global integration with counterpart MNCs. Global retail giants can fill in this vacuum. It can potentially benefit export markets. Indian farmers and producers have opportunity for enhanced income and standard of livelihood. Therefore, FDI in multibrand retail may be a win-win situation for Indian economy provided that policy framework is drafted judiciously taking all pros and cons into consideration.

2.1.5 Govt.'s clarifications on queries of prospective investors and stakeholders on FDI policy in Multi Brand Retail

Issue	Clarification/comment
30% sourcing from Small and Medium Enterprises: (a) Can the Foreign Investor purchase the 30% of the total procurement of manufactured or processed goods by the SME but distribute them	(a) No. The 30% sourcing will be reckoned only with reference to the front end store. <i>As such a multi-brand retailing entity cannot engage in any other form of distribution.</i>

<p>either through the retail operation and/ or cash & carry operations and/ or export for the Foreign Investor's International retail & trading operations?</p> <p>(b) Whether a 'small industry' referred to the actual legal entity of manufactured/processed products purchased with investment within <i>USD 1 million which shall not include its parent company, subsidiaries, affiliates and/or franchisor?</i></p> <p><i>Whether farmer, cooperative, agro-business including dairy, poultry and fresh, distributor and reseller of major branded companies will be counted as a SME if its investment is within USD 1 million?</i></p>	<p>(b) The phrase used in the FDI policy is 'small industries' with maximum investment in Plant & Machinery at USD 1 million. The sourcing condition pertains only to manufactured and processed products. <i>Procurement of fresh produce is not covered by this condition.</i></p>
<p>50% investment in back-end infrastructure</p> <p>(a) Can the new retail entity to be set up acquire supply chain/back-end assets or stake from an existing company having such assets and will such assets/stake values be counted towards the back-end investment requirement?</p> <p>(b) Would investment (equity stake less than 100%) in a company engaged in development of back-end infrastructure be considered part of the investment in back-end infrastructure if one can certify its use towards back-end capacity?</p> <p>(c) <i>Whether investment in back-end infrastructure for instance for storage, warehouses, agricultural produce infrastructure in non-FDI approved states will be counted towards investment in back-end infrastructure.</i></p> <p>(d) Will the new retail entity include back-end facilities that have the capacity to supply its own businesses and other businesses. It should be free to supply back-end services (e.g. logistic supply, goods) to related or third party companies, including but not limited to the company's existing wholesale entity and the retail franchisee operated by its partners.</p> <p>(e) Would a company operating in wholesale trading/cash & carry trading be considered as a company providing back-end infrastructure in efficiently distributing the goods to the small retailers and professional/business users?</p> <p>(f) Would the minimum investment of 50% of the total FDI in back-end infrastructure be mandatorily invested in the same state where the retail store is proposed to be set up?</p>	<p>(a) No. Entire investment in back-end infrastructure has to be an additionality. The entity can invest only <i>in greenfield assets</i> and it will not be possible to acquire supply/chain/backend assets or stakes from an existing entity.</p> <p>(b) No. Such investment in the equity of the existing infrastructure company will not be treated towards the fulfilment of the conditionality of 50% investment in back-end infrastructure.</p> <p>(c) <i>FDI in these activities is already allowed throughout the country. As far as MBRT is concerned FDI in non-FDI approved States in back-end infrastructure will be counted provided it is an additionality.</i></p> <p>(d) As per the conditions for wholesale cash & carry trading, such an entity is not permitted to undertake retailing of any form. <i>Therefore, both the businesses have to be kept separate through different entities.</i> As regards supplies by MBRT company to franchisees run by its partners, it is clarified that the policy envisages multi-brand trading in retail. The MBRT entity is not envisaged to undertake wholesale activity i.e. B2B.</p> <p>The front-end stores set up by MBRT entity will have to be 'company owned and company operated' only.</p> <p>(e) No. The wholesale trading/ cash & carry trading cannot be considered to be providing back-end infrastructure. <i>FDI in MBRT will require fresh investment in back-end infrastructure.</i></p> <p>(f) The investment towards back-end infrastructure can be made across all states irrespective of the fact whether FDI in MBRT is allowed in that state or not.</p>
<p>Investment in Front-end/back-end infrastructure</p> <p>(a) If the same foreign investor is an investor in various companies for logistics, services etc., will the back-end investment made by such investor be aggregated?</p> <p>(b) Can back-end and front-end infrastructure be held by separate entities? Can the back-end entity be 100% owned by a foreign entity since 100% FDI is permitted under the automatic route for a company</p>	<p>(a) No. Investments in multiple infrastructure companies would not be counted towards fulfilment of condition of investing 50% in the back end infrastructure.</p> <p>(b) The back-end entity may be 100% owned by a foreign entity as long as the investor in MBRT has been able to satisfy the condition that 50% of the FDI brought into the country for MBRT has been utilized in back-end infrastructure as an</p>

engaged in back-end infrastructure related?	additionality.
Small industry certification: Suppliers should have some form of authentication to confirm their status as 'small industry'.	Certificate issued by District Industries Centre would be adequate authentication to confirm status of supplier as 'small industry'.
Population Restrictions on operations (a) For determining whether a city has a population of more than 10 lakh, it should not be limited to the data as per the 2011 census. When a city reaches such population level after 2011, it should be allowed to self-certify that it has achieved the population. Further, the population restriction should recognize that twin cities or co-located cities may be eligible based on their combined population.	(a) Census data is the most authoritative source of population data, which is accepted by all the States. Therefore, no other data source or self-certification can be permissible.
State Discretion: (a) The policy should not give states that have approved FDI in multi-brand retail the ability to change the fundamental rules of the FDI policy including but not limited to the 30% 'small industry' sourcing and minimum investment in back-end infrastructure requirements. (b) In case, the foreign investor approaches a State Government for setting up a retail store, can the state Government put additional conditions to operate in that state? (c) In case, the foreign investor approaches a State Government not included in the list of states supporting FDI in MBRT, would the approval of such new state be valid before they are notified to the DIPP for addition in the list?	(a) <i>States which have opted for inclusion in the FDI policy have already been notified. Any amendment in the policy falls under the domain of the Central Government. However, State laws/regulations will apply.</i> (b) FDI policy in MBRT is subject to the applicable State/Union Territory laws/ regulations. <i>The State Governments have the prerogative of imposing additional conditions accordingly.</i> (c) If the foreign investor approaches a State Government not included in the list of states supporting FDI in MBRT, consent from the State Government would be sufficient, and a suitable amendment to the policy will be issued by the Central Government.
Policy on E-commerce Allowing online sales will enable the Company to better serve Indian customers through enhanced convenience and assortment as well as improve the site customer experience. This will allow the company to make significant investments in Logistics.	Multi-brand retail trading by way of e-commerce is not permitted.
Front end retail franchise stores in non-FDI states: Whether the back-end infrastructure could support front end retail franchise stores in non-FDI states at arm's length price.	Back end infrastructure, so developed, can be used across the states by any entity. Franchisee model is not permissible as per extant FDI policy on MBRT. The front-end stores set up by MBRT entity will have to be ' company owned and company operated ' only.
Investment in Greenfield or brownfield front-end entities Can the minimum investment of US\$ 100 Million be used to acquire existing retail stores or setting up new retail stores or a combination of both?	50% of the investments brought in, must be invested in back-end infrastructure, and any amount spent in acquiring front end retail stores would not be counted towards back-end infrastructure. The front-end retail stores must also be set up as an additionality and not through acquisition of existing stores.

Following issues are still under consideration:

- **Sourcing restriction** amongst 'group companies'.
- Requirement of 50% investment in '**backend infrastructure**' within three years of the first tranche of FDI.

- Requirement of 30% sourcing from 'small industry'.
- Whether sourcing from such 'small industry' can be allowed towards fulfillment of this conditionality, if it outgrows, and if so, till what period?

2.2 NATIONAL FOOD SECURITY BILL

The National Food Security Bill, 2011 was introduced in the Lok Sabha by the Minister of Food, Consumer Affairs and Public Distribution on December 22, 2011. The Bill was referred to the Standing Committee on Food, Consumer Affairs and Public Distribution (Chairman: Vilas Baburao Muttemwar) on January 5, 2012. The Committee was due to submit its report in April 2012.

2.2.1 A historical perspective of India's food security

Earlier, the govt. has faced the aftermaths of de-regulating the food market in a similar manner during 1940s. This led a death of 1.5 million people in the great Bengal famine of 1943. A complete laissez-faire policy towards food grain market would result in hoarding rich traders, farmers and consumers. Indian economy faced the issues of droughts, floods, insufficient production, lack of food shortages warehouses and price rise. After the independence, govt. regulation in the form of rationing, price control and distribution was re-introduced in 1949 to deal with the acute food scarcity. In 1952, the next phase of food market reforms was started under the Food Minister, Rafi Ahmed Kidwai which led increase in food production and stable prices. Government procurement of food grains was stopped for a brief time and restrictions on the movement of grains were removed. Still there existed imaginary scarcity of food products and high prices. Ashok Mehta enquiry committee in 1957 identified that an excess of money supply, industrialisation, urbanisation and investment resulted in purchasing power capacity of the general masses which created a dilemma to the policy makers. Hoarding by dealers, farmers, consumers and speculation were the main reasons of rise in prices. On the top of that, there was no policy framework to check in inflation and artificial shortages. The government control was reintroduced again to curb the issues. Distribution system was enlarged with over 10,000 ration shops by 1957. *The Food Grains Enquiry Committee recommended institutions like the FCI and the CACP for regulating the food markets.* From, the historical trends it can be observed that, lack of government control over the food sector can lead slow down in production and increase in hoarding and speculation in the commodity markets.

2.2.2 Problem with existing system of PDS

The procurement of essential food commodities such as rice and wheat is done by the Food Corporation of India (FCI) and the CACP. States are entitled to purchase food grains from the FCI at subsidized prices for distribution through its Fair Price Shops issuing ration cards. As of now, the government holds millions of tons of rice and wheat according to predefined buffer norms. Govt. has preferred open market operations allowing consumers to buy through the PDS. Lack of requisite infrastructure makes the state govts. handicap in the current format of procurement and distribution. *Thousands of tonnes of grains keep on rotting every year in the agriculture production affluent states like Punjab, Haryana, UP, Bihar, West Bengal etc.* There is quite a weak PDS in states like Chhattisgarh and Tamil Nadu. Governments have no arrangements to handle existing and incoming stocks. The govt. control over the Public Distribution System (PDS) has also bred in the acute level of corruption, fraud, intensification of the black market and artificial scarcity in the food grain market. Disadvantaged section is grossly deprived. The PDS is mother of all types of corruptions in India.

The central government is taking steps towards setting up a comprehensive **food administration** including procurement by the government, the building of buffer stocks and the introducing the reforms in rationing.

2.2.3 Delivery Mechanisms identified under the Bill

Advantages and disadvantages of PDS and other delivery mechanisms

Mechanism	Advantages	Disadvantages
PDS	Insulates beneficiaries from inflation and price	Poor identification and targeting of

Mechanism	Advantages	Disadvantages
	volatility	beneficiaries
	Ensures entitlement is used for foodgrains only	Low offtake of foodgrain from each household
	Well-developed network of FPS ensures access to foodgrain even in remote areas	Large leakages and diversions of subsidised foodgrain
		<i>Adulteration of foodgrain</i>
		<i>Lack of viability of FPSs due to low margins</i>
Cash transfers	Cash in the hands of poor expands their choices	Vulnerable to targeting errors
	Cash may relieve financial constraints faced by the poor, make it possible to form thrift societies and access credit	<i>Cash can be used to buy non- food items</i>
	Administrative costs of <i>cash transfer programmes may be much less than that of centrally sponsored schemes</i>	May expose recipients to price volatility and inflation
	Potential for fully electronic transfer	There is poor access to banks and post offices in some areas
Food coupons	Household is given the freedom to choose where it buys food	<i>Vulnerable to targeting errors</i>
	Increases incentive for competitive prices and assured quality of foodgrain among PDS stores	Food coupons are not indexed for inflation ; may expose recipients to inflation
	PDS stores get full price for foodgrains from the poor ; no incentive to turn the poor away	Difficult to administer; known to have delays in issuing food coupons and reimbursing shops

i. Discussing Cash Transfer:

Cash transfer system is envisaged to replace this process of buying the commodities by consumers from ration shops by cash transfer.

ii. In favour of cash transfer:

National Food Security Bill encourages States to adopt cash transfers in lieu of food entitlements under the Public Distribution System (PDS). A recent report by the Commission for Agricultural Costs and Prices (CACP) analyzed that the provision of food subsidies in the form of cash would help the government in limiting the excess expenditure. Direct cash transfers to the beneficiaries would eliminate middlemen such as dealers and transporters. This in turn would ensure that the subsidy reaches the targeted beneficiaries. Cash transfers may propose a solution only if the PDS is maintained separately than as making it a part of food security policy.

ii. Against the cash transfer:

Cash transfers would essentially deregulate the food market. Cash transfer scheme is not a quick fix remedy; relying on cash transfers alone mean that the beneficiaries have to go to the market to for their food needs. *It may also effect in the instability in prices and consumption patterns.* Thus, cash transfer can **only complement** the PDS at best. On the other hand, reforms in PDS may counter the problems of food scarcity and price fluctuations. The government's decision of direct cash transfers in the National Food Security Bill should take into consideration the previous experience and experiments as discussed under the historical trends.

2.2.4 Key recommendations the Food Security Bill

- The Bill proposes foodgrain entitlements for up to 75 percent of the rural and up to 50 percent of the urban population. *Of these, at least 46 percent of the rural and 28 percent of the urban population will be designated as priority households.* The rest will be designated as general households.

- Priority households will be entitled to **7 kg of subsidised foodgrains** per person per month. General households will be entitled to **at least 3 kg**.
- The central government will determine the percentage of people in each state that will belong to the priority and general groups. *State governments will identify households that belong to these groups.*
- The Bill proposes **meal entitlements** to specific groups. These include: **pregnant women and lactating mothers**, children between the ages of six months and 14 years, malnourished children, disaster affected persons, and destitute, homeless and starving persons.
- Grievance redressal mechanisms will be set up at the district, state, and central levels of government.
- The Bill proposes reforms to the **Targeted Public Distribution System**.

2.2.5 Some issues in the bill

i. Lack of clarity:

The Bill classifies beneficiaries into **three groups**. The criteria of defining starving and destitute persons are not clear. The process of identifying beneficiaries by the states and placing them into these groups may lead to large inclusion and exclusion defaults. The Bill does not provide a rationale for the cut-off numbers prescribed for entitlements to priority and general households.

ii. Over reliance on states:

Several entitlements and the grievance redressal structure would require state legislatures to make **adequate budgetary allocations**. Implementation of the Bill may be affected if states do not pass requisite allocations in their budgets or do not possess adequate funds.

iii. Conflicting interests:

The grievance redressal framework may overlap with that provided in the Citizens' Charter Bill that is pending in Parliament.

With constantly increasing demand of food grains, the government intervention is a dire need of the moment in both the demand and supply sides to ensure food availability as well as food security for all its citizens. As all the possible options are evaluated for food security reforms, cash transfers appears to be a better choice in short term over the current system of PDS but it may have untoward consequences if there is no proper regulatory mechanism in place. *PDS has been a historically proven model but it has its own shortcomings, nonetheless PDS appears to be a sustainable solution; if reformed at all tiers of governance.*



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(A)

G. S. II: SOCIAL JUSTICE

ISSUES RELATING TO POVERTY AND HUNGER

VISIONIAS

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Q1. What are the issues related to poverty and hunger?

The following can be cited as the issues related to poverty and hunger:

- Definition of poverty
- Determining who is poor and the puzzle of head count
- Arriving at a satisfactory methodology to determine the BPL population
- Whether 'poverty line' is a satisfactory measure of determining the extent of poverty
- Whether causes of poverty lie exclusively in the economic structure or social and cultural structures are also a determining factor
- How best to tackle poverty - Growth or redistribution
- Is poverty a major cause of hunger and food Insecurity
- Extent of Malnutrition in India
- Calorie consumption as an indication of increased hunger
- Corruption and inefficiency in the Public Distribution System

Q2. What are the issues regarding definition of poverty? Explain the different concepts of Poverty.

There has been a long standing dispute on whether poverty should be measured in Absolute or Relative terms. This can be better understood in the context of two different approaches: one that considers only material deprivations and the other that includes notions of social exclusion as well. Let us see how differences in the definition of poverty arise depending on which of the two approaches we use.

- Absolute Poverty
 - People are in poverty if they do not have resources to maintain human life.
 - Poverty implies lack of resources.
 - Here an attempt is made to judge the basic subsistence needs that are required to maintain health and physical efficiency. So, measures of poverty are based on the idea of subsistence. Thus it is also called as 'Subsistence Poverty', since it is based on assessments of minimum subsistence requirements.

However, advocates of Relative Poverty argue that a definition must relate to standards of a particular society at a particular time. This brings us to the concept of Relative Poverty

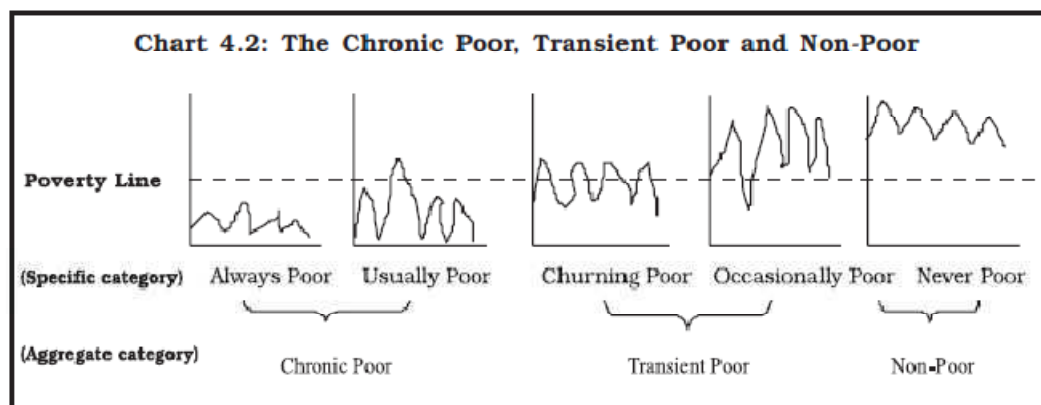
- Relative Poverty

People are in poverty if:

 - their resources are much below those of average individuals
 - they are excluded from ordinary living patterns, customs and activities
 - they lack resources to obtain such diets, activities, living conditions and amenities which are customary or widely encouraged or approved in the societies to which they belong.

Thus it includes notions of social exclusion and multiple deprivations.

There are other ways too, of categorizing poverty. In one such way people who are always poor and those who are usually poor but who may sometimes have a little more money (example: casual workers) are grouped together as the chronic poor. Another group are the churning poor who regularly move in and out of poverty (example: small farmers and seasonal workers) and the occasionally poor who are rich most of the time but may sometimes have a patch of bad luck. They are called transient poor. And then there are those who are never poor and they are the non-poor.



Source: Indian Economic Development, NCERT for Class XI

Q3. What are the issues that arise while using these different concepts of Poverty?

Certain issues arise while using these concepts of Poverty. They are as follows:

- Absolute Poverty
 - Establishing a yardstick to measure poverty: the yardstick should be ideally applicable to all societies. This yardstick is known as Poverty Line, below which poverty begins and above which poverty ends. The Poverty Line is based on resources required to maintain health and physical efficiency. However, this raises the issue of pricing the basic necessities and using it to draw the Poverty Line.
 - There is no consensus on what should be included as basic necessities. While some argue that only nutrition, clothing, shelter and health should be included; others have argued that basic cultural needs like education, security, leisure etc. should also be included. However, this broadens the idea of basic human needs. Therefore, some ideas of Absolute Poverty go beyond the notion of subsistence and material poverty by introducing the idea of basic cultural needs.
 - There have been arguments that the concept of Absolute Poverty is based on the wrong assumption that there are minimum basic needs for all people, in all societies; rather needs vary both between and within societies.
 - Further, it has also been argued that no account is taken of the kind and demand of occupation. This makes it difficult to define nutritional needs.
 - The idea of Absolute Poverty becomes even more difficult to define when it is broadened to include the idea of cultural needs. This is because cultural needs vary from place to place and time to time. Therefore, absolute standards cannot be fixed.
- Relative Poverty
 - Relative Poverty is measured in terms of standards specific to a particular place and time. Thus it can be measured only in terms of judgements by members of a particular society. This introduces subjectivity.
 - It involves preparing a Deprivation Index, covering a number of socially approved items and thereafter, assigning a score to each household on that Deprivation Index. The deprivation Index covers both material and social deprivations. This requires finding incomes below which deprivation increases rapidly. Households with less than this income are in Poverty. But, such a deprivation index introduces the following issues:
 - The index may be inadequate
 - Items in the index may not represent people's view, rather that of an expert
 - It introduces subjectivity
 - Decisions to include certain items are arbitrary

- The point at which poverty starts is also arbitrary
- No account of ethnicity, class, age, religion etc.
- It also demands examining how resources affect participation in approved social activities. Therefore, it defines poverty as the inability to participate in approved social activities that are considered normal. This makes it necessary to move beyond consumption to participation in lifestyles. This however, can be problematic. This is because the argument for relative standards rests on the assumption that for practical purposes standards become so fluid that no definition of need, no matter how broad, satisfies the ever changing expectations of modern life.
- Some have argued that an irreducible core of Absolute Poverty always exists. Thus focus on Relative Poverty alone can distract from efforts made to address this core.
- Yet another issue is the relationship between Inequality and Poverty. Any society which has inequality will have Relative Poverty. So do we need to eradicate all inequality? Advocates of Relative Poverty say that some reduction in inequality is indeed necessary, though total abolishment may not be required. But, this raises the issue whether there is no poverty if there is no inequality. This line of argument is however wrong. Relative Poverty can only supplement, not supplant Absolute Poverty.

Q4. Analyze the debate on the issues of poverty line and head count.

The Indian government uses an official poverty line in terms of per capita income but calibrated to suffice for the cost of a minimum consumption basket. The concepts of 'poverty line' and 'headcount ratio' have been central to State planning towards poverty eradication in India. At the same time, both these concepts have generated considerable controversy. For instance, the poverty line is taken as a cut-off between poor and non-poor, and is derived on the basis of a minimum requirement of a person. In the absence of data on income, the poverty line in India is measured in terms of monthly per capita consumption expenditure (MPCE) on food and non-food items as compiled by the National Sample Survey Office (NSSO) from its survey of household. But the poverty figures arrived at by using different methodologies have often been questioned on the premise that poverty lines considered are low – for instance how can a family of five with Rs. 5000 monthly consumption expenditure be considered above the poverty line in urban areas?

The estimation of the 'headcount ratio' has been another major contentious issue. Varying methodologies and assumptions have led to varying estimates adding to the confusion. The varying headcount estimates have been used for contradictory claims on the purported rate of decline of poverty in India since the 1990's. The debate has mostly centered on the issue of the correct estimation of poverty in India with reference to the 'poverty line'. It is not clear whether the decline has been faster or slower since the 1990's in comparison to the earlier decades because of the incomparability of estimates. But there is evidence to suggest that as far as the 'headcount ratio' is concerned, poverty level in India has been consistently declining. For instance, if we take the comparable official estimates of headcount ratio between 1993-94 and 2004-05, the figures showed a decline from 36 percent to nearly 28 percent.

So what does it mean when the Planning Commission of India states that the headcount-poverty ratio was almost 28 percent in 2004-05? It means that almost 28 percent of the Indian population was found to subsist below the per capita income specified by the poverty line. However, it does not say how low the income was of those below the poverty line or how acute their hunger was. It also means that according to the Government of India, every fourth Indian lived in absolute poverty; but since this absolute poverty is pegged to a bare subsistence level defined by the 'poverty line', it does not say how many of those who stayed above the line also managed to escape destitution.

Q5. What are the different models adopted to estimate poverty over the years?

The Planning Commission appointed a panel headed by YK Alagh, which defined the poverty line in 1979 as MPCE level of Rs.49.09 for rural areas and Rs.56.64 for urban areas at 1973-74 prices at national level. Then, the DT Lakdawala Committee in its 1993 report recommended a poverty line in terms of a calorie norm based on a

fixed consumption basket. A panel headed by Suresh Tendulkar further refined the methodology in 2009 to include expenses on education and health. It suggested the poverty lines focusing on food, education and health. However, since there was criticism by several experts that it kept poverty lines low, the government set up a committee headed by C Rangarajan to revisit the methodology for estimation of poverty.

To understand the issue in detail we start with the history of poverty estimation in India.

- **Pre independence poverty estimates:** One of the earliest estimations of poverty was done by Dadabhai Naoroji in his book, 'Poverty and the Un-British Rule in India'. He formulated a poverty line ranging from Rs 16 to Rs 35 per capita per year, based on 1867-68 prices. The poverty line proposed by him was based on the cost of a subsistence diet consisting of 'rice or flour, dhal, mutton, vegetables, ghee, vegetable oil and salt'.

Next, in 1938, the National Planning Committee (NPC) estimated a poverty line ranging from Rs 15 to Rs 20 per capita per month. Like the earlier method, the NPC also formulated its poverty line based on 'a minimum standard of living perspective in which nutritional requirements are implicit'. In 1944, the authors of the 'Bombay Plan' suggested a poverty line of Rs 75 per capita per year.

- **Post independence poverty estimates:** In 1962, the Planning Commission constituted a working group to estimate poverty nationally, and it formulated separate poverty lines for rural and urban areas – of Rs 20 and Rs 25 per capita per year respectively.

VM Dandekar and N Rath made the first systematic assessment of poverty in India in 1971, based on National Sample Survey (NSS) data from 1960-61. They argued that the poverty line must be derived from the expenditure that was adequate to provide 2250 calories per day in both rural and urban areas. This generated debate on minimum calorie consumption norms while estimating poverty and variations in these norms based on age and sex.

- **Alagh Committee (1979):** In 1979, a task force constituted by the Planning Commission for the purpose of poverty estimation, chaired by YK Alagh, constructed a poverty line for rural and urban areas on the basis of nutritional requirements. Table 1 shows the nutritional requirements and related consumption expenditure based on 1973-74 price levels recommended by the task force. Poverty estimates for subsequent years were to be calculated by adjusting the price level for inflation.

Table 1: Minimum calorie consumption and per capita consumption expenditure as per the 1979 Planning Commission task force on poverty estimation

Area	Calories	Minimum consumption expenditure (Rs per capita per month)
Rural	2400	49.1
Urban	2100	56.7

Source: Report of the Expert Group on Estimation of Proportion and Number of Poor, 1993, Perspective Planning Division, Planning Commission

- **Lakdawala Committee (1993):** In 1993, an expert group constituted to review methodology for poverty estimation, chaired by DT Lakdawala, made the following suggestions: (i) consumption expenditure should be calculated based on calorie consumption as earlier; (ii) state specific poverty lines should be constructed and these should be updated using the Consumer Price Index of Industrial Workers (CPI-IW) in urban areas and Consumer Price Index of Agricultural Labour (CPI-AL) in rural areas; and (iii) discontinuation of 'scaling' of poverty estimates based on National Accounts Statistics. This assumes that the basket of goods and services used to calculate CPI-IW and CPI-AL reflect the consumption patterns of the poor.
- **Tendulkar Committee (2009):** In 2005, another expert group to review methodology for poverty estimation, chaired by Suresh Tendulkar, was constituted by the Planning Commission to address the following three shortcomings of the previous methods: (i) consumption patterns were linked to the

1973-74 poverty line baskets (PLBs) of goods and services, whereas there were significant changes in the consumption patterns of the poor since that time, which were not reflected in the poverty estimates; (ii) there were issues with the adjustment of prices for inflation, both spatially (across regions) and temporally (across time); and (iii) earlier poverty lines assumed that health and education would be provided by the State and formulated poverty lines accordingly.

It recommended four major changes: (i) a shift away from calorie consumption based poverty estimation; (ii) a uniform poverty line basket (PLB) across rural and urban India; (iii) a change in the price adjustment procedure to correct spatial and temporal issues with price adjustment; and (iv) incorporation of private expenditure on health and education while estimating poverty. The Committee recommended using Mixed Reference Period (MRP) based estimates, as opposed to Uniform Reference Period (URP) based estimates that were used in earlier methods for estimating poverty.

It based its calculations on the consumption of the following items: cereal, pulses, milk, edible oil, non-vegetarian items, vegetables, fresh fruits, dry fruits, sugar, salt & spices, other food, intoxicants, fuel, clothing, footwear, education, medical (non-institutional and institutional), entertainment, personal & toilet goods, other goods, other services and durables.

The Committee computed new poverty lines for rural and urban areas of each state. To do this, it used data on value and quantity consumed of the items mentioned above by the population that was classified as poor by the previous urban poverty line. It concluded that the all India poverty line was Rs 446.68 per capita per month in rural areas and Rs 578.80 per capita per month in urban areas in 2004-05. The following table outlines the manner in which the percentage of population below the poverty line changed after the application of the Tendulkar Committee's methodology.

Table 2: Percentage of population below poverty line calculated by the Lakdawala Committee and the Tendulkar Committee for the year 2004-05

Committee	Rural	Urban	Total
Lakdawala Committee	28.3	25.7	27.5
Tendulkar Committee	41.8	27.5	37.2

Source: Report of the Expert Group on Estimation of Proportion and Number of Poor, 1993, Perspective Planning Division, Planning Commission; Report of the Expert Group to Review the Methodology for Estimation of Poverty, 2009, Planning Commission

The Committee also recommended a new method of updating poverty lines, adjusting for changes in prices and patterns of consumption, using the consumption basket of people close to the poverty line. Thus, the estimates released in 2009-10 and 2011-12 used this method instead of using indices derived from the CPI-AL for rural areas and CPI-IW for urban areas as was done earlier. Table 3 outlines the poverty lines computed using the Tendulkar Committee methodology for the years 2004-05, 2009-10 and 2011-12.

Table 3: National poverty lines (in Rs per capita per month) for the years 2004-05, 2009-10 and 2011-12

Year	Rural	Urban
2004-05	446.7	578.8
2009-10	672.8	859.6
2011-12	816.0	1000.0

Source: Report of the Expert Group to Review the Methodology for Estimation of Poverty (2009) Planning Commission; Poverty Estimates 2009-10 and Poverty Estimates 2011-12, Planning Commission

- **Rangarajan Committee:** In 2012, the Planning Commission constituted a new expert panel on poverty estimation, chaired by C Rangarajan with the following key objectives: (i) to provide an alternate method to estimate poverty levels and examine whether poverty lines should be fixed solely in terms of a

consumption basket or if other criteria are also relevant; (ii) to examine divergence between the consumption estimates based on the NSSO methodology and those emerging from the National Accounts aggregates; (iii) to review international poverty estimation methods and indicate whether based on these, a particular method for empirical poverty estimation can be developed in India, and (iv) to recommend how these estimates of poverty can be linked to eligibility and entitlements under the various schemes of the Government of India. The Committee is expected to submit its report by 2014.

Q6. Is 'poverty line' a satisfactory method for accurately determining the extent of poverty in India?

The 'poverty line' is quite unsatisfactory when it comes to grasping the extent of poverty in India. It is not only because of its extremely narrow definition of 'who is poor' and the debatable methodology used to count the poor but also because of a more fundamental assumption underlying it. It exclusively relies on the notion of poverty as insufficient income or purchasing power. One can better categorize it by calling it income poverty. If poverty is ultimately about deprivations affecting human well-being, then income poverty is only one aspect of it. Income is no doubt a vital means to the attainment of individual well-being, but it is not adequate to ensure against many other kinds of deprivation. For example, illness due to communicable diseases can seriously affect the well-being of a person in various ways ranging from depriving her of a healthy life to curtailing her of income-earning abilities. It is a well-known fact that outbreak of many of the communicable diseases can be effectively prevented by the provision of safe drinking water, public sanitation and health services. Ensuring against communicable diseases and the resultant deprivations to well-being then depends on many factors like access to safe drinking water, public sanitation and health services, and social-insurance systems apart from private income. A strictly income-based approach to poverty often fails to reflect pervasive deprivations relating to many of the basic needs when the satisfaction of the need is also dependent on social provision of goods and services and not just private income and the market.

It is also limiting to think of poverty essentially in terms of material deprivations relating to basic needs. One must also take into consideration other deprivations rooted in underlying structural inequalities and inherent disadvantages. Even when resources are available, people may not be able to take full advantage of them because of pre-existing disadvantages ranging from social constraints like caste, and gender to personal impediments like old age and physical disabilities. Income-based approach to poverty is again found severely wanting in taking into account these other kinds of deprivation.

Q7. Examine the issues related to the causes of poverty. Do you think 'income approach' poverty' is sufficient to holistically understand the concept of poverty and its related problems?

A simplistic view of poverty often explains it as a result of individual circumstances and/or a characteristic of poor people. Some examples are: (i) low levels of education and skills (ii) infirmity, ill health, sickness. It is also argued that poverty is a result of general economy-wide problems, such as (i) low capital formation (ii) lack of infrastructure (iii) lack of demand (iv) pressure of population (v) lack of social/welfare nets.

However, there are arguments that poverty is also caused as a result of (i) social, economic and political inequality (ii) social exclusion (iii) unemployment (iv) indebtedness (v) unequal distribution of wealth.

It has also been argued that a broader understanding of poverty needs to look beyond the income approach. One of the most influential concepts in this regard has been the notion of human capability. Jean Dreze and Amartya Sen write:

"Poverty of a life, in this view, lies not merely in the impoverished state in which the person actually lives, but also in the lack of real opportunity – given by social constraints as well as personal circumstances – to choose other types of living. Even the relevance of low incomes, meagre possessions, and other aspects of what are standardly seen as economic poverty relates ultimately to their role in curtailing capabilities (i.e. their role in severely restricting the choices people have to lead valuable and valued lives".

The freedom of opportunity available to people is influenced by their personal circumstances as well as social situations. The personal circumstances that significantly matter are not just access to 'means' like income or wealth but also the access to basic needs and amenities, like food, clothing, shelter, education and health services, safe drinking water and sanitation. Along with these material means of well-being, it is the actual states of well-being or 'outcomes' achieved by the person, like nutritional status, educational and health achievements that also impact upon the real opportunities available.

Personal circumstances are found to be embedded in social situations. Social, political and economic relations and inequalities determine how resources are distributed and what choices are available to different sections of the society. Some of the most visible examples of these are based on caste, class and gender disparities that constrain the real opportunities available to people.

Deprivations in the form of access to basic needs, actual states of well-being and social inequalities have a great role to play in the creation of economic poverty. On the other hand, economic poverty often reinforces these deprivations. And the circle is difficult to break – a unidimensional approach to poverty as essentially income poverty overlooks the other dimensions of deprivation that make inequality of opportunity persist and poverty replicate itself.

The major dimensions of poverty that persist in India relate to deprivations in nutritional, educational and health achievements, access to basic needs and amenities, quality of physical environment and various social inequalities like caste and gender disparities. In this context, some of the other targets given in the millennium development goals (MDGs), besides reduction in head-count ratio, give a sense of the challenge facing contemporary India in terms of poverty.

India's progress has been much slower than needed to meet the targets in the reduction of incidence of mortality and morbidity among women and children, reduction of hunger and improvement in nutritional status, reduction of gender and caste-related disparities and improvement in general living conditions in terms of better access to basic amenities. India may not achieve many of these targets even by 2015.

This must be qualified by the fact that social progress in India in terms of human development goals is characterized by wide inter-regional and intra-regional divergence. It means that in absence of effective measures directed at bridging the gaps, the regions doing better in terms of human development will be better placed to seize the benefits of growth. The result can be one of growing economic inequality in India. Such a scenario cannot be considered conducive either to the process of rapid economic growth or the prospect of India becoming an economic superpower, if the growing inequalities lead to increasing regional and social conflicts within India.

Q8. There has been an ongoing debate on the best way to tackle poverty. Explain the issues surrounding the policies and programmes adopted by the Indian Government to tackle poverty.

The Indian Constitution and five year plans state social justice as the primary objective of the developmental strategies of the government. To quote the First Five Year Plan (1951-56), "the urge to bring economic and social change under present conditions comes from the fact of poverty and inequalities in income, wealth and opportunity". The Second Five Year Plan (1956-61) also pointed out that "the benefits of economic development must accrue more and more to the relatively less privileged classes of society". One can find, in all policy documents, emphasis being laid on poverty alleviation and that various strategies need to be adopted by the government for the same.

The government's approach to poverty reduction was of three dimensions. The first one is growth oriented approach. It is based on the expectation that the effects of economic growth — rapid increase in gross domestic product and per capita income — would spread to all sections of society and will trickle down to the poor sections also. This was the major focus of planning in the 1950s and early 1960s. It was felt that rapid industrial development and transformation of agriculture through green revolution in select regions would benefit the underdeveloped regions and the more backward sections of the community. However the overall growth and growth of agriculture and industry was not impressive. Population growth resulted in a very low growth in per

capita incomes. The gap between poor and rich actually widened. The Green Revolution exacerbated the disparities regionally and between large and small farmers. There was unwillingness and inability to redistribute land. Economists stated that the benefits of economic growth did not trickle down to the poor.

While looking for alternatives to specifically address the poor, policy makers started thinking that incomes and employment for the poor could be raised through the creation of incremental assets and by means of work generation. This could be achieved through specific poverty alleviation programmes. This second approach has been initiated from the Third Five Year Plan (1961-66) and progressively enlarged since then. For instance, one of the noted programmes initiated in the 1970s was Food for Work. Expanding self employment programmes and wage employment programmes are being considered as the major ways of addressing poverty. Examples include Mahatma Gandhi National Rural Employment Generation Scheme (MGNREGS), Swarna Jayanti Shahari Rozgar Yojana (SJSRY) etc.

Earlier, under self-employment programmes, financial assistance was given to families or individuals. Since the 1990s, this approach has been changed. Now those who wish to benefit from these programmes are encouraged to form self-help groups. Initially they are encouraged to save some money and lend among themselves as small loans. Later, through banks, the government provides partial financial assistance to SHGs which then decide whom the loan is to be given to for self employment activities.

The third approach to addressing poverty is to provide minimum basic amenities to the people. India was among the pioneers in the world to envisage that through public expenditure on social consumption needs — provision of food grains at subsidised rates, education, health, water supply and sanitation— people's living standard could be improved. Programmes under this approach are expected to supplement the consumption of the poor, create employment opportunities and bring about improvements in health and education. One can trace this approach from the Fifth Five Year Plan, "even with expanded employment opportunities, the poor will not be able to buy for themselves all the essential goods and services. They have to be supplemented up to at least certain minimum standards by social consumption and investment in the form of essential food grains, education, health, nutrition, drinking water, housing, communications and electricity." Three major programmes that aimed at improving the food and nutritional status of the poor are Public Distribution System, Integrated Child Development Scheme and Midday Meal Scheme. Pradhan Mantri Gram Sadak Yojana, Pradhan Mantri Gramodaya Yojana, Valmiki Ambedkar Awas Yojana were also attempts in the same direction. It may be essential to briefly state that India has achieved satisfactory progress in many aspects. The government also has a variety of other social security programmes to help a few specific groups. National Social Assistance Programme is one such programme initiated by the central government. Under this programme, elderly people who do not have anyone to take care of them are given pension to sustain themselves. Poor women who are destitute and widows are also covered under this scheme.

Efforts at poverty alleviation have borne fruit in that for the first time since independence, the percentage of absolute poor in some states is now well below the national average. However, despite a variety of approaches, programmes and schemes to alleviate poverty; hunger, malnourishment, illiteracy and lack of basic amenities continue to be a common feature in many parts of India. Though the policy towards poverty alleviation has evolved in a progressive manner, over the last five and a half decades, it has not undergone any radical transformation. We can find change in nomenclature, integration or mutations of programmes. However, none resulted in any radical change in the ownership of assets, process of production and improvement of basic amenities to the needy.

Scholars, while assessing these programmes, state following major areas of concern which prevent their successful implementation. Due to unequal distribution of land and other assets, the benefits from direct poverty alleviation programmes have been appropriated by the non-poor. Compared to the magnitude of poverty, the amount of resources allocated for these programmes is not sufficient. Moreover, these programmes depend mainly on government and bank officials for their implementation. Since such officials are ill motivated, inadequately trained, corruption prone and vulnerable to pressure from a variety of local elites, the resources are inefficiently used and wasted. There is also non-participation of local level institutions in programme implementation.

Government policies have also failed to address the vast majority of vulnerable people who are living on or just above the poverty line. It also reveals that high growth alone is not sufficient to reduce poverty. Without the active participation of the poor, successful implementation of any programme is not possible. Poverty can effectively be eradicated only when the poor start contributing to growth by their active involvement in the growth process. This is possible through a process of social mobilisation, encouraging poor people to participate and get them empowered. This will also help create employment opportunities which may lead to increase in levels of income, skill development, health and literacy. Moreover, it is necessary to identify poverty stricken areas and provide infrastructure such as schools, roads, power, telecom, IT services, training institutions etc.

Q9. Explain the growth-redistribution conundrum w.r.t. poverty alleviation.

Critics of a growth-centered poverty-reduction strategy assert that India need not have waited for growth to happen. It could have, instead, attacked poverty through redistribution from the rich to the poor. This proposition may have some salience in the industrial countries, which have had the benefit of growth for more than a century. The high levels of income made possible by prior growth allow these countries to generate enough revenues to sustain large-scale anti-poverty programmes even if the economy were to fall into long-term stagnation.

But it is quite different for a country like India, which started with its overwhelming population in poverty at the time of independence. The option to eradicate (as against making a miniscule impact on) poverty through redistribution, even if politically feasible, was not available.

The eminent Polish economist Mikhail Kalecki put it rightly when he said that the trouble with India was that 'there were too many exploited and too few exploiters'. That is to say, there were too few from whom the government could take and too many to whom it needed to give. Furthermore, the government needed to attack poverty on a sustained basis rather than approach it as a one-shot affair. With a rising population and stagnant growth, any favourable effects of redistribution on poverty would have quickly eroded.

When the founding fathers of the country opted for a growth centered strategy, they did so in the full knowledge that India's poverty problem was too immense to be solved by redistribution alone. Here it would be in order to recall Jawaharlal Nehru's statement in *The Discovery of India*, where he argued that the immense poverty of many Indians meant that 'to remove this lack and ensure an irreducible minimum standard for everybody, the national income had to be greatly increased.'

The issue of whether poverty could be overcome without growth figured again in the First Five-Year Plan, with the planners opting to endorse the critical role to be assigned to growth in the assault on poverty. In the early 1960's when poverty and income distribution became the subject of heated debates in the Parliament and Prime Minister Nehru became concerned with the question 'where the growing incomes were going', the Perspective Planning Division (PPD) of the Planning Commission took another careful look at the policy options. Among other things, the fifteen-year plan it produced offered a coherent and clear-headed analysis of why growth was necessary. It began by noting that the income and consumption distribution data showed that approximately 50 per cent of the population lived in abject poverty on Rs 20 or less per month at 1960-61 prices. It then proceeded to argue the necessity of growth in the following words:

The minimum which can be guaranteed is limited by the size of the total product and the extent of redistribution which is feasible. If, at the current level of output, incomes could be redistributed equally among all the people, the condition of the poorest segments would no doubt improve materially but the average standard would still be pitifully low. Redistribution on this scale, however, is operationally meaningless unless revolutionary changes in property rights and scale and structure of wages and compensations are contemplated. Moreover, when even the topmost 30 per cent of the households have an average per capita expenditure of only rs 62 per month, it is inconceivable that any large redistribution of income from the higher income groups to the other can be effected. To raise the standard of living of the vast masses of the people, output therefore would have to be increased very considerably.

However, in India, despite the skepticism about redistribution as the route to take to assault poverty on a sustainable basis, redistribution did take place through expenditures on health and education. For instance, as the fifteen year plan noted, the 40 per cent increase in income between 1950-51 and 1960-61 had allowed improvements in the social sphere such as an 85 per cent increase in school enrolment and a 65 per cent increase in hospital beds. But this was hardly a drop in the ocean of poverty.

Q10. Analyze the relationship between poverty, hunger and food insecurity.

Hunger and malnutrition are outcomes of food insecurity or the inability to access adequate food and nutrition. Hunger-related poverty remains one of the major deprivations of India. An even greater cause of concern is the status of malnutrition among children. Malnutrition directly affects the development of the child by retarding their physical and cognitive growth and increases the risk of infection and disease. If lack of income means vulnerability to food insecurity and malnutrition, then the latter also reduces the lifetime-earning potential.

The deprivations relating to hunger and malnutrition, morbidity, mortality and physical environment often reinforce each other and the general condition of economic poverty. To give an example, an illness like diarrhoea is one of the major causes of infant deaths in India, along with malaria, pneumonia and measles contributing to the high infant-mortality rates. Diarrhoea also leads to loss of absorption of nutrients, causing severe malnutrition among children. On the other hand, malnutrition has been estimated to be associated with about half of all child deaths and more than half of child deaths from diarrhea. Access to safe drinking water and basic sanitation facilities greatly reduces the incidence of diseases like diarrhoea. India's achievement in terms of proportion of population having access to either of these basic facilities is woefully low.

There is a gender dimension to hunger and malnutrition in India as well. Half of the country's women suffer from anaemia and the prevalence of anaemia is even higher among the pregnant women. Anaemia is one of the major causes of maternal mortality and also contributes to nearly 30 percent of babies being born underweight. The low birth weight means that there is greater risk of growth retardation, most of which occurs by the age of two and is often irreversible.

A greater prevalence of undernourishment can be seen among the children from scheduled-caste and scheduled-tribe communities. The rate of decline of undernourishment among these sections of the population is also found to be lower in comparison to the general population. It leads to a widening gap in terms of nutritional status among these communities and the general population. A similar observation could be made about the divergence between rural and urban areas in terms of nutritional status. The overall picture that emerges is one of growing urban-rural, inert-caste, male-female and economic class disparities in nutritional status.

It is the dark irony of our times that hunger and malnutrition are so pervasive in the country, while the Indian economy has achieved self-sufficiency in foodgrain production. The Indian government maintains buffer foodgrain stocks to guard against serious food shortages arising from drought and other crop failures. But starvation deaths are often reported from various parts of the country as they continue to be affected by droughts. These happen at the same time when the Food Corporation of India find it difficult to manage the millions of tones of surplus food grains rotting in its warehouses. It is such cases which led to the 'Right to Food' campaign and an ordinance on it thereafter, even as the bill ensuring food security has been introduced in the Parliament. Though chronic hunger and malnutrition are not as visible and shocking as starvation deaths but they happen to be more widespread and persistent.

Q11. Is it true that India suffer from the worst malnutrition anywhere in the world, including the much poorer countries in sub-Saharan Africa?

There is constant repetition by Indian as well as foreign-based civil society groups, journalists, international institutions, bloggers and even academics that India suffers from the worst malnutrition anywhere in the world. The contention has also been that the country is making no progress in bringing malnutrition down.

However, it has been argued that India's nutrition indicators have significantly improved during the last 65 years, starting from abysmal levels that existed at the time of Indian independence. For instance, clinical signs of severe undernutrition (such as marasmus and kwashiorkor) are much less common now than they used to be, and there has been a slow but steady improvement in children's heights and weights. And yet, even today, the nutrition situation in India (and in much of South Asia) remains appalling – worse than almost anywhere else in the world.

To illustrate, none of the countries for which recent nutrition data are available have a higher proportion of underweight children than India. The Indian figure, 43 per cent, is close to South Asian average, but much higher than the estimated averages for sub-Saharan Africa (20 per cent) or the 'least developed countries' (25 per cent), not to speak of other major regions of the world (less than 12 per cent in each case). The latest estimate for China, 4 per cent, is about one tenth of the corresponding figure for India. The broad patterns are much the same for stunting (low height for age), although the contrasts in stunting rates are less sharp, and one or two countries (e.g. Burundi) do have a higher estimated proportion of stunted children than India's 48 per cent.

The Indian population – not just children – also suffer from massive micronutrient deficiencies, including iron deficiency (which affects a majority of women and children), but also shortages of many other essential nutrients. According to the National Nutrition Monitoring Bureau data, the ratio of the average intake to 'recommended daily allowance' among children in the age group of 4-6 years was only 16 per cent for Vitamin A, 35 per cent for iron and 45 per cent for calcium in the early 2000s. The situation remains much the same today in this respect, partly due to the inadequate reach of supplementation programmes. For instance, only one third of Indian children below the age of five years are covered by the Vitamin A supplementation programme, compared with near-universal coverage in every other South Asian country and even in much of the sub-Saharan Africa.

A view is sometimes aired claiming that child undernutrition in India is a 'myth', because Indian children are genetically shorter, so that international anthropometric standards are not applicable to them. However, this recent reincarnation of the so-called 'small but healthy' hypothesis is yet to receive any sort of scientific support.

The phenomenon of high levels of child undernutrition in South Asia (not only India), even compared with many sub-Saharan African countries that have poorer income and health indicators, is known as 'the South Asian enigma'. The low status of women could be a possible explanation for this enigma. One of the connections between women's well-being and child nutrition works through low birth weights: women's poor nutritional status and other deprivations (especially during pregnancy) lead to poor foetal growth and low birth weights, affecting children's nutrition status right from birth and even conception. For instance, weight gain during pregnancy may be only about half in South Asia as in Africa.

In this connection, it is worth recalling that not only children but also adult women are more undernourished in India (and South Asia) than almost anywhere else in the world. According to the Demographic and Health Surveys (DHS), the proportion of adult women with a 'body mass index' below 18.5 (a standard cut-off conventionally associated with chronic energy deficiency) was as high as 36 per cent in India in 2005-06 – higher than in any other country for which DHS data are available, and nearly three times as high as the corresponding estimates for sub-Saharan Africa (14 per cent).

Q12. Is the decline in calorie consumption a reliable indicator of increased hunger?

The concern for adult nutrition has originated primarily in the steady decline recorded in per capita calorie consumption (though a decline in protein intake is also an issue). A 1996 report on nutrition by the National Sample Survey Organization (NSSO) provides some of the early documentation of this trend. Additional data appear in similar follow-up reports. The long term trend is one of declining calorie consumption in both rural and urban areas though the trend is steadier in rural rather than urban areas. Protein intake has shown similar patterns in rural and urban areas though the intake of fats has steadily climbed up.

The trend in calorie consumption and protein and fat intake reflect a shift away from cereals to other lower-calorie, lower-protein, more fatty and sugary foods. Such a shift in diet due to increased income is likely – finer

grains, white flour, rice, fruits and oily foods replace coarse grains and whole-wheat flour. Consumption of fruits, fried products and desserts has seen a steady rise in the last few decades.

While activists interpret the decline in calorie consumption as a decisive indication of increased hunger and malnutrition, other evidence seriously questions such a conclusion. Thus, when directly asked whether they had enough to eat every day of the year, successive rounds of the expenditure surveys of the NSSO show increasing proportions of the respondents answering in the affirmative.

Conceptually, the rising trend in the proportion of the population stating that it had enough to eat throughout the year can be reconciled with the declining trend in calorie consumption once we recognize the factors that explain why there may be a decline in the need for calorie consumption. For example, greater mechanization in agriculture, improved means of transportation and a shift away from traditional physically challenging jobs may have reduced the need for physical activity. Likewise, better absorption of food made possible by improved epidemiological environment (better child and adult health and better access to safe drinking water) may have lowered the needed calorie consumption to produce a given amount of energy.

Hence, the inference that declining calorie consumption implies increasing malnourishment is not warranted. Indeed, the inference is also contradicted by the weight and height trends of adults. While the declining trends in both calorie consumption and protein intake can be sources of concern, poverty can not be measured by the ex post calorie consumption. It must be measured, instead, by how many calories the individuals are able to afford ex ante. The policy response greatly depends on which measure of poverty we choose.

If we measured poverty by the ex post calorie consumption, we would be tempted to offer free food to Bollywood actresses trying to stay slim on low-calorie diets! If, however, we measured poverty, by the amount of calories the individual is able to afford ex ante, we would be spared the obvious policy mistakes. Thus, if the decline in calorie consumption turns out to be the result of lack of affordability, the solution would be to improve the purchasing power of the citizenry through growth and redistribution. If, instead, the decline took place in spite of decision-making, we would want to supply better information, undertake persuasive advertising to 'nudge' people into healthy eating and pass laws requiring fortification of major foods by necessary nutrients.

The dominant view is that the decline in calorie consumption represents increased poverty and therefore hunger. The fact that more and more people in India are able to afford increased rather than reduced food purchases over time and that the decline in calorie consumption has occurred across all individuals, whether they be rich or poor and whether they be residents in rural or urban areas, would suggest, however, that something other than purchasing power – that is reduced need for calorie consumption due to various factors described above – is behind the change.

Q13. Explain the functioning of Public Distribution System in India and related issues.

Public Distribution System (PDS) is a programme managed by the government with the objective of ensuring access to food for all. The PDS does not provide the entire requirement of foodgrains to a household but is only supplemental. The system operates through a three-stage process.

In the first stage, the Food Corporation of India procures foodgrains from farmers at a procurement price. The procurement exercise is carried out with the purpose of providing farmers with a minimum support price and protecting them against unexpected price fluctuations in the market. The procured foodgrains are also used for the maintenance of buffer stocks in times of need and to stabilize the open market prices.

In the second stage, the procured foodgrains are allotted to the various states according to the number of poor in these states and the level of production of foodgrains in the state. This is used as a balance of availability of food between surplus and deficit states.

In the third stage, the foodgrains are distributed at subsidized prices to the population in the various states through a chain of fair-price shops under PDS. The foodgrains are also used for distribution through other public programmes like food-for-work and mid-day meal scheme for children in schools.

Though PDS started as a universal food distribution programme, it faced the problems of extensive leakages and inability to reach the really vulnerable groups. In 1997, the scheme was restructured to supply the foodgrains at differential prices to households Below the Poverty Line (BPL) and those Above the Poverty Line (APL). This has been known as the Targeted Public Distribution System (TPDS). But the failure of the system has been grossly highlighted whenever starvation deaths are reported at the same time when FCI warehouses are overflowing with surplus foodgrains.

The system is found to be so corrupt and inefficient that some studies have estimated that out of every rupee spent, only 20 paise reaches the poor. In many states the surveys to identify the poor are not carried out at times, while in others several families don't even receive identification cards even after surveys. Instances of massive manipulation and harassment by bureaucrats are often reported. It is in this regard that the UIDAI is expected to play a constructive role.

The failures of the PDS system are symptomatic of what ails the government anti-poverty programmes the most. The major drawback has been centralized planning and lack of local level participation leading to mismatched priorities and bureaucratic control characterized by lack of transparency and accountability.

Q14. What can be done to address the pitfalls of the PDS?

In the context of an inefficient and leaky PDS it needs to be emphasized that significant gains in efficiency can be achieved by replacing the public distribution system by cash transfers. The argument against such transfers, that the beneficiaries might spend the money on something other than grains, seems spurious. This is because such an outcome is also readily achievable under in-kind transfers by selling the grain in the open market. The advantage of cash transfers is that they would greatly minimize the leakage along the distribution chain and also eliminate the huge wastage that characterizes the PDS. It is ironic that many activists insist on in-kind transfers while simultaneously advocating the rural employment guarantee scheme, which, after all, pays the participants in cash.

Once the issues of transfer of purchasing power and the right basket of consumption are separated, the focus of policy can shift to ensuring that consumers make the right consumption choices. This would require two sets of measures. One set would inform and then 'nudge' the public in several ways towards a more nourishing diet. The second set, which is more likely to produce results, would aim at getting wholesalers and retailers to fortify various foods with necessary nutrients. The Food Safety and Standards Authority of India can play an important role in the implementation of this set of measures.

Of course, even though demand can be shifted towards dairy products, fruits, vegetables, fish and meat, policy must also be directed to ensure increased availability of these items. The availability of products needed to promote good nutrition depends on both domestic production and imports. It is surprising, however, that discussions on food security, which focus on enhancing the availability of various food items over time, rarely mention imports. This omission has often resulted in India failing to fully exploit the benefits of imports. For example, in the past few years, the key component of 'food inflation' has been milk. Clearly, easing the imports through a reduced tariff on powdered milk could have greatly alleviated the shortage of this critical item. But the government did not take advantage of this channel.

As for domestic production, there is, in fact, a critical need for raising productivity on the farm as well as along the supply chain, for nearly every agricultural commodity. Per-hectare yields in India are lower than in most of the comparable countries in most crops. Likewise, vast volumes of fruits and vegetables perish in transit as the produce makes its way from the farm to the final consumer.

A key element in improving productivity is to reform the laws with respect to sales and rentals of agricultural land. Over the years, land-holdings have shrunk in size, with the result that today more than 80 per cent of the land-holdings are less than two hectares and more than 60 per cent holdings less than one hectare. Only 6.5 per cent of the holdings are four hectares or larger. Ease of sales and rentals will help in the consolidation of holdings. Flexible rental laws, that allow the owner and the tiller to negotiate and sign formal agreements, will provide better security to the tiller and provide incentive for making productivity enhancing investments in land.

Improvements in the supply chain also require the development of contract farming, infrastructure and organized retail. Contract farming can establish a direct link between the farmer and the processor of the produce, thereby cutting all intermediaries and minimizing waste. It can also ensure a good price to the farmer. Infrastructure development includes the provision of uninterrupted supply of electricity at reasonable prices and road and railway transport. The former allows the development of cold storage while the latter rapid movement of produce from the producer to the consumer. Moreover, organized retail has the capacity to develop efficient supply chains.

Finally, agricultural productivity increases today depend additionally on a new Green Revolution. The old Green Revolution was based on the new seeds invented under the leadership of Dr Norman Borlaug and spread in India under the scientific leadership of Dr Swaminathan. Today, they depend on the adoption and absorption of the GM (genetically modified) and BT (Bacillus Thuringiensis or natural insecticide) seeds and agricultural crops like cotton and brinjal. Some NGOs have objected to these as Frankenstein foods, though scientific evidence does not support such fears. We cannot afford to forego the new Second Green Revolution in this way. Else, we will have also replaced the highly improbable Frankenstein by the certain Grim Reaper as scarcity overtakes plenitude in the production of food grains and crops!

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G.S. PAPER II – CONSTITUTION & POLITY

IMPORTANT ASPECTS OF GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY, CITIZEN'S CHARTER AND E-GOVERNANCE

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1 What is meant by Governance

There is no single universally acceptable way to define governance. A considerable literature exists on how it may be defined (See [Box 1](#)). For our purposes, however, we will confine ourselves to governance in so far as it **serves the citizens** by **safeguarding territorial integrity of the State** and **ensuring individual security, rule of law** and the **delivery of services**. Thus we can say that governance includes the following:

- The **processes** by which governments are chosen, monitored, and changed.
- The **systems of interaction** between the administration, the legislature, and the judiciary.
- The **ability** of government to **create** and to **implement** public policy.
- The **mechanisms** by which citizens and groups define their interests and interact with institutions of authority and with each other.

Box 1: Some definitions of Governance

"GOVERNANCE is the exercise of political, economic and administrative authority to manage a nation's affairs. It is the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences." (UNDP)

"GOVERNANCE is the manner in which power is exercised in the management of a country's social and economic resources for development. Governance means the way those with power use that power." (ADB)

GOVERNANCE is "... the traditions and institutions by which authority in a country is exercised for the common good. This includes (i) the process by which those in authority are selected, monitored and replaced, (ii) the capacity of the government to effectively manage its resources and implement sound policies, and (iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them." (World Bank)

Considering these issues in the context of India it can be said that though we are still a functioning democracy, but increasingly we are not being governed well. The evidence of **eroding political order** is everywhere. **Personal rule** has replaced **party rule** at all levels – national, state and district. Below the rulers, the entrenched civil and police forces have been **politicized**. Various social groups have pressed new and ever more diverse political demands in demonstrations that have often led to **violence**. The omnipresent but feeble state, in turn, has vacillated; its responses have varied over a wide range: indifference, sporadic concessions and repression. Such vacillation has fueled further opposition. The ineffectiveness of repression, moreover, has highlighted the **breakdown of the civil machinery** intended to enforce the law and maintain order. In order to protect themselves, citizens in some parts of the country have begun organizing **private armies**. The growing political violence has periodically brought the armed forces into India's political arena, whereas the armed forces once were considered apolitical. Was this outcome inevitable? India had long been considered something of a political exception. What happened? Something somewhere has definitely gone wrong.

2 Important Aspects of Governance

The **quality of governance** is an issue of increasing concern in countries around the world, both developed and developing. The UN Secretary-General had stated, "**Good governance** is perhaps the single most important factor in eradicating poverty and promoting development." However, a lack of systematic data, both over time within countries as well as between countries around the world, ensures that fundamental questions remain to be answered adequately. How can we best measure governance? How does governance performance differ across time and space? Which are the most critical issues of governance?

In India, at the broadest levels of governance, many major issues still remain unsettled. We have an especially daunting array of **key issues** which, one way or another, have not been properly addressed since Independence in 1947. What are these issues?

Since such a list can become endless, we include the following:

- The role of the state, and the government in India, vis-à-vis the people.
- The capacity of (i.e., the resources available to) the government in India.
- The separation of powers between the executive, legislature, and judiciary, and the way that the constituent parts of these three arms of government operate internally.
- The way the political system operates.
- The state and markets in India.
- The role of selected institutions in the Indian intellectual community in contributing to governance in India.
- The management of economy, fiscal imbalances and deficits.
- Regional disparities within and across states.
- Poverty and unemployment.
- Denial of basic needs of food, water, shelter and clothing to a substantial proportion of the population.
- Environmental degradation and climate change.
- Internal Security issues viz. naxalism and home grown terrorism.
- Exclusion and marginalization of people on the basis of parochial identities.
- Lack of transparency and accountability in the working of the State and its agencies.

How important are these matters? The answer is that while day to day life continues despite the fact that issues of this kind remain unsettled, they are very important indeed. It is very difficult -- perhaps impossible -- to have satisfactory processes of governance at other levels across the nation when so many key high level issues remain unsettled. It is notable that the comment that "we don't have the rule of law in this country" is often heard in India, and that many Indians comment about the confused state of the Indian society. It would seem clear that it will be necessary to make considerable progress on some of the main questions of governance in India before more orderly processes of public life can be firmly established.

3 Citizen's Charter

As public services are funded by citizens, either directly or indirectly, they have the right to expect a particular quality of service that is responsive to their needs and which is provided efficiently at a reasonable cost. The Citizen's Charter is a **written, voluntary declaration** by service providers that highlights the standards of service delivery that they must subscribe to, availability of choice for consumers, avenues for grievance redressal and other related information. It is a useful way of defining, with stakeholder involvement, the nature and quality of service delivery. In other words, a Citizen's Charter is an **expression of understanding** between the citizen and the service provider about the nature of services that the latter is obliged to provide.

The Citizen's Charter programme was first launched in 1991 in the U.K. as part of a series of initiatives aimed at **enhancing standards of service delivery** and **making governance more transparent and accountable**. This influenced several countries such as Belgium, France, Canada, Australia, Malaysia, Spain, Portugal, India etc. to adopt similar measures.

The process of adopting Citizen's Charters in India began with a '**Conference of Chief Secretaries of all States and Union Territories**' held in 1996 on "**Effective and Responsive Administration**". This conference gave high priority to Citizen's Charters and was followed by the development of an "**Action Plan for Effective and Responsive Government**" at the similar conference in 1997. One of the major decisions taken at this forum was to introduce Citizen's Charters in the Departments of the Central and State Governments, especially those that had a large public interface such as the Railways, Telecom, and Public Distribution. Subsequently, many states have initiated citizen's charters as tools for enhancing standards of service delivery and fostering greater public accountability.

3.1 Salient Features of a Citizen's Charter

The salient features of a Citizen's Charter are:

1. Agreed and published standards for service delivery;
 2. Openness and information about service delivery;
 3. 'Choice' and Consultation with users;
 4. Courtesy and helpfulness in service delivery; and
 5. Provision of redressal of grievances.
- **Standards:** The Charter should lay out explicit standards of service delivery so that users understand what they can reasonably expect from service providers. These standards should be time-bound, relevant, accurate, measurable and specific. The actual performance vis-à-vis the standards adopted must be published and independently validated. The tendency among organizations to develop targets and standards based on their own convenience as opposed to the needs of the citizens must be avoided.
 - **Information and openness:** A key attribute of good service is the availability of relevant and concise information to the users at the right time and at the right place. The Charters should contain, in plain language, full and accurate information about services available, levels and quality of service to be expected, available channels for grievance redressal etc. Handbooks, guides, posters, websites are some of the channels through which information can be provided to citizens.
 - **Choice and consultation:** The Charter should provide choice of services to users wherever practicable. There should be regular and systematic consultation with the users of the service to fix service standards and to ascertain quality of service delivery.
 - **Courtesy and helpfulness:** The Charter can help embed a culture of courteous and helpful service from public servants. In addition, small initiatives such as 'name badges', 'May I help you' counters etc. can go a long way in building customer confidence.
 - **Grievance redressal and complaints handling:** There is a strong link between the provision of quality service and effective handling of complaints. Firstly, by facilitating and responding to complaints, the causes for complaint can be reduced. Secondly, by identifying 'trends' in complaints, the service provider can resolve systemic and recurring problems.

3.2 Developing and Implementing the Citizen's Charter

3.2.1 How to develop the Charter

Before undertaking a Citizen's Charter initiative, an organization must have clarity on why it is developing a charter and how it can establish the prerequisites for implementation.

An organization should start by answering the following questions:

1. Do we need a Charter?
2. What are the objectives and the scope of a Charter for our organization?
3. Are we clear about who our stakeholders are and how to get them engaged in the Charter initiative?
4. How should we involve the staff and take into account their views on what the Charter should provide?
5. How do we establish service standards and how do we relate those standards to existing performance criteria of the organization?
6. What institutional infrastructure and governance arrangements are required to develop the Charter and are they in place?
7. What are the resource implications of developing a Charter – in terms of time and money (including payment of compensation to citizens for delivery failures)?

3.2.2 Identifying and engaging with stakeholders

This is one of the most important aspects of developing and implementing a Charter. Without it the Charter is just a statement of intent rather than a live, meaningful – if voluntary – contract between the state and the citizen. This is a time consuming and costly exercise and should be carefully planned.

A **stakeholder** is someone who has a stake or interest – direct or indirect in the service being delivered. There is likely to be a wide range of stakeholders:

1. **Users** – the citizen representatives of the users, user groups, citizen advocacy groups, consumer organisations, parents (in the case of schools), politicians, users themselves and past and potential users;
2. **Employees and employee representatives** – who are involved in delivering services set out in the Charter; and
3. **Suppliers** – those involved in providing parts of the service, e.g., suppliers for the stamped paper for certificates, software vendors who design an IT application etc.

Once the stakeholders are identified, the next step is to engage them in meaningful discussion. If there is a Nodal Officer in the organisation in charge of the Charter, that individual should be responsible for devising a '**stakeholder engagement plan**'. The stakeholders should be met at least twice during the period of developing the Charter, firstly to ask their views on what should be included, and secondly to show them the charter that has been developed as a result of their views. They should be engaged periodically thereafter, especially at the time of review of the charter, which should take place annually.

3.2.3 Establishing service standards

Service standards are effectively the backbone of the Charter. It is, therefore, extremely important that they are developed according to the following guidelines.

1. They must be developed in **consultation with citizens**. Otherwise the standards set may not relate to aspects of service that citizens prioritize, or as per expected levels;
2. They must be developed in collaboration with planning and performance departments so that other performance indicators are aligned with service standards published in the Charter; and
3. Standards must conform to TRAMS i.e. they must be **Time bound, Realistic, Achievable, Measurable and Specific**. For example, the standards should not say that officers will 'do their utmost,' a statement that is neither specific nor measurable.

3.2.4 Establishing a helpful institutional structure for the Charter

It is important to have a recognized focal point of responsibility within a department for the Charter. The evaluation of the Citizen's Charter initiative recommended the establishment of a **Nodal Officer** with clear reporting lines to senior management and with a brief to attend a government wide Advisory Group on the Charter. Similarly, better public relations efforts will help raise awareness of the Charter as well as enable customer satisfaction.

3.3 Implementing the Citizen's Charter

There are five broad areas involved in implementing the Charter. They are:

1. Generating awareness of the Charter;
2. Establishing citizen friendly devices to bring the Charter to life;
3. Establishing a complaint handling system;
4. Establishing feedback mechanisms; and
5. Evaluating and reviewing the Charter.

1. How to generate awareness of the Charter?

Generating awareness of the Charter is, to a large extent, dependent on engaging with citizens to ascertain their needs and expectations. Regular dialogue with citizens' advocacy groups, community-based organizations (such as user groups) and citizens can generate quick awareness of the Charter. Wide availability of the Charter and their

prominent display can enhance awareness among citizens and users. The use of other forms of publicity such as audiovisual medium, print, open house meetings, internet etc. can be made based on the profile of the users.

A formal process of review of the level of awareness should be undertaken through occasional surveys about the Charter. This should lead to a review of strategies used to raise awareness of the Charters.

2. How to establish Citizen friendly devices to bring the Charter to life?

If the development stage of the Charter has been carefully executed, the implementation phase can be easier. Some practical means that can accompany the implementation of Charters are:

- 'May I help you' counters;
- Biannual customer needs analysis in collaboration with user groups;
- Citizen Information Centre;
- Direct Helpline;
- Publication of Handbooks and Guides on the service provided;
- One-stop-shops where citizens can do all their transactions in one place; and
- Direct engagement with the customer, for example, telephoning or writing to them to seek their suggestions

3. How to introduce effective complaint management?

- Designate a location in the office to receive complaints and make it accessible and visible to customers;
- Acknowledge complaints:
 - i. Personalise the response;
 - ii. Talk to customer, if possible;
 - iii. Use letters.
- Develop a system for record-keeping;
- Process, record, investigate and analyse complaints;
- Keep the customer informed of the progress; and
- Periodically analyse the complaints to identify trends.

4. How to get feedback?

One of the most important prerequisites for getting feedback is to make it easy for the citizen to provide it. This includes, among other things, ensuring that officials are available to see the citizens at the times specified. The different routes for feedback should include a combination of the following:

- Over the counter at the service outlets;
- By toll free telephone number;
- Through regular post, e mail, fax and telephone;
- Via community and consumer organisations;
- Consultative committees; and
- Through periodic surveys.

5. How to Evaluate, monitor and review?

It is critically important that the system for evaluating performance against Charter standards is congruent with the department's performance management system. That is, the standards in the charter should not be different from those of individual officials as per their job description or as set out in their departmental indicators. Other forms of evaluation, such as exit polls for user groups and use of surveys and feedback forms give a good indication of the quality of services.

Evaluation should take place regularly. This should be IT enabled so that data can be analysed in realtime and reports generated automatically on service failures. Self assessment should be practised with staff to assess how well they think they are delivering services. This can be compared against feedback from customers. External feedback can take a variety of forms:

- Face to face feedback with users visiting the office;
- Feedback forms provided to users at the counter;
- Using the services of voluntary organizations (for example, research organizations, consumer activists, universities, colleges, etc.);

- Media reports; and
- Charter Mark system – a formal way for the government to provide feedback through competitive benchmarking of Charters across different departments.

3.4 Key Lessons

The following pitfalls need to be avoided:

1. Since Citizen's Charters are likely to raise the aspirations of the users of the service, the departments should guard against the tendency to promise more than they can deliver. A realistic assessment of the capabilities of the service provider must be taken into account in drafting the Charter.
2. A critical review of the current systems and processes in the department should be undertaken to examine whether they are likely to have an adverse impact on the Charter.
3. Implementing the Charters without the staff owning them will defeat the purpose of the Charter. Motivating the staff and involving them in the preparation of the Charter are extremely important;
4. The Charters will remain merely a paper exercise of limited value if there is no consultation with the users. Departments should ensure user involvement at all stages of preparation and implementation of the Charter;
5. Independent audit of results is important after a period of implementation of the Charter.
6. Complex systems for lodging complaints or poor access to officers for redressal of grievances defeat the purpose and the spirit of the Charter;

The critical success factor in the entire Charter initiative is developing close relationships with stakeholders throughout the cycle of the charter, from inception and development of standards to raising awareness, to monitoring and reviewing, and determining appropriate compensation for redressal of grievances. At the same time, administrative commitment to change is imperative for sustaining the Charter initiative and enhancing service delivery standards.

4 Transparency and Accountability

Transparency and accountability (T&A) have emerged over the past decade as key ways to address both developmental failures and democratic deficits. In the development and aid context, the argument is that through greater accountability, the leaky pipes of corruption and inefficiency will be repaired, aid and public spending will be channelled more effectively and development initiatives will produce greater and more visible results. For scholars and practitioners of democracy, following the twentieth century wave of democratization it is time for democracy to '**deliver the goods**', especially in terms of material outcomes, and **democratic accountability** can help it do so. For many non-governmental organizations (NGOs) and social movements, demanding and securing accountability is a path to people's empowerment, or at least to enhanced effectiveness in responding to the needs and voices of those they claim to serve.

Development, democracy and empowerment are obstructed, the argument goes, by a series of accountability failures. The traditional ways of delivering political and bureaucratic accountability, such as intra-government controls or elections, are increasingly found to be limited in scope. Administrative bottlenecks, weak incentives or corruption in state-centered political and bureaucratic accountability mechanisms restrict their effectiveness, particularly from the perspective of the poor and marginalized people who need accountability most, but who lack the means to work round such obstacles (World Bank, 2004).

In response to the inadequacy of traditional political and bureaucratic forms of accountability – also referred to as state-side, supply-side or institutional – an array of mechanisms and approaches has emerged in which citizens can hold states to account in ways other than elections and bureaucratic procedures. Supplanting or supplementing traditional forms, these '**demand-side**' initiatives are led by citizens and social actors who engage with more powerful actors located either within the state or in private sector entities contracted by the state.

Variously termed '**social**', '**citizen-led**' or '**demand-side**' accountability, this emerging field combines initiatives designed to improve transparency and access to information with other ways of holding to account the state and its agents (often, for example, private sector service providers). We refer to them collectively as **TAIs**. They have fast moved into the mainstream of development and aid, to the point where 'accountability' and 'transparency' are at risk of becoming

buzzwords, full of euphemism and normative resonance but emptied of their original meaning. The TAI field has evolved as multiple sub-fields with overlapping principles, origins and methods or approaches.

Defining accountability, Tisé states:

Broadly speaking, accountability refers to the process of holding actors responsible for their actions. More specifically, it is the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers according to a certain standard (whether set mutually or not).

By general consensus, accountability ideally involves both **answerability** – the responsibility of duty-bearers to provide information and justification about their actions – and **enforceability** – the possibility of penalties or consequences for failing to answer accountability claims. In fact, much of what we call accountability reflects only the weaker category, answerability. While citizen-led or public initiatives often involve ‘soft’ peer or reputational pressure, they rarely involve strong enforceability.

Conceptual debates on accountability and transparency range far and wide, but our focus here is on the newer and closely-related concepts of ‘citizen-led’ and ‘social’ accountability. Both are subject to some terminological looseness. Malena et al.’s definition of social accountability deliberately avoids too narrow a focus that might eclipse the vital roles that state actors and institutions can play in making citizen-led initiatives work:

Social accountability can be defined as *an approach towards building accountability that relies on civic engagement, i.e., in which it is ordinary citizens and/or civil society organizations who participate directly or indirectly in exacting accountability*. Mechanisms of social accountability can be initiated and supported by the state, citizens or both, but very often they are *demand-driven* and operate from the bottom-up.

Social accountability as a means to certain ends can be summarized by the following:

- ***Social accountability improves the quality of governance:*** Citizens’ disillusionment with the quality of governance moves them beyond electoral participation ‘toward engaging with bureaucrats and politicians in a more informed, organized, constructive and systematic manner’ - often referred to often as the ‘**democratic outcomes**’ case.
- ***Social accountability contributes to increased development effectiveness:*** Given the difficulty, inability or unwillingness of governments to deliver essential services, service delivery effectiveness and policy design are improved by citizens’ clearer articulation of their demands and more transparent public decision-making - often referred to as the ‘**developmental outcomes**’ case.
- ***Social accountability initiatives can lead to empowerment:*** By providing information on rights and soliciting feedback from poor people, ‘social accountability mechanisms provide a means to increase and aggregate the *voice* of disadvantaged and vulnerable groups’ - sometimes referred to as the ‘**empowerment case**’.

Other claims focus on **transparency**. **Access to information via transparency initiatives** is seen as a right, an end in itself and also a ‘**leverage right**’ capable of delivering further ends. Increased transparency in state decision-making can facilitate greater accountability to citizens. However, the right to information is not accountability in itself but is instrumental to it, and transparency does not automatically produce accountability but is a necessary but insufficient condition for it; certain types of transparency can generate certain types of accountability under certain conditions.

Finally, some of the claims made for TAIs focus on the relationships between **transparency, accountability and participation**. Some work suggests that these connections between transparency, accountability and participation might be correlations rather than solid causal links. A recent study of the outcomes of citizen engagement shows that participation does have an impact - usually but not always a positive one - on the measurable democratic and developmental outcomes arising from citizen engagement.

5 e-Governance

India is a nation that has a significant number of people who are below the minimal socio-economic benchmarks. This includes rural and urban poor, women in rural areas, street children, people belonging to historically disadvantaged castes and people living in less developed areas. The vulnerability of these sections of society has increased with globalization and this section is prone to become even more marginalized - economically and socially.

Successive governments have committed themselves to addressing these divides, but effective implementation of various economic development programmes aimed at individuals belonging to these sections of society has proved an elusive goal. Government of India (GoI) recognizes that **e-Governance**, in the context of developing countries, provides an excellent opportunity for improving governance. Used imaginatively, it is a trigger for introducing various **administrative reforms**. These changes could not only go a long way in improving the quality of life of these sections of society, but could actually provide them more equitable access to economic opportunities than ever before. In this context, the Government of India views e-Governance as a **strategic tool for transforming Governance and improving the quality of services** provided by the government to its people.

India's experience in **e-Governance / ICT initiatives** has demonstrated significant success in **improving accessibility, cutting down costs, reducing corruption, extending help and increased access to un-served groups**. Improved access to information has provided and social development opportunities, facilitated participation and communication in policy and decision-making processes and empowerment of the weakest groups. This has led to fostering a sense of ownership and building of social capital, which in turn, constitute a basis for **local revitalization**.

e-Governance is now mainly seen as a key element of the country's governance and administrative reform agenda. The Government of India aspires to provide:

- Governance that is easily understood by and accountable to the citizens, open to democratic involvement and scrutiny (an open and transparent government)
- Citizen-centric governance that will cover all of its services and respect everyone as individuals by providing personalized services.
- An effective government that delivers maximum value for taxpayers' money (quick and efficient services)

Hence the Government of India views e-Governance as a vehicle to initiate and sustain reforms by focusing on three broad areas:

Governance

- Transparency
- People's participation
- Promotion of a democratic society

Public services

- Efficient, cost-effective and responsive governance
- Convenient services to citizens and businesses
- Greater citizen access to public information
- Accountability in delivery of services to citizens

Management

- Simplicity, efficiency and accountability
- Managing voluminous information and data effectively
- Information services
- Swift and secure communication

5.1 Applications of e-Governance

e-Governance is the use of information and communication technologies to support good governance. It has the following main applications:

5.1.1 Government To Citizen (G2C)

G2C will aim at connecting citizens to government by talking to citizens and supporting accountability, by listening to citizens and supporting democracy, and by improving public services. It will involve better services to the citizens through single point delivery mechanism and will involve areas like:

5.1.1.1 E-Citizen

Under e-citizen integrated service centers are created. The purpose of these centers is to provide various customer services. It offers services like issue of Certificates, Ration Cards, Passports, Payment of Bills and taxes etc. These centers will become one-stop Government Shops for delivery of all services.

5.1.1.2 E-Transport

The transport aspects that can be easily e-governed include:

Registration of motor vehicles, Issue of driving licenses, Issue of plying permissions (Permits), Tax and fee collection through Cash and Bank Challans and Control of Pollution.

5.1.1.3 E-Medicine

It involves linking of various hospitals in different parts of the country, thus providing better medical services to the citizen.

5.1.1.4 E-Education

E-Education constitutes various initiatives of educating the citizen and the Government with the various Information technologies.

5.1.1.5 E-Registration

E-Governing the registration and transfer of the properties and stamp duty to be paid thereon brings substantial reduction of paper work and reduces the duplicating of entries. Further the transparency in work increases and the overall time of process registration reduces.

The spirit behind G2C services encompass all the services that the Government is delivering to its citizens.

Essentials for achievement:

- **Information for All:** Keeping the citizen informed, providing him with details of Government activities. The citizen will act as a watch dog to the Government if information is available to him. Certain interest groups like the journalists, opposition will always keep an eye on the expenditure of the Government, status of which will be available on-line. The same will bring accountability amongst Civil Servants. The rationale is to increase the pressure on staff to perform well and to improve public understanding of the government.
- **Citizen Feedback:** Citizen Feedback is a must for improving the Government Services. Unless the Government listens to its citizens, it will not be able to find out what he wants. Thus it is an effort to make the public sector decision responsive to citizens' view or needs.
- **Improving services:** World's best companies have done it, Indian companies have copied them, Governments abroad have followed the suit, why can't the Indian Government. The aim should be improving the services delivered to

citizens on dimensions such as speed, quality, reliability, convenience and cost. Information Technology will have a big role to play in the same; the services can be delivered from 24-hour one-stop Government shops.

5.1.2 Consumer To Government (C2G)

C2G mainly constitutes the areas where the citizen interacts with the Government. It includes areas like election when citizens vote for the Government; Census where he provides information about himself to the Government; taxation where he is paying taxes to the Government.

5.1.2.1 E-Democracy

The e-democracy is an effort to change the role of citizen from passive information giving to active citizen involvement. In an e-democracy the Government informs the citizen, represents the citizen, encourages the citizen to vote, consults the citizen and engages the citizen in the Governance. Taking the citizens input about the various government policies by organizing an e-debate will further strengthen the e-democracy. The concept of e-debate is similar to chat over the Internet, wherein not only the citizens but also the political leaders contesting the elections participate. The citizens give their feedback about the various policies of the parties and particularly the manifesto of the party. The initiative will further strengthen the process by *enhancing* the representative role, improving accessibility of citizens to their elected members and developing the capacity of elected representatives to engage in e-government. Elected members will also be provided with access to the local authority's Intranet and e-mail systems so that they become available online for decision making and people can easily access them.

Essentials for achievement:

- **Citizen Participation:** For achievement of the above initiative the citizen has to participate in the Government Business and therefore spreading awareness becomes the responsibility of the State. The elections should not be fought on the principle of what one party or other has to offer. But they should be fought on the principle of what the citizens require. Market research programs should be carried out using the Information Systems to determine the needs of the citizens. GIS could be used as a tool to find out potential gaps in the services offered.

5.1.3 Government To Government (G2G)

This can also be referred as *e-Administration*. It involves improving government processes by cutting costs, managing performance, making strategic connections within government, and creating empowerment. It involves networking all Government offices so as to produce synergy among them. The major areas are:

5.1.3.1 E-Secretariat

Secretariat which is the seat of power has a lot of valuable information regarding the functioning of the State. The cross-linking of various departments and exchange of information amongst various components simplifies the process of Governance.

5.1.3.2 E-Police

E-Police will help to built citizen confidence. There will be two databases. One of police personnel and the other of criminals. The database of personnel will have the records of their current and previous postings. This will help to track policemen specialized in certain geographical regions and skills. For example, we want to look for a forensic expert. The database within seconds gives the list of all forensic experts. The same database will keep a track of their details like service record, family background etc which will also be helpful in intelligent posting and promotion of personnel. The second database will be of criminals. This database has to be upgraded to national database for its total utility. By just typing the name of a criminal a police officer will be able to know the details of his past activities, including his modus operandi and the area of operation. Further a database like this will help tap the criminals easily as all the police stations

will have simultaneous access to their record. The module also includes G2C activities like online filing of FIR's, finding the case status of an FIR etc. Creating a database of Lost and Found can assist further lost and found of valuables and individuals.

5.1.3.3 E-Court

The pending court cases in India have brought the legal system to a halt. Not only are the consumers asking for changes in the administration, but also the system will collapse if it continues in this manner. IT can transform the system and bring in the court cases to a level of zero dependency. Creating a database of cases can do the same. In fact such a system will help to avoid all the appeals to High Courts and Supreme Court, for the Judges can consider the appeals from an intranet wherein the case remains in the same district court but the Higher Court gives their decision online based on the recorded facts of the case. Such a step will not only help the citizens but will also reduce the backlog of cases. Further the use of IT in the areas like recording of court proceedings, high resolution remote video to identify fraudulent documents, live fingerprints scanning and verification, remote probation monitoring, electronic entry of reports and paper work will further speed up the court proceedings.

5.1.3.4 State Wide Networks

This involves linking all the departments of the Government with various district headquarters and the state capital, facilitating the flow of information between the various state departments and its constituents. Here various blocks are linked to district Headquarters, district headquarters to State Headquarters and State Headquarters to the National Capital.

Essentials for achievement:

- **Cutting Expenditure:** With proper process control the input output ratio can be improved. The same can be achieved by cutting financial time costs. Cutting Government expenditure will lead to saving and accountability.
- **Organize around outcomes, not tasks.** This principle suggests that a single person should perform all the steps in a process and that the person's job be designed around the outcome or objective rather than a single task. Say, for example, a citizen applies for a permit – it becomes the duty of the receiving authority that the citizen gets the same, rather than moving around to get it done.
- **Managing process performance:** planning, monitoring and controlling the performance of process resources (human, financial and other). Informatisation supports this by providing information about process performance and performance standards. The rationale is to make more efficient or effective use of process resources.
- **Establish a network:** Treat geographically dispersed resources as though they were centralized. Government can use databases, telecommunications networks, and standardized processing systems to get the benefits of scale and coordination, while maintaining the benefits of flexibility and service. Strategic connections in Government should be established like central-to-local, ministry-to-ministry, executive-to-legislature, and decision maker-to-data store.
- **Delegate and Empower:** Put the decision point where the work is performed, and build control into the process. Thus, for overall Government Process Reengineering (GPR) to succeed the decision making should pass on to the people who do the actual work, from the people who are just monitoring it. People engaged in actual activities should be empowered to make decisions at the required focal point and hence to delegate such activities on their own so that the process itself can have built in controls. This will not only speed up the process but will cut cost as well.

5.1.4 Government To Business (G2B)

5.1.4.1 E-Taxation

This constitutes the various services that a business house needs to get from the Government, which includes getting licenses etc. In a similar scenario, it can also flow from a business house to the Government as in the case of procurements, from such business houses by the Government. This will become a B2G service.

Essentials for achievement:

- **Standards:** Standards for Electronic Transactions or E-Commerce needs to be built. The standards will also include standards on content etc.
- **Payment Mechanism:** A secure payment mechanism needs to be built to enable payments over the electronic medium.
- **PKI:** PKI or Public key Infrastructure is required for secure and authentic transactions.

5.1.5 Government To NGO (G2N)

5.1.5.1 E-Society

Building interactions beyond the boundaries of government by developing communities, building government partnerships and civil society. It involves building various associations or interest groups that will ensure the betterment of the society. Such initiatives deal particularly with the relationship between government and citizens: either as voters/stakeholders from whom the public sector derives its legitimacy, or as customers who consume public services.

Essentials for Achievement:

- **Publishing:** Delivering data to citizens. This involves open access to Government Information. The citizen has a right over Government information and its activities.
- **Interaction:** Delivering data to citizens and receiving data from citizens. This involves taking feedback from the citizens and interacting with the interest groups.

5.2 Priorities and Objectives

For e-governance to succeed in India 'e-readiness' must be built. This means strengthening infrastructural inadequacies, reducing the barriers to e-governance, and strengthening the drivers to e-Governance. The priority is therefore to build e-readiness in seven key areas:

- Infrastructure
- Institutions
- Laws
- Leadership and commitment
- Human capacities
- Technology
- Data systems

The specific objectives are:

- To develop the high-level awareness and commitment that will carry forward e-governance for development.
- To develop the capacities necessary to address e-governance strategically.
- To develop the human and data infrastructure necessary for e-governance.
- To implement pilot projects.

5.3 Models and Successes

Recognizing that e-Governance is playing an increasingly important role in modern governance, various agencies of the Government and civil society organizations have taken a large number of initiatives across the country. Indicated below are some of the key models implemented in the country across some of the important citizen/business related departments

5.3.1 Customs and Excise (Government of India)

- 98% of export and 90-95% of import documentation computerized.
- Electronic filing through ICEGATE.
- Service Tax returns electronically processed

5.3.2 Indian Railways (Government of India)

- Anywhere to Anywhere reservation from Anywhere.
- Electronic Booking of tickets.
- Online Information of Railway reservation on Internet.

5.3.3 Postal Department (Government of India)

- Direct e-credit of Monthly Income Scheme returns into the investors accounts
- Dematerialization of Savings Certificate (NSC) and Vikas Patras (KVP), offering full portability

5.3.4 Passport / Visa (Government of India)

- 100% passport information computerized.
- All 33 Regional Passport Offices covered.
- Machine readable passports available.

5.3.5 AP Online (State Government of Andhra Pradesh)

An Integrated Citizen Services Portal providing citizen centric services such as: Birth/Death Certificates, Property Registration, Driver's License, Govt. Applications & Forms, Payment of taxes / utility bills etc.

5.3.6 Bhoomi – Automation of Land Records (State Government of Karnataka)

Bhoomi (meaning land) is the project of on-line delivery and management of land records. It provides computerized Record of Rights Tenancy & Crops (RTC) - needed by farmer to obtain bank loans, settle land disputes etc. It has also ensured increased transparency and reliability, significant reduction in corruption, exploitation and oppression of farmers. This project has benefited more than 20 million rural land records covering 6.7 million farmers.

5.3.7 CARD – Registration Project (State Government of Andhra Pradesh)

Computer Aided Administration of Registration Department (CARD) impacting more than 10 million citizens. The system ensures transparency in valuation of property and efficient document management system. The estimated saving of 70 million man-hours of citizen time valued at US\$ 35 mil (investment in CARD - US\$ 6million). Similar initiatives in other states like SARITA (State Government of Maharashtra), STAR (State Government of Tamil Nadu), etc. have further built upon this initiative.

5.3.8 Gyandoot: Intranet in Tribal District of Dhar (State Government of Madhya Pradesh)

This project offers e-governance services including online registration of applications, rural e-mail facility, village auction site etc. It also provides services such as Information on Mandi (farm products market) rates, On-line public grievance redressal, caste & income certificates and Rural Market (Gaon ka Bazaar).

5.3.9 LOKMITRA (State Government of Himachal Pradesh)

- Offers e-governance services:
 - Online registration of applications,
 - Rural e-mail facility, village auction site etc.
- Key services provided to citizens
 - Information on Mandi (farm products market) rates
 - On-line public grievance redressal
 - Sending and receiving information regarding land records, income certificates, caste certificates and other official documents.
 - Market rates of vegetables, fruits and other items

5.3.10 e-Mitra - Integrated Citizen Services Center/ e-Kiosks (State Government of Rajasthan)

- Implemented using a PPP (Public Private Partnership) model
- Private partner paid by the government department / agency
- G2C services like:
 - Payment of electricity, water, telephone bills
 - Payment of taxes
 - Ticket Reservations
 - Filing of Passport applications
 - Registration of birth/death
 - Payment by cash/cheque/ credit card

The above mentioned models of e-Governance are only illustrative. Many of the State Governments have successfully implemented several such initiatives. This has positively impacted the quality of life of citizens. Hence e-Governance affords an excellent opportunity for India to radically improve the quality of governance and thereby:

- Allow for two-way communication between government and citizens not only for service delivery but also to receive opinions of citizens on policies and government performance
- Provide greater access to excluded groups, who have few opportunities to interact with government and benefit from its services and schemes
- Include all sections of the society in the mainstream of development
- Enabling rural and traditionally marginalized segments of the population to gain fast and convenient access to services in their own neighbourhoods.

5.4 Challenges and Limitations

5.4.1 Funding

Funding is the foremost issue in e-Governance initiatives. The projects that are part of the e-governance initiatives need to be funded either through the Government sector or through the private sector. For the private sector to step into the funding activity their commercial interests needs to be ensured. The projects can be built either on BOO (Built Own Operate) or BOOT (Built Own Operate Transfer) basis. Also the Government interest of Value Addition in services also needs to be taken care of while transferring the services to private sector. Advertising, sharing of Government information etc could be a few revenue generators for the Government.

5.4.2 Management of Change

The delivery of Government services through the electronic media including EDI, Internet and other IT based technologies would necessitate procedural and legal changes in the decision and delivery making processes. It demands fundamental changes in Government decision management. The employees need to be delegated more authority. De-layering of the decision-making levels leads to re-engineering and appropriate sizing of the decision-making machinery. These changes need not only be accepted by the Government and citizens but also be accepted by various interests groups like Employees unions. Under such circumstances bringing in a change will involve changing the mindsets of the people, and a complete Reengineering process needs to be carried out for the same. This will involve training of the personnel at all levels, more so, at the lower rung of Government management organizations. There will also be a loss of vested interests and power amongst the legislature and the executive, which may lead, to resistance to change.

5.4.3 Privacy

The privacy of the citizen also needs to be ensured while addressing the issues. Whenever a citizen gets into any transaction with a Government agency, he shells out lot of personal information, which can be misused by the private sector. Thus, the citizen should be ensured that the information flow would pass through reliable channels and seamless network.

5.4.4 Authentication

Secured ways of transactions for the Government services are another issue of concern. The identity of citizens requesting services needs to be verified before they access or use the services. Here digital signature will play an important role in delivery of such services. But the infrastructure needed to support them is very expensive and requires constant maintenance. Hence a pertinent need still survives, compelling the authorities to ensure the authenticity in their transactions thereby gaining absolute trust and confidence of the citizen.

5.4.5 Interoperability

A major design issue for integrated service delivery sites is, how to capture data in a Web-based form and transfer it to an agency's systems for processing and sharing that information in a common format. Infact the interoperation of various state Governments, the various ministries within a state Government is a critical issue. Further how the various islands of automation will be brought together and built into one is another key issue of e-Governance.

5.4.6 Delivery of services

The ability of citizens to access these services is another major issue. Since the penetration of PCs and Internet is very low in the country, some framework needs to be worked out for delivery of the e-Services that would be accessible to the poorest of the poor. What will be the Government's network to deliver those services? Could we have something like a single stop shop of the Government? A proposed mechanism is delivery of the same through the Government Post Offices, for they already have the brick and mortar support and the most extensive network in the nation.

5.4.7 Standardization

Defining the standards for the various Government services is another issue that needs to be addressed. The standards need to be worked out not only for the technologies involved but also for issues like naming of websites to creating E-Mail addresses.

5.4.8 Technology Issues

A number of organizations, both in the Centre and the States, have taken commendable initiatives to develop hardware and software platforms to address the challenges offered by e-Governance. At the central level in particular, the C-DAC, CMC and a number of others are noteworthy. The e-Governance initiative would have to address these Technology Issues/Objectives by identifying the appropriate hardware platforms and software application packages for cost-effective delivery of public services. This knowledge repository should be widely available through appropriate

Demo- Mechanisms. Offering a basket of these models to the State departments, both in the Center and the State, could be suitably customized as per location and work specific requirements.

5.4.9 Use of local language

The access of information must be permitted in the language most comfortable to the public user, generally the local language. There do already exist technologies such as GIST and language software by which transliteration from English into other languages can be made.

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(A)

G.S. PAPER II – GOVERNANCE, SOCIAL JUSTICE

ROLE OF CIVIL SERVICES IN A DEMOCRACY

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1. Introduction

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

Bureaucracy or civil services is an administrative body of officials whose roles are determined by written rules. It's an impersonal system operating on the basis of calculable rules and staffed by full time appointed officials. Weber identified the following characteristics of bureaucracy:

- Officers are organised in a clearly defined hierarchy of offices.
- Candidates are selected on the basis of technical qualifications.
- They are remunerated by fixed salaries in money.
- It constitutes a career. There is a system of 'promotion' according to seniority or to achievement or both.
- The official works entirely separated from ownership of the means of administration and without appropriation of his positions.
- Each office has a defined sphere of competence.
- The officials are personally free and subject to authority only with respect to their impersonal official obligations.

2. Importance of Civil Services in modern day democracy

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

- **The scientific and technological development:** They have led to revolutionary changes in transportation and communication system. The invention of telephone, telegraph, railways and airways has made big government and large scale administration possible.
- **Industrial revolution:** It brought about certain changes in society. It led to the growth of large scale industries and factory production, over-crowded industrial towns and urban slums. The factory system also resulted in certain evils such as growth of capitalism, large-scale unemployment, exploitation of labour etc. In the interest of socio-economic justice, governments in the developed and developing countries have to assume new responsibilities to set right the bad effects of the above evils. The tasks and responsibilities as well as the importance of civil service have thus vastly increased.
- **Economic Planning:** Modern governments have resorted to planning as a method of achieving economic development and goals of welfare state. The new responsibilities relating to planning activities, i.e., plan formulation and implementation and creation of elaborate necessary administrative machinery have naturally widened the scope of public administration. However, in the new liberalized economic reforms, planning as a method of economic development and the administrative functions relating to it are gradually getting diminished.
- **Calamities and crisis:** Natural calamities such as earthquakes, floods, droughts and cyclones have also enhanced the importance of civil services. In the event of occurrence of such natural calamities, the public administrators have to act quickly and undertake rescue operations in order to prevent loss of life and property of the affected people. Thus crisis management is an important function of public administration.
- **Population and the problems of metropolitan cities:** The rapid growth of population in almost all the countries of the world, especially in developing countries, has complicated the problems of providing food, shelter, education, health and sanitation etc. to the people. Also, the growth of metropolitan cities has

created certain problems peculiar to them. Some of the problems include congestion, growth of slums, housing scarcity, insufficient water supply, increasing urban crime rate etc. The responsibility for tackling these acute social and economic problems has resulted in the increase in the sphere of activity of civil service.

- **Emergence of welfare state:** As a welfare state, governments have to perform major functions such as dispenser of social services, a provider of essential commodities, a manager of key industries and banking services and a controller and regulator of private economic enterprises and activities. This has naturally increased the importance of civil service.

3. Role of civil services in governance

Civil services perform following important functions:

Basis of government: No government can exist without administrative machinery. All nations, irrespective of their system of government, require some sort of administrative machinery for implementing policies.

An instrument for implementing Laws and Policies: Civil services are responsible for implementing the laws and policies of government. By carrying out laws, it regulates the behaviour of the people in society. By implementing public policies and programmes, it delivers the promised goods and services to the intended beneficiaries. The ideals and objectives of government may be very popular, the plans for national development may be extremely progressive and the resources of the country may be abundant, but without civil services nothing can be achieved. An efficient civil service can avoid waste, correct errors; limit the consequences of incompetence or irresponsibility while implementing laws and public policies.

Participation in policy formulation: In modern world, civil service is the chief policy maker in government. It is a source of facts; experience; ideas and solution. Public administration participates in policy making by giving advice to ministers and providing them the necessary information. The administrative tasks of public bureaucracy include formulation of policies and plans, executing and monitoring programmes, laying down laws, rules and regulations, which affect human actions in almost all walks of life.

A great stabilizing force: Civil services acts as a stabilizing force in society. It settles social tensions and conflicts and thus creates social unity and harmony.

Provides continuity: Civil services carry on the governance when governments change due to elections etc. Ramsay Muir has remarked that while governments may come and go, ministers may rise and fall, the administration of a country goes on forever. It is needless to say that civil services form the backbone of administration.

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

Provides a wide variety of services in the public interest: Public administration run by civil servants provides a large number of services to the people such as:

- **Protective Functions:**
 - They protect the life and property of the people by **maintaining law and order**. The survival and progress of human beings depend on the proper enforcement of laws against lawbreakers.
 - In recent times, **protection of the environment** is added to the protective functions of the government. As a result of rapid industrialisation, there is the problem of environmental pollution

which threatens our lives and environmental pollution. Now almost all the governments are making efforts at the enhancement of environmental quality.

- **Facilitative services:** They provide facilitative services such as transportation, communications, and supply of power and so on.
- **Management of public enterprises:** Civil servants are managing public enterprises and public utilities in the interest of socio-economic justice. Public utilities are either publicly owned or strictly regulated in most countries. Government also imposes controls over private economic and business activities in the public interest.
- **Welfare services:** The welfare services provided for the people include social security, old age pensions, welfare of the weaker sections, poverty alleviation etc.
- **Developmental functions:** They perform a vital function of promoting agriculture, industry, internal and international trade, banking, insurance etc.

In addition to above, some other functions performed by civil service are as under:

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

4. Role of civil services in developing countries

Civil services in a developing society like India play a very important role. It performs the following functions:

Role in socio-economic development

The governments of developing countries have the huge responsibility to bring about all-round development of their societies. Several programmes have been launched to this end by the respective governments. Major functions of the civil services are:

- To develop agriculture, civil servants have to properly manage community resources such as land, water resources, forests, wetlands and wasteland development.
- To facilitate industrial development, infrastructural facilities such as roads, electricity, communications, market centres etc have to be provided. In these countries, the civil service manages government owned business, industrial enterprises and public utility services.

Besides, civil service has to perform following functions in relation to developmental activities:

- Setting right developmental goals and priorities for agriculture, industry, education, health, communications etc.
- Formulation and implementation of strategies and programmes for the development and modernisation of the nation.
- Mobilisation of natural, human and financial resources and their proper utilization for accomplishing developmental objectives.
- Development of human resources to secure the necessary managerial skills and technical competence to carry out the developmental tasks.
- Creation of new administrative organisations and improving the capacity of the existing ones for the developmental purposes.

- Securing the support of the people for developmental activities by involving them in the process of development by creating appropriate attitude towards the socio-economic changes that are taking place in society.
- Promotion of clean and green environment and protection of human rights.

Developing a sense of nationhood

Several divisive forces such as communal and ethnic conflicts, caste feuds and regional rivalries often threaten the national unity. In order to develop a sense of nationhood among the people of these countries, the civil servants have to resolve the sub-national and sub-cultural differences among the people.

Facilitating democracy

The civil servants play a vital role in maintaining the democratic ideals by assisting their political heads (Ministers) in policy-making function and in implementing the policies made. Since developing countries are new to the democratic institutions, it is only the stable and efficient civil service that can strengthen the democracy.

5. Civil Services in India

In parliamentary system, it is the political executive (responsible to the legislature) who determines policies and programmes of government. The implementation and administration of these policies and programmes is the responsibility of the civil servants who, by virtue of their training and professional experience, are well-versed in the actual functioning of government.

An important characteristic of the civil service system in India is classification based on the concept of the 'Service'. Under this concept, civil service posts are grouped into distinct homogenous cadres under a common Service named on the basis of specific functions attached to the posts in question.

The various Civil Services at the Union and State levels can be classified in different ways. **Firstly**, the Civil Services can be categorized into three broad groups – Central Civil Services, All India Services and the State Civil Services. The Central Services function under the Union Government and are generally engaged in administering subjects which are assigned to the Union under the Constitution. All India Services are common to the Union and the States and the State Services function only under the State Governments. **Secondly**, the Union and State Services can be classified into Group A, B and C categories based on their role and responsibilities. **Thirdly**, these services can also be classified into technical and non-technical services.

6. Some of the observations of 2nd ARC regarding civil services in India:

It is widely recognised that the civil services have contributed to stability in terms of maintenance of peace, the conduct of fair elections, managing disasters and the preservation of the unity of the nation, providing stability and maintaining order in a vast country prone to various conflicts – ethnic, communal, regional etc. Nonetheless there are certain concerns about the performance of the civil service in the context of realizing a results-oriented government. Some of them are:

- It has been pointed out that the Civil Service in India is more concerned with the internal processes than with results.
- The systemic rigidities, needless complexities and over-centralization in the policy and management structures within which the civil service functions are too complex and often too constraining.
- The structures are based on hierarchies and there are a large number of veto points to be negotiated for a decision to eventually emerge.

- To compound it, the size and the number of ministries and departments have both overloaded the decision-making system and diminished the capacities of the individual civil servants to fulfill their operational responsibilities.
- Rapid and fundamental changes are taking place in the country in terms of rapid economic growth, urbanization, environmental degradation, technological change and increased local awareness and identity. The response time to adapt to these changes is much shorter than it used to be. As instruments of public service, civil servants have to be ready to manage such change.
- On the other hand, the perception is that they resist change as they are wedded to their privileges and prospects and thereby have become ends in themselves.
- The 73rd and 74th Amendments to the Constitution have brought about a major change. Rural and urban local governments have to be enabled to become institutions of self government. To bring this about, the existing system of administration at the district level has to undergo fundamental changes. Though sixteen years have passed, the progress remains very slow and local governments are 'local' only in 'form' but are 'central and state in content'.
- With the passage of time, the role of civil society organisations, in governance, has increased with demands for better governance. The same can be said of the private sector, which is increasingly providing services in several areas, which hitherto were the exclusive preserve of the public sector. Consequently, civil servants should view civil society organisations and the private sector as partners in the process of the country's governance.
- There is need to shift from pre-eminence of governance to effective governance with a focus on decentralization and citizen-centricity.

7. Conflicts between civil services and democracy

- Rigid organization structures and cumbersome procedures
- Elitist, authoritarian, conservative outlook
- Men in bureaucracy fulfill segmental roles over which they have no control. Consequently, they have little or no opportunity to exercise individual judgment.
- The requirement that a bureaucrat should follow the principles of consistency and regularity automatically limits his capacity to adapt to changing circumstances.
- The general rules which may take for overall efficiency produce inefficiency and injustice in individual cases.
- Civil services' difficulty to cope with uncertainty and change is a key limit on its efficiency.

8. Reforms needed in civil services

Broad Reforms:

- The development work needs some flexibility from a strict observance of rigid rules and regulations. Rigid rule bound bureaucracies should be changed into flexible and action-oriented.
- Reforms are required in the field of recruitment of civil servants so that right people could be recruited who can ensure smooth functioning of democracy.
- Training of civil servants should be able to bring about behavioural and attitudinal changes.
- Administrative procedures, rules and regulations need to be simplified so that red tapism could be minimized; decentralization of authority and collegiate decision making; de-emphasis of hierarchy in the administrative structure
- Adoption of modern management techniques such as management by objectives; elimination of corruption so as to secure clean, honest, impartial and efficient administration; creation of new work culture and encouraging creativity.

Summary of Recommendations: 2nd ARC's 10th Report

- A National Institutes of Public Administration should be established to run Bachelor's Degree courses in public administration/ governance/management. Selected Central and other Universities should also be assisted to offer graduate level programmes in these courses which will produce graduates to further expand the pool of eligible applicants to the civil services. These graduates would be eligible for appearing in the Civil Services Examinations. Further, graduates in other disciplines would also be eligible to appear in the Civil Services Examination provided they complete a 'Bridge Course' in the core subjects mentioned above.
- **Structure of Examination:** Either of the following two models may be adopted for compressing the examination cycle.
 - The Preliminary and Main Examinations for the Civil Services Examination would be conducted together on two to three consecutive days. Evaluation of papers for the Main Examination should be done in case of only those candidates who have secured a threshold level of marks in the Preliminary Examination. The personality test would follow thereafter.
 - OR
 - Based on the results of the Preliminary Examination, candidates eligible for taking the main examination and the personality test would be short listed in accordance with their rankings. Only these short-listed candidates would be eligible for appearing in the Main Examination, which would be conducted within two months of the Preliminary Examination. The short list would be limited to about two to three times of the number of vacancies available. Thus it would be possible to start the Personality Test and the Main Examination almost simultaneously.
- The induction of officers of the State Civil Services into the IAS should be done by the UPSC on the basis of a common examination.
- In the case of disciplinary proceedings, consultation with the UPSC should be mandatory only in cases involving likely dismissal or removal of a government servant.
- **Capacity Building**
 - Every government servant should undergo a mandatory training at the induction stage and also periodically during his/her career. Successful completion of these trainings should be a minimum necessary condition for confirmation in service and subsequent promotions.
 - A monitoring mechanism should be set up for overseeing the implementation of the National Training Policy (1996).
 - The objective of mid-career training should be to develop domain knowledge and competence required
 - Public servants should be encouraged to obtain higher academic qualifications and to write papers for reputed and authoritative journals.
 - The composition of governing bodies of the national training institutions such as the LBSNAA, SVPNPA, IGNFA and also the State Administrative Training Institutes should be broadened by inducting eminent experts.
 - A National Institute of good governance may be set up by upgrading one of the existing national/state institutes. This institute would identify, document, and disseminate best practices and also conduct training programmes

Recommendations of some other committees:

A number of Committees and Commissions were set up to make recommendations on various aspects of civil services. These recommendations are included in the Report on Public Administration by **A.D. Gorwala**, 1951; Report on the Public Services (Qualifications for Recruitment) Committee, 1956 – also known as **Dr. A. Ramaswami Mudaliar** Committee Report; Report on Indian and State Administrative Services and Problems of District Administration by **V.T. Krishnamachari**, 1962; ARC's Report on Personnel Administration, 1969; Report of the

Committee on Recruitment Policy and Selection Methods, 1976 – also known as the **D.S. Kothari Committee Report**; Report of the Committee to Review the Scheme of the Civil Services Examination, 1989 – also known as the **Satish Chandra Committee Report**; Report of the Civil Services Examination Review Committee, 2001, also known as **Professor Yoginder K. Alagh Committee Report**; Report of the Committee on Civil Service Reforms also known as the **Hota Committee Report**, 2004.

Few of the relevant recommendations of recent committees are given below.

Recruitment

- The Civil Services Examination Review Committee, 2001 (chaired by Professor **Yoginder K. Alagh**) favored testing the candidates in a common subject rather than on optional subjects.
- The Committee on Civil Service Reforms (**Hota Committee Report**, 2004) recommended that aptitude and leadership tests may be introduced for selection, and that probationers may be allowed one month's time after commencement of training to exercise their option for Services.

Training

- The Committee to Review In-Service Training of IAS officers, (**Yugandhar Committee**, 2003) recommended the need for three mid-career training programmes in the 12th, 20th and 28th years of service. Trainings at these 3 stages was suggested as there is a "major shift" in the nature of work of the officer, at these stages of their career.

Domain Expertise

- The **first ARC** classified higher civil service posts into two categories: posts in the field, and (b) posts at headquarters.
- The field posts were held by the members of the 'functional' services which included not only the various engineering services but also services such as accounts and income tax. The first ARC noted that the only service that was not functional but occupied most of the higher posts in the civil services was the IAS. The first ARC recommended that the IAS should be converted into a functional service.
- Consistent with its philosophy of organizing the administrative machinery along functional lines and inducting talent from all sources, the ARC recommended eight broad areas of specialization: Economic Administration; Industrial Administration; Agricultural and Rural Development Administration; Social and Educational Administration; Personnel Administration; Financial Administration; Defence Administration and Internal Security Planning.
- The Report of the Group constituted to Review the System of Performance Appraisal, Promotion, Empanelment and Placement for the All India Services and other Group 'A' Services (**Surinder Nath Committee Report**, 2003) suggested the following 11 domains - Agriculture and Rural Development; Social Sectors (Education, Health, Tribal Welfare, etc.); Culture and Information; Natural Resources Management including Environment (green side); Energy and Environment (brown side); Communication Systems and Connectivity Infrastructure; Public Finance and Finance Management; Industry and Trade; Domestic Affairs and Defence; Housing and Urban Affairs; Personnel and General Administration. The Committee suggested that officers may be assigned to a maximum of three domains out of the eleven listed.
- **The Hota Committee** on Civil Services Reforms, 2004, had recommended that domain assignment should be introduced for civil servants to encourage acquisition of skills, professional excellence and career planning.

Efficiency

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

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

Accountability

- The Committee on Prevention of Corruption (**Santhanam Committee**) made a range of recommendations to fight the menace of corruption. It recommended the constitution of the Central Vigilance Commission, and administrative vigilance divisions in all Departments and major organizations of the Government. Changes were also suggested in Article 311 of the Constitution of India for conducting disciplinary proceedings against government servants. It was also recommended that offering of bribes should be made a substantive offence.
- The **first ARC** recommended that the departments and organizations which were in direct charge of development programmes should introduce performance budgeting. The ARC also recommended the establishment of two special institutions, the Lok Pal to deal with complaints against the administrative acts of Ministers and Secretaries to the government at the Centre and the Lok Ayuktas to deal with such complaints in States.
- **The Hota Committee** recommended that Sections 13 (1) (d) and 19 of the Prevention of Corruption Act and Section 197 of the Code of Criminal Procedure may be amended to protect honest civil servants from malicious prosecution and harassment. It also recommended that a Code of Ethics should be drawn up for civil servants incorporating the core values of integrity, merit and excellence in public service. Another recommendation of the Hota Committee was that each department should lay down and benchmark services to be delivered, methods of grievance redressal and public evaluation of performance. It also recommended that a Model Code of Governance should be drawn up benchmarking the standards of governance to be made available to the citizens.

Performance Appraisal

- The Report of the Group constituted to review the system of Performance Appraisal, Promotion, Empanelment and Placement of the AIS and Other Services (**Surinder Nath Committee**, 2003) recommended that - performance appraisal should be primarily used for the overall development of an officer and for his/her placement in an area where his/her abilities and potential can be best used.
- Only those who can demonstrate a credible record of actual performance and possess the necessary knowledge and skills required for higher responsibilities should be promoted. There is no benefit in retaining officers who lack demonstrated competence, or who are unqualified, or of doubtful moral or financial integrity or who are in unacceptably poor health.
- **The Hota Committee** on Civil Services Reforms, 2004, recommended replacing the ACR with a system of performance assessment in which greater emphasis is placed on objective assessment against agreed work plans.

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