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MASTER OF ARTS
IN PUBLIC ADMINISTRATION

SEMESTER-I

PAD-1.1: ADMINISTRATIVE THEORY

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The University started functioning on 27 November 1943, at Ravenshaw College, Cuttack. It originated as an affiliating and examining body but shifted to its present campus spread over 400 acres of land at Vani Vihar in Bhubaneswar, in 1962.

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(S. P. Pani)

DIRECTOR

SEMESTER – 1
COURSE CODE – PAD – 1.1

TITLE: ADMINISTRATIVE THEORY

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Introduction to Public Administration

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UNIT-1: Public Administration: Nature and Scope of Public Administration

Structure:
- Introduction
- Unit Objectives
- Public and Private Administration
- Similarities and Differences between Public and Private Administration
- New Public Administration
    - Honey Report on Higher Education for Public Services (1967)
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INTRODUCTION

Public administration is a field of study and practice that involves the management, implementation, and coordination of public policies and programs. It is a crucial aspect of government that focuses on the organization and functioning of public agencies, as well as the relationships between these agencies and the citizens they serve. Public administration plays a vital role in ensuring the effective and efficient delivery of public services, promoting transparency, accountability, and responsiveness in governmental activities.

UNIT OBJECTIVES

After going through this unit, you will be able to:
- Learn the nature and scope of public administration
- Discuss the similarities and differences between public and private administration
- Explain the basic features of new public administration
- Describe the essential elements of new public management

PUBLIC AND PRIVATE ADMINISTRATION

The term public administration appears to suggest that there must be non-public or private administration also. Some thinkers believe that all the administration is one and there is no difference between public or private administration. There is difference of opinion regarding the relationship between public and private administration. There are some thinkers who consider that there is no difference between the two and that the administrative activities and techniques are similar in all the organizations, whether they be private or public. Urwick, Mary Parker Follet and Henri Fayol subscribe to this view. According to H. Fayol, 'we are no longer confronted with several administrative sciences but with one which can be applied equally well to public and private affairs.'

Similarities and Differences between Public and Private Administration

Various thinkers suggest various points of similarities between the two. First, many skills, techniques and procedures adopted in private and public administration are the same, e.g., accounting, office procedure and management, etc. This view holds true because of the fact that there is an occasional inter-change of personnel between the two. It would not have been possible, had there been difference in the working of the private and public administrative organizations.

The public and private administration show a number of similarities in practice. We usually say that all those activities which are performed by the governmental agencies or public agencies from part of public administration while those performed by the private agencies are called private administration. There are, however, many activities which are performed both by private and public agencies. For example, business activities were mainly performed by private organizations. But, the Government has taken upon itself many economic and business activities, which hitherto were the preserves of private administration.

There are four basic elements of similarity between the public and private administration, which are as follows:

1. **The cooperative element:** Public administration is a cooperative group effort in a public or private setting. In every human organization, be it private or public, the key to successful operations is the effective utilization of human and physical resources. Though the purposes or goals of these organizations may vary but the common factor is the element of cooperation which is present in both.

2. **The large size of organizations:** In all the organizations where the number of employees is substantially high, the bureaucratic element is present. As it become difficult for one person to look after all the employees, the intermediate levels of supervisions are required. In other words various levels of hierarchy evolve and the organization grows in complexity. Thus, bureaucracy is another major element of similarity between the two.

3. **Scientific analysis:** Scientific analysis involves breaking down each task into its component parts, studying the movement of the workers, the use made of materials and equipment, experimenting with different work methods and procedures and finally adopting those which proved most efficient. This scientific technique is increasingly used in both public as well as private administration.

4. **The human relations approach:** The human relations approach is the main focus of similarity between the two.

Though there are certain points of similarity between the public and private administration yet no private organization can ever be exactlysame as a public one. The following are some points of differences between the two types of administration:

- **Political direction:** The primary distinction between public andprivate administration lies in the fact that unlike public administration, private administration is not subjected to politicaldirection, save in times of the gravest emergency. The ends it pursues are of its own device. Its objectives generally do not depend upon political decisions. But the administrator under publicadministration has to carry on the orders which he gets from the political executive with little option of his own.

  Profit motive: Public administration is conducted with the motiveof service while the motive of private administration is profit- making. If the establishment of a textile mill brings more profit tothe capitalist than the establishment of a sugar mill, the former will be preferred by him, however urgent the need of the lattermay be. If private administration is useful to the public, its serviceto it is a by-product of profit-making. In public administration some functions are performed by the state, which are entirely money-consuming functions, for instance, running of a government school or hospital.

- **Service and cost:** In the matter of public administration only suchamount of money is raised by taxation which is necessary for therendering of the service. In other words, there is an intimate relationship between the service rendered and the cost of servicecharged from the public. A government budget is generally a deficit budget, i.e., expenditure exceeding the income. In private administration, income often exceeds expenditure because there is usually an attempt made to extract as much money as possiblethrough the sale of products or services.

- **Nature of functions:** Public administration is more comprehensive than private administration. It deals with the various types of needs of people, for example, in most countries, it maintains railways to facilitate movement of goods and passengers, provides posts and telegraphs to facilitate communication, maintain hospitals and dispensaries to protect public health. In a socialistic state the scope of state activity is still greater since its aim is to achieve greatest happiness of thegreatest number. Private administration does not usually coverthe economic needs of life. Public administration carries out functions, which are vital for the very existence of the people, forinstance, defence of the country and maintenance of law and order. Private administration is concerned with less vital functions, e.g., manufacture of cloth, supply of sugar, etc., Besides, publicadministration monopolizes some of the services. For example,in India, it alone runs railways, manages posts and telegraphs and maintains an army. No private individual can undertake anyof these functions. In private administration more than one organization undertakes the same activity, e.g., supply of cloth,plying taxis for hire, etc.

- **Public responsibility:** Public administration has responsibility to the public. In the words of P.H. Appleby, 'Government administration differs from all other administrative work by virtueof its public nature, the way in which it is subject to public scrutinyand outcry.' On the other hand, private administration is only responsible about the people indirectly and generally it securesits own ends and not the welfare of its people.

- **Uniform treatment:** Public administration should be consistent in procedure and uniform in dealings with the public. An official cannot show favour to some people and disfavour to others. A private administration, on the other hand need not worry about

the uniformity in treatment. A shopkeeper selling cloth may give cloth on credit, but a clerk in a post office will not sell stamps on credit.

- **Public relation:** The public and private administration also differ on the principle of public relations. In the business world it is employed to win customers, by window displaying, free samples, design and colour of labels.

- **Efficiency:** It is felt that private administration is superior in efficiency to public administration. The glamour for 'a businessman's government' or 'Commercialization of the whole machinery of government' or privatization of the octroi, electricity production and distribution, etc., shows that the people regard private administration more efficient which enjoys certain advantages, e.g., differential wage payment as incentive to increase production and to attract staff of superior ability from rival firms, etc., over public administration which is marked by red tapism, extravagance, corruption and inefficiency. In a private administration the incentive of more profits impels the individual to devote himself whole-heartedly in his business. But it does not mean that private administration is always efficient, or public administration is always inefficient. If the incentive of cash profits is lacking in public administration then the incentive and desire to make one's own administration successful and win public approval is present there and with this incentive the administrators devote themselves whole-heartedly to achieve the efficiency of the office.

- **Organization:** Though the principle of 'organization' is relevant to both public and private administration, yet it has greater social consequences in the sphere of the former than in the realm of the latter because a defect in the organization in public administration will do more harm to the public than a lacuna in private administration. Huxley writes, 'The state lives in a glasshouse, we see what it tries to do, and all its failures, partial or total, are made the most of. But private enterprise is sheltered under opaque bricks and mortar.'

- **Monopolistic:** In the field of public administration, there is generally a monopoly of government and it does not allow private parties to compete with it. For example, in most countries no person or body of persons can establish post and telegraph, railway, or coin currency for these are the exclusive fields of the government. This is not so in private administration wherein there are several organization competing with each other to supply the same commodity or to meet the same need. Of course, in certain cases, even private concerns may have a monopoly.

- **Officials remain Incognito:** In the public administration even the most senior officials remain incognito and their identity is not disclosed. This is so because whatever they do, they do in the name of the government and not in their own name. On the contrary, a private administration entrepreneur does things on his own behalf and is well-known in the business circles. In many cases, even business concerns are named after the names of their proprietors.

- **Psychological difference:** There is also a psychological difference between private and public administration. In the USA, during World War II, the coal mines were placed under governmental control and although no appreciable changes in the administration of the coal mines were made, there came about a change in the psychology of the workers for now they well

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knewthe dangerous consequences of strikes, etc.

According to Simon, the distinction between public and private administration relates mainly to three points, which are as follows:

1. Public administration is bureaucratic whereas privateadministration is business like.
2. Public administration is political whereas private administrationis non-political.
3. Public administration is characterized by red tape whereasprivate administration is free from it.

NEW PUBLIC ADMINISTRATION

Periods of turbulence and instability in history often produce new waves of thought that seek to challenge the traditional contents of academic disciplines and therefore, impart to them a new direction. Since 1968, the evolving discipline of public administration came to be enriched by the emergence of what came to be known as the New public administration. The term came to stay with publication, in 1971, of Toward a New public administration: Minnowbrook Perspective, edited by Frank Marini. This work was largely based on the Minnowbrook conference held in 1968 and New public administration cannot be fully understood except in terms of that academic get-together. Some of the salient features of New public administration were:

- It was anti-positivist in more than one sense. It rejected a definition of public administration as value-free
- It rejected a rationalist and determinative view of mankind
- It also rejected the politics administration dichotomy
- It was anti-bureaucratic and anti-hierarchical
- It was anti-mechanistic in its approach to organization problems, rejecting the over-emphasis on the machine and the system

New public administration therefore, was marked by the above anti- goals. It displayed an intense concern for relevant societal problems. It stressed on ethics and values, innovation and social equality. It lead great emphasis on human relations, a creative approach to administration and social change. It was, therefore felt that to achievethe desired objectives, New public administration must have the followingcharacteristics:

- Increasing orientation towards changing reality
- Influence policies that can improve the quality of working life, aswell as have competence to implement such policies
- More oriented towards measuring the impact of laws on citizens rather than resting content with their mechanical application
- More normative and less neutral

The basic elements of New public administration, as described inthe report of a Delphi exercise conducted in 1972–73 by Emanuel Waldat the Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, New York, were:

- A softened normative approach
- Movement towards social technology

- Policy orientation
- Synchronization (that is, revising the traditional breakdown of administrative activity into distinct functional component POSDCoRB)

The major landmarks in the growth and emergence of new publicadministration were:

- Honey Report on *Higher Education for Public Services*, 1967
- Conference: *Theory and Practice of Public administration*, 1967
- The Minnowbrook Conference, 1968
- Publication of *Toward a New public administration;*
- *The Minnowbrook Perspective*, edited by Frank Marini, 1971
- Publication of *Public administration in a Time of Turbulence* editedby Dwight Waldo, 1971

Honey Report on Higher Education for Public Services(1967)

In 1966, an affiliate of the American Society for Public administration asked John C. Honey of the Syracuse University to undertake an evaluative study of Public administration as a field of study in the US universities. The Honey Report, submitted in 1967, is significant in thesense that it disclosed the true state of health of the discipline of Publicadministration. It sought to broaden the subject's scope by making it continuous with the total governmental process (executive, legislativeand judicial). It identified four problems confronting it and suggested immediate action on them:

- Insufficient resources at disposal of the discipline (*students,faculty and research funds*)
- Intellectual argument over the status of the discipline: Is it adiscipline, a science or profession
- Institutional weakness (inadequacy of public administrationdepartments)
- Gap between scholars of public administration and the practisingadministrators

The Honey Report made the following eleven recommendations:

- The establishment of a National Commissions Public Service Education to exert broad leadership in meeting the needs of governments for educated manpower
- A substantial fellowship programme (perhaps initially 2 yrs), 5 yrs for post-graduate students who are preparing for public serviceat the master's and doctoral levels and also including preparationfor professional degrees
- Internship programmes to operate at Federal, State, and local levels for post-graduate students and advanced undergraduatespreparing for public service careers
- A special fellowship programme for those planning to become teachers in schools and programmes of public administration and public affairs
- A programme to provide opportunities for practical governmentalexperience to university faculty engaged in public affairs teachingand research
- A programme of assistance to universities for public affairs, curricular experimentation and development
- Support for university personnel engaged in research on governmental and public affairs

issues

- Support from Federal, State, and local governments, as well usfrom private industry, for the provision of facilities to schools andprogrammes of public administration and public affairs

- The establishment of an advisory service for new public affairs programmes and the development of personnel rosters to providecurrent information on experienced graduates of schools of publicadministration and public affairs

- It recommended that a study of the universities and education for public service be undertaken, the purposes to show how varioustypes of institutions now approach their public service, educational and other tasks and to identify stimulative and innovative developments as well as deficiencies and problems

- The second major and closely associated research proposal was for a study of the professions, professional education and the public service

The Honey Report aroused interest as well as controversy in the UnitedStates. What it said was important but what it did not say carried evengreater meaning. It, for instance, said nothing about Public administration's role in a strife torn tumultuous society of the period. Did the discipline have nothing say about the current social problems?The Report induced many scholars to think deeply about its place androle in the society and thus it, in a way, acted as a catalyst in encouragingdiscussion on its adequacy in solving societal problems.

Conference on the Theory and Practice of Publicadministration (1967)

Believing that, there have been some rapid developments in the fieldand that a new synthesis or selective appraisal would be currently usefulto the American Academy of Political and Social Science conference was organized in Philadelphia in December 1967 to discuss the topic—The Theory and Practice of Public administration; Scope, Objectives,and Methods. James C. Charlesworth, Chairman of the conference, thus described the feelings of the participants:

> The participants in this meeting evinced a mood to make a bold and synoptic approach to the discipline of Public administration and soughtto measure the importance of Public administration in a broad philosophic context and to consider whether it is an adornment of the mind as well as a practical instrument of government.

Varied were the views expressed by the participants. Public administration was viewed as an academic discipline, as a field excise,and as a profession. Some defined Public administration as ministration in the *public interest* while others made it coterminous with *Governmental Administration*. There was no agreed definition of public administrationbut there emerged a broad consensus on the following points:

- It is just as difficult to delineate the scope of Public administrationas it is to define it.

- Public administration agencies make policy and the policyadministration dichotomy is erroneous.

- American public administration as a discipline should dealrestrictively with public administration in America.

- Bureaucracy should be studied functionally as well as structurally.

- Public administration and Business administration training shouldnot be combined since they are similar only in unimportant aspects.

- Public administration as a profession should remain separate from the profession and discipline of political science.
- Normative administrative theory as well as descriptive analytic theory in Public administration is in a state of disarray.
- A hierarchical/pyramidal view of organizational authority is no longer appropriate administrators must view workers as *co- ordinates* rather than *sub-ordinates*. The executive is not so much on top as he is in the center, being affected by *sub-ordinates* who surround him.
- Policy and political considerations are replacing management ability as the major focus of concern in Public administration. Computerised information is not good simply because it is computerised. Nor does PPBS provide reliable political answers. Quantification and cost analysis cover only a small part of the total factors in a decision.
- Administrators of the future should be trained in professional schools—public administration curricula should emphasize not only administrative organization and procedures but also the psychological, financial, sociological, and anthropological envelopment of the subject.
- Public administration has not been able to deal with societal problems. Public administration theory, has not caught up with emerging problems, like the huge military, industrial complex, riots, labour unions and strikes, public school conflicts, slums, the impingement of science, and developing countries.
- Public administration is a discipline but it cannot employ all the methodologies of the contemporary social science. While parts of Public administration are capable of using scientific methods, other important parts of the discipline are not amenable to scientific treatment. In the words of Charlesworth: 'We can be scientific, if we severely limit the scope of our discipline, but if we did, would we not excise its most valuable parts? And we are scientific in some corners, our subject is heavy with values and prescriptions, we can never be scientific'.

It is significant that some at least of these views found full throated expression in the Minnowbrook conference, and thus viewed, the Philadelphia conference could be credited with being a precursor the Minnowbrook event.

The Minnowbrook Conference (1968)

The genesis of the Minnowbrook Conference lay in two factors. First, the 1960s was a turbulent period besieged by numerous societal problems, but Public administration showed no signs of being aware them, much less being serious to solve them. This was well highlighted by Waldo's article on *Public administration in a Time of Revolutions*, published in Public administration review in 1968. Secondly, there was a need to hear young scholars and practitioners the discipline as Public administration was facing a kind of generation gap. The Philadelphia conference, it may be noted, was attended participants who were above the age of 35 years and the majority whom being even in their fifties and sixties. Where were the scholars and practitioners who were in their 30s? The younger age group was invited to the Minnowbrook conference. The Minnowbrook conference was the youth conference on public administration and it was this academic get-together which gave rise to what has to be known as New public administration.

The keynote of New public administration is an intense sensitivity to and concern for the societal problems of the day. Its parameters are relevance, post-positivism, morals, ethics, and values, innovation, concern for clients, social equality, etc., The proponents of New public administration express their dissatisfaction with the state of the discipline of Public administration and want it to be alive to problems presented by the *turbulent times.*

The advocacy for a post positive approach emphasized the need to abandon value-free and value-neutral research and instead to cultivate an approach emphasizing social equity. Social equity means that public administrators should become champions of the under privileged sections of the society. This implies that they must become active agents of change and non-believers in status quo. New forms of organization need to be carved out to suit the fast changing environment. Emphasis is placed on cultivation of client-loyalty and programme-loyalty.

The Minnowbrook conference may rightly be credited with the honour of having produced the first coherent grammar of New public administration. It was this Conference which expressed, very loudly, and clearly the dissatisfaction with the state of the discipline. It was the first one which sought to give a new image to Public administration—a subject actively concerned with the problems of the society and full of reformist intentions.

NEW PUBLIC MANAGEMENT

The field of public administration has been rife with debate about the New public management, or New Public Management, as it is called. This has been like a reform agenda that ushered in globally in the last two decades, and is the outcome of several changes embedded in the social as well as political context in the Western democracies. Interpretations of the emergence of New Public Management are split, the champions of the movement present it as a new administrative paradigm that departs sharply from past thinking and practice, whereas Sceptic argue that, it has evolved incrementally from the past administrative traditions.

The current reform agenda in public administration can be traced to several worldwide trends. First, and perhaps, most significant, the social political and economic dialogue in industrialized countries underwent a rightward shift during the late 1970s and early 1980s, as political leaders recognized the unsustainable nature of comprehensive, centralized systems of public service delivery. Leaders in Europe, Asia and North America started to examine more cost-efficient, effective ways of providing public services including public welfare, transportation healthcare and others. The fiscal challenges brought on by the changing nature of the global economy prompted scholars and practitioners to explore new ways of thinking about public administration.

The major driving factors have been the consequences of the overloaded Welfare State and the resultant costs arising out of it that prompted the taxpayers to question the rationale of the public sector. The resulting dissatisfaction with the Welfare State led to the *New Right Economics* that formed, the ideological basis for change. Therefore, by the early 1990s, many public managers around the world, using slogans like reinvention and New Public Management, embarked on a journey to restructure bureaucratic agencies, streamline agency processes and decentralize policy decision-making. The pro-market ideology that had reigned supreme since the 1980s, argued that the government is less efficient than markets in providing services to individuals. The New Political Economy (NPE) of development is based on the market emphasis

on the following:

- Downsizing of the State
- Deregulation and withdrawal
- Privatization of not only commercial entities but also institutionsproviding public good and merit goods
- Progressive taxation
- Involvement of other non-profit organization is social welfare

The set of reforms referred to by some as first generation reformsaimed at introducing managerialism in the public sector. The proponentsof New Public Management argue that, it has brought benefits of costefficiency and service effectiveness to public and non-profit management, and it has helped to address fundamental weakness inthe management and in the system of accountability and control in publicservices.

Essentially speaking, it would be ideal here to understand as to what are the major emerging concerns of New Public Management and how it all began. Everyone understands that both Management andPublic administration are applied sciences, and it has been universally accepted that most maxims, principles, guidelines and dictums of efficiency, economy and effectiveness have emanated from the writingsof the Management thinkers and they are adopted and adapted by thescholars of Public administration in their distinctive intellectual ambience. Currently there seem to exist only *one paradigm* in the discipline of Public administration and it is perhaps New public management.

This paradigm of New Public Management emerged on the heelsof the movements of *Re-inventing government* (1992) is how the entrepreneurial spirit is transforming the public sector. When we closelyexamine this sub-title of book by *David Osborne and good governance*(1992). The sub-title of the book, *Re-inventing Government* by Ted Gaebler, it is evident that both these scholars were *describing,* what was already evident on the administrative scene. Hence, they were notessentially prescriptive but, primarily descriptive while highlighting thepresence of entrepreneurial governments. Truly, the movement of managerializing the government had started even before this monumental volume was published. Writings of these and other scholars had already appeared in 1980s (*and even earlier*) which highlighted the need for adopting in an effective manner sound management practices in government systems. One is reminded of what was happening about nine decades ago when Taft Committee was appointed to transplant Taylorism into the government system. Littlewonder, certain scholars have branded New Public Management as Neo-Taylorism. Even if we avoid a debate on, *Neologism* like *Neo- Taylorism*, it must be contended that public administrative organizationshave liberally borrowed, models and modes from its more vibrant sisterdiscipline, Management.

A historical perspective would reveal that bureaucracies throughoutthe world have rarely responded effectively to environmental challengeson their own. They have generally lagged behind the times. In 1968 itself, when Dwight Waldo was organizing the first Minnowbrook Conference, Peter Drucker had come out with his perceptive volume,*The Age of Discontinuity* which made a prescient analysis of the incompetence of bureaucratic government. One can even see this exasperation with strait jacketed bureaucratic system in the writings ofHarold Laski, Warren Bennis, Robert Reich, Tom Peters and Alvin Tofflerand others, And it is ironical that remedies to bureaucratic ailments have been offered more by scholars of Management than by the wisemen of Public administration. But what goes to the credit of Public administration

scholars is their alacrity and competence to imbibe and incorporate the pertinent and the precious from any other discipline and mould it as per their own intrinsic agenda and ambience. New public management is only one such manifestation of this resilience of Public administration.

The OECD (*Organization for Economic Cooperation and Development*) believes that through New Public Management, public sector is being made more managerial; the introduction of a more contractual, participative and discretionary style of relationship between levels of hierarchy, between control agency and operating units, and between producing unit, be they public or private. Further, the OECD averse that most countries are following two broad avenues to improve production and delivery of goods in services in public organizations. These two avenues are:

1. Raise the production performance of public organization to improve the management of human resources including staff, development, recruitment of qualified talent and pay-for- performance; involve staff more in decision-making and management; relax administrative controls while imposing strict performance targets; use information technology; improve feedback from clients and stress service quality; bring supply and demand decisions together (e.g., through charging users).

2. Make greater use of the private sector to promote a dependable, efficient, competitive and *open public procurement system* for contracting out production of publicity provided goods and services and contracting, in intermediate goods and services and end monopoly or other protection for suppliers.

In sum, the OECD view on New Public Management involves the following aspect of administrative management:

- Improving human resource, including performance pay
- Participation to staff in the various stages of decision-making, relaxing control and regulations, yet prescribing and ensuring the achievement of performance targets
- Using information technology to an optimum level in order to make MIS, more effective and enrich policy and decisional systems
- Providing efficient services to clients and treating them as customers and even as members of the organization
- Prescribing user charges for services in order to make the customers as more integral part of the public sector management
- Contracting out services as a part of the privatization plan
- De-regulation of mono policies and de-concentration of economic power among various organizations

Briefly, the most common attributes of New Public Management include:

- Focus with greater stress on results, rather than procedures
- Strengthening professional management
- Ensuring high standards and measures of performance
- Greater emphasis on output controls
- Increasing de-centralization of business decisional power

- Greater accept in the public Sector on adoption of private sector style of management practices, discipline and parsimony Ensuring accountability, progressive leadership and greaterunderstanding between political leadership and the public
- Added responsibility of managers for results
- Gradual decrease in the size of government

Over the years, there has been one important shift in the thinking of New Public Management. In the early stage of entrepreneurial government, there was stress on de-govermentalization and privatization which was sometimes called downsizing of right sizing. The government was expected to be lean and mean but now once again, it has been recognized that the imperatives and inevitability of government's role and responsibility as a crucial facet of national life cannot be undermined. For developing countries particularly, the role of government in engineering socio-economic change and bringing about goal-directed progressive multi-dimensional development is likely to remain supreme. Therefore, the contemporary emphasis is not on lessgovernment but on better government. This is where the value of soundmanagerial practices has permeated the field of public administration.

A question arises as to why the scholars of public administration have not resisted the *onslaught* of a *New public management* on theirdiscipline. Perhaps it is primarily because of the fact that howsoever new-fangled *New public management* might appear to be, it has its organic linkages with *Old public administration*. Accordingly, one cansurmise that traditional administrative and managerial theories which emphasized efficiency, effectiveness with the economy having assumeda new form as integral components of New public management. The difference, of course, found in the goals of the administrative systemsin two divergent settings, but then New Public Management is not so much concerned with the goals of public administration, as with the strategies to achieve them. In this context, it ought to be appreciated that while the foremost concerns of New public administration has beenwith the goals, values and the spirit of public administration, new publicmanagement, on the other hand, is principally interested in the structureand style of public administration.

There are certain elements of new Public Management that are perceivable in new public administration and vice-versa. Essentially, both are complementary to each other.

SUMMARY

- The term public administration appears to suggest that there mustbe non-public or private administration also. Some thinkers believethat all the administration is one and there is no difference betweenpublic or private administration.
- The public and private administrations show a number of similarities in practice. We usually say that all those activities which are performed by the governmental agencies or public agencies from part of public administration while those performedby the private agencies are called private administration.
- Periods of turbulence and instability in history often produce newwaves of thought that seek to

challenge the traditional contentsof academic disciplines and therefore, impart to them a new direction. Since 1968, the evolving discipline of public administration came to be enriched by the emergence of what came to be known as the *New Public Administration*.

- The field of public administration has been rife with debate aboutthe *New Public Management*, as it is called. This has been like areform agenda that ushered in globally during the last two decades,and is the outcome of several changes embedded in the socialas well as political context in the Western democracies.

- Government is a plural activity and part of the political system ofadministrative thinking and administrative theory.

- Misconceptions about decision-making is at the top of the pyramid, and decision makers corresponds to the rational comprehensivemodel.

- The theme of Harlan Cleveland is that, real power inside each system, and also with more sharing of real responsibility with outsiders.

- dministrators do not follow a logical progression of steps in making decisions.

KEY TERMS

- **Public administration:** Centrally concerned with the organizationof government policies and programmes as well as the behaviorof officials (usually non-elected) formally responsible for their conduct
- **New public administration:** An anti-positivist, anti-technical and anti-hierarchical reaction against traditional public administration
- **New public management:** A management philosophy used bygovernments since the 1980s to modernize the public sector; abroad and very complex term used to describe the wave of publicsector reforms throughout the world since the 1980s

QUESTIONS AND EXERCISES

1. Write a short note on the nature and scope of administration.
2. Provide a brief note on the similarities and dissimilarities betweenpublic and private administration.
3. Enlist the characteristics of new public administration.
4. What do you mean by new public administration? Discuss itssalient features.
5. Discuss the salient features of Honey Report on Higher Educationfor Public Services (1967).
6. Describe the main observations of Conference on the Theoryand Practice of Public administration (1967).

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UNIT-2: Approaches of Public Administration

Structure:

INTRODUCTION

Public administration, as a field of study and practice, encompasses various approaches that offer distinct perspectives on how government organizations should be structured, managed, and operated. These approaches reflect evolving theories and changing societal expectations. Understanding these approaches is essential for scholars, practitioners, and policymakers involved in public administration.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Analyze the utility of public choice approach
- Understand the decision-making approach
- Explain the systems approach
- Discuss ecological approach based on comparative studies
- Learn public policy approach

PUBLIC CHOICE APPROACH

Public Choice connotes the application of economic analysis for studyingpolitical behaviour. In the domain of public administration, public choice borms a theoretical basis for a critique of government bureaucracy as well as examining market and quasi-market mechanisms for delivering public services including voucher schemes, privatizations, contracting out and competing bureaucracies. Under this approach, public choice methodology is applied to the problems faced by those managing peoplein bureaucratic organizations. Basically, public choice focusses on how rational individuals cooperate to ensure rational cooperation in the administrative system.

Generally, public choice theory is used to explain how political decision-making gives rise to outcomes which conflict with the generalpublic's preferences. For example, many advocacy groups and pork barrel projects are not to the liking of the democracy in general. Nonetheless, it does make some sense for the politicians to support such projects. It may provide them a feeling of being powerful and important. Further, it may also benefit them financially by opening theavenues to future wealth as lobbyists. The project may be of interest and importance to the politician's local constituency. The politician hasto pay a little or almost no cost to get these benefits, since he is spendingfrom the public money. In a way, special-interest lobbyists also behaverationally. They may get government favours worth millions or billionsfor comparatively small investments. They run the risk of losing out totheir rivals if they don't seek out such favours. The taxpayer also behaveslogically. The cost of defeating a governmental give-away is very high, while the benefits for the individual taxpayer are very small. Each citizenpays only a few pennies or a few dollars for any given government favour, while the costs of ending that favour would be many times higher.Everyone involved has rational incentives to do exactly what they're doing, even though the desire of the general constituency is opposite.(It is notable that the political system considered here is very much thatof the United States, with 'pork' a main aim of individual legislators; in countries such as Britain with strong party systems the issues would differ somewhat.) Costs are diffused, while benefits are concentrated.The voices of vocal minorities with much to gain are heard over thoseof indifferent majorities with little to lose.

The basis of public choice debate is formed by the thesis of limitedgovernment. Public choice is a theory of politics sometimes called 'Theeconomics of politics'. Under this approach, the political behaviour is explained and studied by assuming that political actors are 'utility maximizers' who are looking out to promote their own interests. Majorityof public choice theorists agree that government has grown larger thanrequirements of the general public. They hold that it has grown to meet the interests and preferences of politicians, interests groups and bureaucrats. Public choice intellectuals launched a tirade against thenature of politics and the essence of bureaucracy.

STEPS IN MAKING DECISIONS

No organization can be run without taking decision; and not just decisions, but sound decisions. Decision-making is, therefore, the essence of all management, whether public or

private. In an organization decisions are made by the management; they are a cooperative venture.And decision-making in the government is a plural activity. One individualmay pronounce the decision, but many contribute to the process of reaching the decision. It is a part of the political system.

There are two widespread misconceptions about decision-making:

1. That organization are monolithic, with decision-making powerconcentrated at the top of the pyramid
2. That the behaviour of decision makers, wherever they are located in the organization, corresponds to the rational comprehensive model

As to the first misconception, the views of three authorities, each with a different background, are relevant. The organization theorist James D. Thompson pointed out that *control by a single all powerful individual is possible* only when that person is not dependent on othersfor the information or expertise needed in making decisions. In organizations of modest complexity this condition may exist, but it certainly is not so in highly complex organizations so characteristic ofthe modern society. The theme of *Harlan Cleveland* has been that, modern organizations must be big enough to handle their functions and that means bigger all the time-growing size. In turn, it is directly correlated with wider dispersion of real power inside each system, and also with more sharing of real responsibility with outsiders. To Cleveland, each decision of any importance is the product of an intricate process of brokerage involving individuals inside and outside the organization who feel some reason to be affected by the decision, or who have specialknowledge to contribute to it.

With regard to the second misconception, since many organizations produce policy outputs in this way, and since there is much rivalry between agencies, government policies often are puzzlingto understand from the viewpoint of rationality; the right hand does notseem to know what the left hand is doing. This does not mean that thechief executive is powerless over the agencies and that no interagencycoordination occurs. What it does mean is that there are serious limitations on the chief executive's control and that coordination is difficult.Many, perhaps most, decisions in organizations cannot be understoodin terms of defined rational choice. They involve a great deal of uncertainty; individuals do not always do the correct thing, and the most logical choices, even the most satisfactory ones, are not invariably made. Many decisions, therefore, can best be understood in terms of non- rational choice.

Pfiffner and Nicolaidis concluded that administrators do not followa logical progression of steps in making decisions. Logically, they shouldproceed from step to step as follows:

- Recognition of the problem
- Collection of data Classification and analysis of this data
- Preparation of an inventory of means for realizing theirobjectives
- Listing of alternative solutions
- Evaluation of these alternatives
- Making of the decisions
- Implementation
- Obtaining the feedback on the results obtained with it

Irving Janis stressed that group dynamics are a powerful force inshaping decisions by

governments. Small policy-making groups make these decisions and sometimes commit incredible blunders. If properprecautions are taken, the more cohesive a group, the better the decisions it makes. However, highly cohesive group sometimes succumb to what it dubs as *groupthink*. This is a mode of thinking thatpeople engage in when the members stirring for unanimity override their motivation to realistically appraise alternatives of action. The eightmain symptoms of groupthink are:

- Feeling of invulnerability—the group must be right and willtriumph
- Collective efforts to rationalize in order to discount warningswhich might lead the members to reconsider their assumptions
- Complete faith in the group inherent morality
- Stereotyped views of enemy leaders as evil, weak, or stupid,and therefore easily outwitted
- Direct pressure on dissenters within the group for them to show the proper loyalty
- Self-censorship of deviation from the apparent group consensus, the member swallows his or her doubts
- A shared illusion of unanimity concerning judgments conforming to the majority views, everybody is presumed tobe in agreement
- Emergence of self-appointed mind guards—members who protect the group from adverse information that might shattertheir shared complacency

DECISION-MAKING AND HERBERT SIMON

Decision-making is a subject that has only recently come to the forefrontin administrative thinking and administrative theory. There are mainlythree important components of decision-making—what exactly does aman do when he makes a decision? He is faced with a problem, or, forthat matter, recognises a problem. In the second step, he has a numberof alternatives. He himself seeks them out or they are presented to himand he looks at the alternatives. And the third step is the choosing of one alternative out of the whole lot that one alternative which, accordingto him, will give the best results.

It was left to Herbert Simon to take a large bit of economic theoryadd to it a philosophical back to lay the foundation of a modern theory ofdecision-making. Herbert Simon, an American social scientist, was greatly influenced by the writings of Barnard, as many of his ideas are found in Simon's early works, *Administrative Behaviour (1947) and Public Administration (1951)*.

In the field of administrative studies, Simon has been a pioneeringbehavioural scientist. Simon's contribution has been particularly significant in the field of decision-making. A reference may also be madeto Simon's theory of rational decision-making.

SIMON'S MODELS

One of the first critics to challenge the redefinition of public administration as the study of public policy was Herbert Simon, who warned that it would range as wide as governmental problems and would eventually swallow political science and possibly other social sciences as well.

Eventually it would become applied social science. He preferred to see scholars concentrate less on public policy and more on the behaviour of those who made decisions in the public arena and the processes by which they defined public policy. Administrative theory should be concerned with the processes of decision as well as with the process of action. A general theory of administration would include principles of organization that will ensure correct decision-making just as it must include principles that will ensure effective action. Decision-making was the heart of administration; it pervaded the entire administrative process as much as the art of getting things done.

In Administrative Behaviour, Simon noted that decisions were made at every level within an organization. They contained varying degrees of factual (administrative, pertaining to means) and value (policy, pertaining to objectives) judgements. Differentiation was difficult because most value judgements also involved factual questions. Further, sanctions were needed to ensure that experts deciding factual questions followed democratically formulated value judgements. He proposed that, ideally, the factual and ethical elements should be separated as far as possible and allocated between politicians and administrators according to their relative importance and the degree to which the ethical issues were controversial. In so far as decisions led to the selection of final (organizational) goals, they were value judgement, and where they implemented such goals, they were factual judgements.

Where representatives made factual judgements (semi-scientific, quasi-judicial, quasi-business), they should be supplied with informationand advice. Where administrators made value judgements (social policy, politics), they should be responsive to community values and answerable for their decisions. In practice, representatives often requested administrators to make decisions with a high policy contentfor them; administrators, in deciding questions with a high political content, followed their own values. In short, fact and value could not beseparated institutionally, and individuals could not separate completelyfactual and value components in a decision.

Simon's point of departure was his emphasis on correct decisionsas well as right ways of doing things; the one could not be divorced from the other. Efficient decision-making was not the ruthless pursuit of mechanical efficiency in means, but that choice of alternatives that produced the best results for the given application of resources. It wasa relationship between the ends desired and the means used to achievethe desired ends. The ideal was unattainable perfect rationality, by whichall objectives would be defined and arranged according to priority, allpossible alternative strategies would be listed together with their consequences, and comparative evaluation taken of the strategies andtheir consequences, so that the maximum results would be forthcoming for the resources employed. In practice, however, complete information was unobtainable, man was not an exclusively rational being and both the objectives and the consequences in public policy were not susceptible to quantitative measurement or even approximate evaluations.

In addition to objective rationality, there was also subjective, personal rationality. Empirical studies would reveal how people actuallymade decisions and what most influenced them, but Simon believed that his preliminary research had revealed the possibility of measuringand evaluating efficient decision-making and the need to define, quantifyand measure administrative choice.

In collaboration with D.W. Smithburg and V.A. Thompson, Simon produced the first

behaviourists textbook in public administration, designed to show how American public administration worked through a realistic, behavioural description of the processes of administration.It concentrated more on the informal side of public administration, introducing and applying concepts in sociology and psychology to publicadministration. Although it was not specifically designed around a decision-making approach, it repeated much of the argument of *Administrative behaviour*and went much further in challenging the notionthat the ideal in public administration was rationality in pursuit of mechanical efficiency. But as more empirical evidence about how decisions were actually made began to accumulate, Simon dropped the notion of optimal rational choice altogether and opted for boundedrationality and a satisfying model of decision-making; that is, people accept what is good enough or satisfying to them and do not search forall possible alternatives. Their expectations limit their search, and they adopt the most satisfying perceived alternative. In *Models of Man*, hepredicted mathematical models of programme feasibility within boundedrationality, once time limits, value systems and factually available alternatives were known.

These seminal ideas were further developed by Simon in a seriesof lectures given in 1960 and published in *The New Science of Management* Decision. The decision-making process was again brokeninto intelligence (searching the environment for conditions calling for decision), design (inventing, developing, and analyzing possible coursesof action) and choice (selecting a course of action), execution being indistinguishable from making more detailed policy. The skills of eachwere learnable and trainable, providing that a distinction was made between personal and organizational decision-making. Decisions Occurred along a continuum between programmed decisions that wererepetitive and routine, and for which a definite routine had been workedout so that they were not treated a new every time, and non-programmeddecisions that were novel, unstructured, and consequential, for whichthere was, no cut and dried method for handling the problem becauseit has not arisen before, or because its precise nature and structure areelusive or complex, or because it is so important that it deserves a custom—a non-tailored treatment.

By 1960, Simon had identified three major models of decision-making,namely:

- A non-programmed decision-making based on instinct,judgement, intuition and other extra-rational factors
- Pure-rationality optimal
- Decision-making, satisficing decision-making

In the 1960s, Simon added the maze model of decision-making;problem solvers follow different sets of paths, some of which lead to apayoff solution, others merely to additional sets of paths.

Simon's critics mainly contend that although the decision-makingprocess is an important variable in the organizational situation, it alone is not enough to explain the totality of the organizational picture. To them,decision-making is a process involving emotional as well as rational dimensions. Simon's study of decision-making incorporates and makesuse of the logical positivists' distinction between fact and value. This approach has been attacked:

- As reviving in a new guise the discredited politics;administration dichotomy
- As harmful in its effects on decision makers
- As irrelevant to Simon's main thesis

Simon's concept of efficiency also is subject to frequent criticism. Some criticize the term equating it with economy. Others object to the use of the term on the grounds that it leads to mechanical concept of

administration and to an inconsistent relationship between means and ends. Efficiency is not, and cannot be, the only goal of administration, because there is a whole range of other major categories of organizational purposes, such as, satisfaction of various interests, the production of goods, food services, mobilizing resources, conforming with certain organized codes, using the most rational techniques, etc., Anyone of these objectives, roughly or in combination, may under certain circumstances be more important than efficiency in an organization.

Simon's concept of rationality has also been criticized. For example, Argyris feels that Simon, by insisting on rationality, has not recognized the role of intuition, tradition and faith in decision-making. It uses satisfying to rationalize incompetence. In spite of all the above imperfections, however, Simon's contribution has been rated as a major breakthrough in the evolution of administrative theory.

SYSTEMS APPROACH

The system approach is a sub-approach of the behavioural approach. One of the most significant landmarks in the evolution of organization theory is the development of general systems concept for organizational analysis. The origin of general systems is traced to the thinking of the biologist Von Bertalanffy, in the 1920s. But it was only due to the quest of a number of post World War II scholars for a body of concepts lending unity to studies, undertaken in various disciplines, that the concept of system was developed. In short, general systems theory originated in a movement aimed at the unification of science and scientific analysis. According to this approach in organizational analysis, an organization can be considered a social system to be studied in its totality. In other words, a system is a collection of interrelated parts which receives inputs, acts upon them in an organised or planned manner and thereby produces certain outputs.

There is a growing trend to place all types of organizations within the broad framework of general systems theory. A system is seen as an assembly of interdependent parts (sub-systems) who interact among themselves. Interdependence implies that a change in one part influences other parts, ultimately affecting the entire system. Individuals are viewed as the basic unit of organizational systems. All human organizations are open sub-systems engaged in transactions within the larger social system, that is, society. All sub-systems receive inputs in the form of human and material resources from the larger system, while giving out outputs in the form of products, services or rewards to its members as well as to the larger system. Other features of organizational sub-systems are; they are adaptive; they affect the larger system as well as are affected by it; they are dynamic in the sense that they undergo continuous change as a result of interaction with other sub-systems within the larger social system. The chief contribution to systems analysis in organizational theory is Herbert Simon. Simon views the organization as a total system, a composite of all the sub-systems which serve to produce the desired output. His basic assumption is that the elements of organizational structure and function emanate from the characteristics of human problem-solving processes and rational choice. Therefore, the organization is viewed as a system comprising individuals making choices and behaving on the basis of their reactions to their

needs andenvironment.

The chief value of the systems approach found in the systematicsearch for significant interactions while evaluating policies or actions ofany organization. What systems analysts are set to achieve is to predictthe system's movements by interpreting the relationships between its parts. The systems approach is particularly relevant to the study of large public organizations operating in larger social, political and economic environments.

Charles W. Churchman draws attention to f ive basic considerations in relation to the systems approach to management:

- The total objectives of the system and the measures ofsystem's performance
- The system's environment acting as a constraint
- The system's resources that are put to use in performance
- The system's components and its goals and activities
- The management of the system (the regulating and decision-making aspect)

The organization has been conceived by many administrative thinkers as a socio-technical system comprising both the social and technical variables. It is not merely an assembly of buildings, money, machines and processes. The system consists in the organization of people around various technologies, whose motivation, behaviour and relationships determine both the quality and quantity of its inputs andoutputs.

As Miller and Rice put it, 'Any enterprise may be seen as an opensystem which has characteristics in common with a biological organism. An open system exists, and can exist, only by exchanging materials with its environment. It imports materials, transforms them by means of conversion processes, consumes the products of conversion for internal maintenance, and exports the rest. Directly or indirectly, it exchanges its outputs for further Intake, including more resources to maintain itself. These import conversion; export processes are the work the enterprise has to do if it is to live'.

The systems approach to organizational analysis is now widelyused. This approach can take into account more variables and interrelationships while looking at an organizational problem in the framework of a larger system. Another important dimension is the

interaction between a system and its environment. The underlying assumption of the systems approach is that there is a continuous mutual interaction between the system and its environment. This conceptualization was to eventually become the precursor of the *ecological approach* to organizational study.

Systems Approach in Public Administration

Webster defines a system as, 'a set or arrangement of things so relatedor connected as to form a unity or organic whole'. A system is thus a unified whole having a number of interdependent parts or sub-systemsand it has identifiable boundaries that distinguish it from its surrounding environment in which

it is embedded, and with which it interacts. Systems are often characterized as *closed or open.* Biological and social systems are open systems in the sense that they are in constant interaction with their environment. By contrast, physical and mechanical systems areclosed in relation to their environment.

The *concept of boundary* is important in understanding the domainof a system. Physical and

mechanical systems have easily identifiable boundaries. But the boundaries of social organizations have to be understood from their activities and functions in real life situations. Closed systems have the general tendency toward *entropy and disorganization*; open systems, on the other hand, have the tendency to develop through greater internal differentiation and move toward higher levels of organization. Most social systems fall in this latter category. They grow through internal elaboration of their organizations and tend to develop more and more specializations leading to increasing organizational complexity.

The systems approach treats an organization as an example of a *system,* i.e., a set of interdependent parts forming a whole with the objective of fulfilling some definable function. A business organization is essentially regarded as a decision-making system, and the organization is treated as being built up from an analysis of information requirements and communications networks. It thus, treats the process of decision-making as basic to the determination of objectives and policies.

The methodology of the systems approach thus consists of the following steps:
- Specifying objectives
- Establishing sub-systems (main decision areas)
- Analyzing these decision areas and their information needs
- Designing the communication channels to facilitate information flow within the organization

  Grouping decision areas to minimize communication problems. In practice the approach illustrates the importance of organization of information, the advantages of project rather than functional division and the need to centrally concentrate the information network

The contemporary approach to the theory of organizations is to abandon the idea of treating organizations as mere passive instruments operating in response to external pressures. Organizations are regarded as semi-autonomous systems which develop their own internal goals, e.g., Simon refers to their, *performance objectives and conservation objectives*, latter relating to the organization's desire to survive.

Argyris defines, an organization as *an organic inter-relation of parts* which has essentially their activities, namely:
- Achieving particular objectives
- Maintaining itself internally
- Adapting to the internal environment

The systems approach is particularly relevant to the study of complex public organizations that have elaborate structures and that are embedded in larger social, political and economic environments. According to the open system perspective, an organization survives and grows by drawing inputs from the environment which are processed internally to produce its output. It is through this input-conversion-output processes that an organization lives and develops. The systems thinking helps us to have a total view of the organization including its different parts and their interrelationships.

The systems view of organization was latent in the writings of Mary Parker Follett and Chester Barnard. Herbert Simon's decision- making scheme follows the systems approach which was further elaborated by him and his associates later. Philip Selznick has used the

systems framework in his studies of governmental and other complex organizations. To quote Selznick:

> "Cooperative systems are constituted of individuals interacting as wholes in relation to a formal system of coordination. The concrete structure is therefore a resultant of the reciprocal influences of the formal and informal aspects of organization. Furthermore, this structure is itself a totality, an adaptive *organism* reacting to influences upon it from an external environment."

The Tavistock Institute of Human Relations in England has produced a number of researches based on systems framework. The organization has been conceived as a socio-technical system comprising both the social and technical variables. As Miller and Rice put it:

> "Any enterprise may be seen as an open system which has characteristics in common a biological organism. An open with system exists, that can only exist, by exchanging materials with its environment. It imports materials, transforms them by means of conversion processes, consumes some of the products of conversion for internal maintenance, and exports the rest. Directly or indirectly, it exchanges its outputs for further intakes, including further resources to maintain itself. These import-con version-export processes are the work the enterprise has to do if it is to live."

The systems approach is now being widely used in organizational analysis. It has proved to be a very useful tool for the conceptualization of the organization and its internal and external relationships. Also, it has facilitated the *contingency* or *situational* view of organizations which marks a radical departure from the traditional approach that emphasized generally the, *one best way* of structuring organizations. Under the influence of systems theory, the current view in organizational analysis is that the structure can vary from situation to situation depending on such factors at their environmental conditions and technology

COMPARATIVE/ECOLOGICAL APPROACH—FRED W. RIGGS

Oikos' or ecology means *a living space.* This concept of the living space emerges from biology; which explains the living space or the habitat of every living creature is unique and exclusive. The idea suggests that every living creature interacts with its habitat and in turn develops capabilities to adapt to it. Every creature has a niche within which it gets a shape and a value system. This leads to the conclusion that public administration also, by virtue of being a knowledge based system of living beings has a niche or a selected space within which it lives. The structures and institutions of public administration constantly interact with the conditions prevailing within the living space like the groups and communities of people, economic transactions, interplay of political forces and the accepted norms to govern relationships among them. The interaction is intentionally not referred to as environment of public administration because environment is a limited term used to explain the environmental factors in isolation with each other but ecology is a wider term in which the constant interaction with environmental factors and the gradual adaptability and development of the individual becomes the important area of research. Therefore, ecology of administration refers to the interaction of the discipline with its environmental factors and the study of its process of adaptability and growth within a particular niche. This also suggests that public administration is one of those many systems prevailing within, the larger system and are constantly interacting and growing in relation to each other. These may be referred to as *sub-systems.* So the ecology of public administration is the study of its interaction with other subsystems within its habitat or the niche. The term received sociological interpretation in urban studies, related to spatial influences over

man and his habitat. It also became an indispensable gateway to the understanding of developing countriesfor the US Technical Assistance programme launched in 1948. The relationship of bureaucracy with its environment and their mutual

dependence became the focus of research in the writings of L.D. White, John M. Gaus and M.E. Dimock in an edited book *The Frontiers of PublicAdministration* in 1936. Their purpose was to suggest that USA shouldnot imitate administrative models of other countries because American life was unique and so their administrative systems would also be different from others. This turned the tables against dichotomy because the new studies suggested that public administration was not just confined to the law and order maintenance but is constantly changingas the State and society changes. By 1947, in Reflections on Public administration, Gaus presented the ecology as a concept for understanding the evolution of public administration. At the same timein 1947, Robert Dahl in his, *The Science of Public administration: ThreeProblems* and later in 1952 Roscoe Martin and in 1961 F.W. Riggs became the chief exponents of ecological perspective.

F.W. Riggs, who is perhaps the most innovative contemporary theorist in comparative public administration, has been concerned primarily with conceptualizing on the interactions between administrationsystem and their environment. The main locus of his interest has involved *developing* or transitional societies. It may be stressed that Riggs is an example of those comparative public administration writers who are seriously interested in the ecological perspective.

Riggs concluded that Weber's ideal type construct of bureaucracy, because of its assumptions of a relatively autonomous administrative system, is not particularly relevant to the study of developing societies, where the administrative structures do not havethe same degree of autonomy from other social structures as do theircounterparts in many of the developed societies. These societies arecharacterized by a mixture of *primitive and modern* structure characteristics, and thus there is a need to develop new conceptual constructs to study these societies.

The basic premise of the ecological approach in comparative public administration is that public bureaucracies may be regarded asone of the several basic institutions in a society. In systematic terms, the bureaucratic system is continually interacting with; i.e., affected byand feeding back upon the political, economic and socio-cultural sub-systems in a society. It is both a modifying influence upon these systemsand a system which is modified by their activity.

The American Society of Public administration in its 1953 sessionestablished a group called Comparative Administration Group (CAG), and F.W. Riggs was appointed as the Chairman of this group. All his efforts were directed to the evolution of comparative public administration. In the process, he noted certain trends in the study ofpublic administration. The trends were mainly in 3 different directions.

1. **From Normative to Empirical**; The normative approaches were prescription in nature while the empirical approaches

   were more close to reality, dynamic and laid great emphasison reason.

2. **From Ideographic to Nomothetic**; The ideographic approachreferred to the study of administration of a particular countryonly. In the 1940s, this trend foresaw a change. An attempt was made for generalization based on several institutions. This was the nomothetic approach. The idea was to generatethose norms or principles which would

evolve generalities ofbehaviour.

3. **From Non-Ecological to Ecological;** Earlier, public administration was being studied as isolated phenomena, unaffected by other sets of institutions. But this could not becarried on any long. It was realized that a norm when studiedcould not be separated from its environment in which it operates, like the political environment, social structure, etc.,In this regard, Riggs made an outstanding contribution explaining the importance of ecology, while taking into accountThailand and some other south Asian States.

Thus, Riggs observed that only those studies are *truly* comparative which are empirical, nomothetic and ecological. From this perspective, administrative process may be viewed as a system havingan environment with which it interacts, and in which it operates. This proposition is a corollary of the view that the *larger society* is a—systemcontaining administrative institutions as a sub-system. Riggs has beenprimarily interested in analyzing the interaction between the administrative sub-systems on the one hand and the political, social, cultural and economic sub system of the society on the other. This speaks of his basic orientation which is termed as *ecological*. Behindsuch a perspective lies Riggs' belief that, the nature of public administration in a country cannot be understood without grasping thesocial setting in which it operates.

While formulating emphasis on ecology, Riggs focused his attention on certain environmental factors too. These are:

- Physical environment refers to the character of the society. Riggs distinguished between societies that are *predominantlyor characteristically industrial* and those in which the *agrarianinstitutions predominate*. The models were designed to provide a system of hypothetical categories for the classification and analysis of realities, including patterns of political and administrative transition. Unlike Weber, Riggs usedan inductive approach. However, he found that the ideal typeslacked sufficient mechanism to analyse *mixed-type or transitional* societies. Whatever be the physical factors, they only change the capabilities of administration.

  Human Resource is another major factor. Demography of anycountry is a very vital issue. It refers to the capacities of human beings, which can be both a constraint and a resource for acountry.

- Culture refers to the composition and pattern of any society-the trends that have continued from times, whether they areeconomic, sociological or technical, or those that pertain to values and beliefs of the society.

- International environment too affects the understanding and working of the administrative system today. No nation can afford to live in isolation from others. There is an increasing element of interdependence, not only in terms of economy but as regards to other factors too. Even a developed nationlike the USA cannot live on its own. Policies and decisions areaffected by world developments and international concerns.Various pacts and treaties are a symbol of inter-actions andtransactions.

Riggs further proceeds to talk of certain other environmental factors too. The administrative system of any country is a part of the bigger system, operating in due vigilance of the political system, and taking into due consideration the political institutions and political framework even though there may be chances of politics-administrationdichotomy. The political

system on the other hand is influenced by the economic system. Economics plays a very important role. The way the resources are utilized makes a impact on the political system which further effects the administrative system. All these systems are inter- related and form a part of the social system. As such, there are bound to be complexities. The development of a society depends on its capacity to respond to its environment. This seems to be the ecology of public administration from the perspective of developing nations, developed nations and from the perspective of the people and their hopes.

Theory of Prismatic Society or Prismatic Sala Models of Riggs

Theory of *Prismatic Society or Prismatic sala model* of Riggs—In conformity with the concept of multifunctional, social structures may be functionally diffuse (if they perform a large number of functions) or *functionally specific* (if they carry out certain prescribed limited functions). Riggs has termed the functionally diffuse societies as *fused* and the functionally specific ones as *diffracted*. The model society intermediate between these two polar types is prismatic. The fused- prismatic-diffracted models are designed them to be ideal types not to be found in any actual society, but perhaps approximated in some, and useful for heuristic purposes and as an aid in the organization of data.

Using Parsonian pattern variables, Riggs has hypothesized that, 'a diffracted system would rank high in terms of universalism and achievement orientation, a fused model high in particularism and ascription, with the prismatic model intermediate in these scales'. Riggs

has also developed intermediate categories of pattern variables. Thus, a prismatic society is characterized by *selectivism* (intermediate category between universalism and particularism), attainment (intermediate category between achievement and ascription), and *poly-functionalism* (intermediate category between functional specificity and functional diffuseness). Riggs has cautioned that correlations among these variables will be a matter of hypothesis alone and not of definition.

The focus of Riggs analysis is the study of certain key elements of the social structure in a prismatic society and their interaction with the *sala*, i.e., the administrative sub-system in such a society. Riggs primary interest has been to illuminate administrative problems in transitional or developing societies.

The basic features of the prismatic sub-model have been identified by Riggs. These are:

- **Heterogeneity:** A prismatic society is characterized by a high degree of *heterogeneity*, which refers to the simultaneous presence, side by side, of quite different kinds of system, practices and view points. There are, in a prismatic society, urban areas with a *sophisticated intellectual class*, Western style offices and the modern gadgets of administration. On the other hand, there exist rural areas possessing traditional looks and outlooks, with *village heads* or *elders* combining various political administrative, religious and social roles. This heterogeneity is characteristic of the administrative, religious and social roles. This heterogeneity is a characteristic of the administrative structures as well. In a prismatic society, the sala exists along with modern *bureau* and traditional *courts* or chambers.
- **Formalism:** Refers to the degree of discrepancy or congruence between the formally prescribed and the effectively practiced, between norms and realities. The level of congruence between these elements speaks of the *degree of realism*

conversely, the discrepancy between them represents formalism. The greater the discrepancy between the *formal and effects* the more formalistic a system. The fused and the diffracted societies have relatively high degree of realism, while a prismatic society is characterized by a high degree of formalism. Actual official behaviour in prismatic societies does not correspond to legal statutes, even though the public officials may insist on following some of the laws literally. Often they insist on meticulously following some technical provision of laws and rules, while at the same time overlooking others; usually those that relate to general terms and objectives. Formalistic behaviour is caused by the lack of pressure toward program objectives, the weakness of social power as a guide to bureaucratic performance and a great

permissiveness for arbitrary administration. The motivation for formalistic behaviour may come from officials' natural *inclinations* or from the pay-offs he gets in particular situation. Thus formalism generally joins with the process of official corruption.

The policy implication of the realism formalism dichotomy according to Riggs is that formal reforms in administrative institutions in a diffracted society are likely to introduce changes in the administrative behaviour, while in a prismatic society; such reforms are likely to have only a superficial impact.

- **Overlapping:** Related to heterogeneity and formalism is the *characteristic of overlapping* which refers to the extent to which formally differentiated structures of a diffracted society coexist with undifferentiated structures of a *fused type*. In a prismatic society, although new or modern social structures are created, in essence the older or undifferentiated structures continuous to dominate the social system. New norms or values generally associated with the diffracted structures are paid lip service only and thus are overlooked in favour of older values more appropriate to an undifferentiated society. In the sala, overlapping may be judged by the extent to which what is described as administrative behaviour is actually determined by non-administrative criteria, i.e., by political economic, social, religious, or other factor. Overlapping in a prismatic society has several noticeable dimensions. These are:

- **Nepotism:** In a diffracted society, the considerations of a family loyalty are divorced from official behaviour. While in a fused society, the politico-administrative system has a patrimonial character and therefore provides dominant importance to kinship or family. On the other hand, in a prismatic society, the new formal structures are super imposed on the family and kinship. In addition, universalistic norms in administering the laws are often disregarded while the official recruitment is determined by nepotism. Thus, patrimonialism is officially prescribed, but in fact practiced.

- **Poly-Communalism or Clects:** In a diffracted society, almost everyone is mobilized for mass communication. Such a society has a *national community* which exists with its own set of elites (minority communities). In a diffused society, mass media are absent, and hence there is a lack of mass mobilization. Between these two polar types falls the prismatic society where the rate of mass assimilation to the elite's symbol system is likely to be slower than the rate of mobilization. This situation produces a state of *poly- communalism*, or the simultaneous existence in a society of

    and bribes. Such practices influence considerably the whole set up of the financial administration and most particularly, that of budgeting, accounting and auditing. It also impairs the collection of government revenues, causing, among other things, low salaries for public officials, leading to the use of illegitimate means to increase

income.

the sala officials have more extensive participation in decision-makingprocesses than do their counterparts in a diffracted society. Such concentration of power in the hands of the bureaucrats tends to resultin a lack of official responsiveness to public need and wishes. To an important degree the influence of political leader varies with their ability to reward or punish the administration. Thus, the behaviour of the salaofficial ranges from an effectively dominant control over decision-makingto the role of sinecurist.

Whatever role a bureaucrat might play in a prismatic society, heinfluences considerably the level of output in the sala. Riggs has suggested that, there is an inverse ratio between administrative outputand bureaucratic power; the more powerful officials become, the less effective they are as administrators. The sala is characterized by nepotism, recruitment, institutionalized corruption, inefficiency in the administration of laws, and by the motives of gaining power and of protecting its own interests . The sala behaviour is basically wasteful and prodigal.

The Dilemma of Change in a Prismatic Society

The Dilemma of change in a Prismatic Society; A prismatic society faces pressure for change from external sources as well as from internalones. If change is caused primarily by external pressures (as under technical assistance programmes), it may be called *exogenous* change. Conversely change that is stimulated predominantly through internal process is *endogenous*. When both types of pressure for change arerelatively equal in strength, the change they produce is *equigenetic*.

Riggs has hypothesized that the more exogenetic the process ofdiffraction, the more formalistic and heterogenous its prismatic phase,the more endogenetic, the less formalistic and heterogeneous.

Thus, greaterformalism heterogeneity, and overlapping are likelyto exist in an *exo-prismatic* are likely to exist in an *exoprismatic* one. This difference results because, with endo-genetic change, *effective* behaviour precedes the creation of new formal institutions, but in an exo-genetic transformation the sequence is reversed paradoxically, intheir bid to absorb the externally induced change in the shortest possibletime, prismatic societies face the possibilities of higher formalism, heterogeneity and the severity of revolutionary tensions.

- **Poly-Normativism and Lack of Consensus:** In a prismaticsociety, *new*sets of norms and rules coexist with the traditionalways of behaviour. As a result of an overlapping of the formal and the *effective* standards of conduct, prismatic society's social interactions are characterized by a lack of consensuson norm of behaviour. Such a situation of *poly-normativism* or *normlessness* affects the sala, where officials, although publicly claiming to follow objective, universalistic, and achievement-oriented practices actually follow more subjective, ascription-oriented, and particularistic modes of conduct. These officials claim to apply western rationalistic norms in their conduct, but still continue to cling to the traditionalpractices.

  A prismatic society's source of potential public officials is generally restricted to certain particular groups. Even when the officials acquire rank through achievement (*via educationor through a competitive examination*), the opportunities for career development and fringe-benefits depend largely on ascribed means, particularly

support of one's superiors and seniority in service. Even the citizen in his relationship with the sala, is poly-normative; ready to disregard official rules forhis own benefits and yet stressing the idea that governmentalconduct should be of a strict legal rational character.

- **Power Distribution—Authority Vs. Control:** The power structure of a prismatic society consists of a highly centralized and concentrated authority structure overlapping a control system that is highly localized and dispersed. There exists a separation of *authority* (officially sanctioned or legitimate power) and *control* (real but unofficially permitted or illegitimatepower).

The authority of the sala overlaps with the society's control structureswhich are based in poly-communalism, and poly-normativism. Thus, the administrative function may be performed by concrete structure oriented primarily towards this function and also by other structures lacking this primary orientation. Such an overlapping influences the relationship between politicians and administration. Generally, a prismatic society has what Riggs has called, *unbalanced polity* with bureaucrats dominating the politics-administrative system. This is so,despite the politicians possessing formal policy-making authority. Thus,

> various ethnic, religious, and racial groups which live in a *relatively hostile interaction* with each other. Riggs has calledthese groups *clects*, which have the characteristics of attainment, orientation, selectivism and poly-functionalism. Clects carry out relatively diffuse functions of a semi-traditionaltype, although functions of a semi-traditional type, although they are organized in a modern' associational way.

> Poly communalism and clects influence the character of thesala. A public official in a prismatic society is likely to developa greater sense of loyalty towards the members of his own community than toward the government. In matters of recruitment to the official position and of the administration of rules and regulations, the dominant minority community gainsdisproportionate representation. However, to protect the interests of other minorities a *quota system* may provide a sort of proportional representation in the recruitment to officialposition. But such an arrangement may lead to mutual hostility among various communities.

> Sometimes the sala, or one of its agencies develops close relations with particular clect or starts functioning like a clectitself. As a consequence of this alliance between sala and clects, sala officials profit through kickbacks or rebates. This aspect of prismatic behaviour is closely related to the economic sub-system of a prismatic society.

- **Prismatic Economy:** *The Bazaar Canteen Model* in a diffracted society, prices are determined essentially by the market factorsof supply and demand. Conversely, *arena factors* (considerations which determine balance of power, prestige and solidarity) in the society dominate the economic systemof a fused society, and the question of price scarcely arise. Ina prismatic society, *market* and *arena* factors interest with each other and produce a *state of price indeterminacy*, whereit is generally impossible to determine a common price for acommodity or service.

> Riggs has studied the exchange relationship between publicofficials and their clients in terms of buyer–seller relationship.Thus,prices charged for public services in a prismatic societyvary according to the nature of the relationship between a publicservant and his clientele. Services are sold to the members of the *inside* clects and of the dominant

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community at preferential *reduced* rates, and conversely, at higher charges to the members of the deviant' or minority community and of the *outside* clects. In other words, the economic organizations generally act like a subsidised canteen or as a *tributary* canteen, as the case may be.

Price-indeterminacy promotes a bazaar-like atmosphere, involving considerable bargaining on the amounts of financial

PUBLIC POLICY APPROACHES

Confronted with the obvious concern of public administration with public policy making the textbooks revised their definitions to reflect the public- policy orientation. Public administration consists of all those operations having for their purpose the fulfilment or enforcement of public policy. Public administration may be defined as the coordination of individual

and group efforts to carry out public policy. As a study, public administration examines every aspect of government's efforts to discharge the laws and to give effect to public policy.

Systems Model for Policy Analysis

David Easton in his *Analysis of Political Systems* argues that, 'the political system is that part of the society which is engaged in the authoritative allocation of values'. Inputs are seen as the physical, social, economical and political products of the environment. They are received into the political system in the form of both demands and supports. Demands are the claims made on the political system by individuals and groups to alter some aspect of the environment. Demands occur when individuals or groups, in response to environmental conditions, act to effect public policy.

The environment is any condition or event defined as external to the boundaries of the political system. The supports of political system consist of the rules, laws and customs which provide a basis for the' existence of a political community and the authorities. It is rendered when individuals or groups accept the decisions or laws.

At the heart of the political system are the institutions and personnel for policy making. These include the chief executive, legislators, judges and bureaucrats. In the systems version they translate inputs into outputs.

Outputs, then, are the authoritative value allocations of the political system, and these allocations constitute public policy or policies. The systems theory portrays public policy as an output of the political system. The concept of feedback indicates that public policies may have a modifying effect on the environment and the demand' generated therein, and may also have an effect upon the character of the political system. Policy outputs may generate new demands and new Supports, or withdrawal of the old supports for the system. Feedback plays an important role in generating: suitable demands for future policy.

Limits of Systems Approach to Policy

The systems theory is useful in understanding the policy making process and its value to policy analysis were always found in the questions that it asks:

- What are the important dimensions of the environment that generate demands upon the political system

- What are the significant characteristics of the political system that enable it to transform demands into public policy and to preserve itself over time
- How do environmental inputs affect the character of the politicalsystem
- How do the characteristics of the political system affect the contentof public policy
- How do environmental inputs affect the content of public policy?
- How does public policy affect, through feedback, the environmentand the character of the political system

The usefulness of the systems model for the study of public policy is,however, limited due to several factors. This model is criticized for employing the value-laden techniques of welfare economics which arebased on the maximization of a clearly defined *social welfare function*.

The missing ingredients in the systems approach are the *power,personnel, and institutions* of policy making. In examining these, we should not forget that political decision makers are strongly constrainedby economic factors in the environment of the political system.

This Eastonian model also ignores an important element of thepolicy process, namely, that the policy makers (including institutions) have also a considerable potential in influencing the environment within which they operate. The traditional input-output model would see the decision-making system as *facilitative* and value-free rather than*causative*, i.e., as a completely neutral structure. In other words, structure variations the systems are found to have no direct causal effect on public policy.

Finally, the extent to which the environment, both internal and external, is said to have an influence on the policy-making process isdetermined by the values and ideologies held by the decision makers inthe system. It suggests that policy making involves not only the policycontent but also the policy maker's perceptions and values. The valuesheld by the policy makers are fundamentally assumed to be crucial inunderstanding the policy alternatives that are made.

Institutional Approach to Policy Analysis

In a pluralist society, the activities of individuals and groups are generally directed towards government institutions such as the legislature, the executive, the judiciary, political parties, etc., public policy is formulated,implemented and enforced by the governmental institutions. In other words, a policy does not take the shape of public policy unless it is adopted and implemented by governmental institutions.

Government institutions give public policy 3 different characteristics:
- The government gives legal authority to policies public policyis the outcome of the legislature and is characterized by theuse of legal sanctions. It is regarded as a legal obligation whichcommands the obedience of the people.

- The application of public policy is universal since it extends toall citizens in the State. Only the State can legally impose sanctions on violators of itspolicies.

- As such, there is a close relationship between public policy and governmental institutions. It is not surprising, then, that political scientists would focus on the study of governmentalstructures and institutions.

Institutionalism, with its focus on the legal and structural aspectsof institutions, can be applied in policy analysis. The structures and institutions and their arrangements and

interactions can have a significant impact on public policy.

Traditionally, the focus of study was the description of governmental structures and institutions. The study of linkage between government structures and policy outcomes remained largely un- analysed and neglected.

The value of the institutional approach to policy analysis lain in asking what relationships exist between institutional arrangements and the content of public policy, and also in investigating these relationships in a comparative manner, would not be Correct to assume that a particular change in institutional structure would bring about changes in public policy. Without investigating the actual relationship between, structure and policy, it is difficult to assess the impact institutional arrangements on public policies.

Rational Policy Making Model

In the rational comprehensive model an administrator confronts a given objective, such as reducing poverty by a list of values (*in the form of priorities*) according to their relative importance. It policy maker in choosing the best policy to pursue, rationally ranks all the relevant *values* or *advantages* in attaining till objective, such as improving the health of the poor, reducing crime and eliminating illiteracy. Then, he formulates several possible alternatives to achieve the stated Objective, for instant a guaranteed income plan, direct government subsidies, higher welfare payments, or unemployment relief programmes and maximize the ranked list of *values*. This approach to decision-making is rational, because the alternatives and values are logically selected and weighed in relative importance, and also *comprehensive*, for all the alternatives and values are taken into account by the policy maker.

However, the variety of factors both within policy making, agencies and from their environment along with the changes that continually occur in these factors, complicate the policy maker's task, making rational decision-making difficult. If a policy maker were to follow the standards of the rational decision-making model he would list and assess all goals that appear relevant to the agency's problems and would then take such steps for each of the policies that appeared capable of achieving each of the potential goals. On the basis of all relevant information about the

probable advantages and disadvantages associated with each package

of goals and policies, the policy framer would then select the one best goal-and-policy combination to realise the agency's programme objectives.

The rational model of policy making expects officials to take issue into consideration and make clear decisions that can guide the actions of subordinates. This would result in integrated policies that complement rather than conflict with one another. However, administrators who would accept the prescriptions of the rational model find their way blocked by a number of constraints typical in democratic societies. They reflect the heterogeneity and conflict that are considered by many writers components of the democratic process.

The five major features of public administrative systems that block the fulfilment of rational decision-making by personnel in administrative units include:

- The multitude of problems, goals, policy commitments that are imposed on or kept from decision makers by actors in the environment of an administrative unit
- Barriers to collecting adequate formation about the variety of *acceptable goals* and policies

- The personal needs, commitments, inhibitions, and adequacies of decision makers which interfere in their assessment of goals and policies that are acceptable from their agency's point of view
- Structural difficulties, within administrative units and involving their relations with legislative the executive branches of government
- The deviant behaviour of individual administrators

In the face of these problems policy makers tend to seek decisions that will be satisfactory rather than optimal. They avoid as many difficult choices as possible.

The rational method has also been criticized as impractical according to critics. It is impossible to collect all the information and make the complete list of policy options that such a process involves furthermore, the process is very time consuming, and policy makers must act without delay. Besides, the assumption at values can be ranked and classified is also erroneous. Legislators, administrators, and the public frequently disagree about the values a nation should pursue and policy makers do not select values in an abstract manner. Furthermore, according to is method, everything must be considered before new policies are decided. This entails risks because the consequences ofopting new policies are unknown.

Simon's Model

One of the first critics to challenge the redefinition of public administration as the study of public policy was Herbert Simon, who warned that it would range as wide as governmental problems and would eventually swallow political science and possible other social sciences as well. Eventually it would become applied social science. He preferred to see scholars concentrate, less on public policy and more on the behaviour of those who made decisions in the public arena and the processes by which they defined public policy. Administrative theory should be concerned with the processes of decision as well as with the process of action. A general theory of administration would include principles of organization that will insure correct decision-making just as it must include principles that will insure effective action. Decision-making was the heart of administration; it pervaded the entire administrative process as much as the art of getting things done.

In Administrative Behaviour, Simon noted, that decision were made at every level within an organization. They contained varying degrees of factual (administrative, pertaining to means) and value (policy, pertaining to objectives) judgments. Differentiation was difficult because most value judgment also involved factual questions. Further, sanctions were needed to ensure that experts deciding factual questions followed democratically formulated value judgements. He proposed that ideally, the factual and ethical elements should be separated as far as possible and allocated between politicians and administrators according to their relative importance and the degree to which the ethical issues were controversial. In so far as decisions led to the selection of final (organizational) goals, they were *value judgement*, and where they implemented such goals, they were *factual judgements*.

Simon's point of departure was his emphasis on correct decisions, as well as right ways of doing things; the one could not be divorced from the other. Efficient decision-making was not the ruthless pursuit of mechanical efficiency in means, but that choice of alternatives that produced the best results for the given application of resources. It was a relationship between the ends desired and the means used to achieve the desired ends. The ideal as unattainable perfect rationality, by which all objectives would be defined and arranged according to priority,

all possible alternative strategies would be listed together with their consequences, and comparative evaluation taken of the strategies and their consequences, so that the maximum results would be forthcoming for the resources employed. In practice, however, complete information was unobtainable, man was not an exclusively rational being and both the objectives and the on sequences in public policy were not susceptible, to quantitative measurement or even approximate evaluations.

In collaboration with D.W. Smith burg and V.A. Thompson, Simon produced the first behaviourists textbook in public administration, designed to show how American public administration worked through a realistic, behavioural description of the processes of administration. It concentrated more on the informal side of public administration,

introducing and applying concepts in sociology and psychology to public administration. Although it was not specifically designed around a decision-making approach, it repeated much of the argument of Administrative Behaviour and went much further in challenging the notion that the ideal in public administration was rationality in pursuit of mechanical efficiency.

SUMMARY

- Group dynamics are a powerful force in shaping decisions by governments.
- Systems approach treats, conceptualization of the organization and its internal and external relationships.
- Organizations are regarded as semi-autonomous systems which develop their own internal goals.
- The structure is a totality, an adaptive organism reacting to influences upon an external environment.
- Greater formalism heterogeneity, exist in an exo-prismatic one.
- The systems theory portrays public policy as an output of the political system.
- Policy outputs generates new demands and new Supports, or withdrawal of the old supports for the system.
- Herbert Simon warned, the redefinition of public administration as the study of public policy, would range as wide as governmental problems and would eventually swallow political science and possible other social sciences as well.
- Herbert Simon introduced applying concepts in sociology and psychology to public administration.

KEY TERMS

- **Public choice theory:** The subset of positive political theory which deals with subjects in which material interests are assumed to predominate
- **Heterogeneity:** The simultaneous presence, side by side, of quite different kinds of system, practices and view points
- **Formalism:** The degree of discrepancy or congruence between the formally prescribed

and the effectively practiced, between norms and realities

- **Nepotism:** Providing unfair advantages to one's own family, especially if one is in a position that commands power

QUESTIONS AND EXERCISES

1. How has Herbert Simon contributed to decision-making?
2. Define the term 'System'. What is the relevance of System Approach for the study of complex organization in public administration?
3. What is meant by new public management? Discuss its salientfeatures.
4. Discuss various steps involved in making decisions.
5. Explain systems model for policy analysis.
6. Describe the characteristic features of Simon models.
7. Explain the dilemma of change in a prismatic society.

FURTHER READING

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UNIT-3: Sustainable development and Development Administration

Structure:

- Introduction
- Unit Objectives
- Sustainable development
- Development Administration
    - Development Ideology
- Participatory and Sustainable Development
    - Development Philosophy in India
    - The Community Development Programme
    - The Panchayati Raj Institutions
    - Growth of Development Bureaucracy
    - Cooperatives—The Institutional Innovation for Economic Participation
    - Participatory Development
    - Sustainable Development
- New Public Management
- Summary
- Key Terms
- Questions and Exercises
- Further Reading

INTRODUCTION

Sustainable development is a holistic and forward-looking concept that seeks to meet the needs of the present without compromising the ability of future generations to meet their own needs. It recognizes the interconnectedness of economic, social, and environmental dimensions, aiming for a balanced and equitable approach to development. Sustainable development emphasizes responsible resource use, social inclusivity, and environmental conservation to create a resilient and lasting impact on global well-being.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Understand the meaning and concept of development administration
- Learn the concept of participatory development
- Discuss the basic features of sustainable development
- Analyze development as a discourse

SUSTAINABLE DEVELOPMENT

Gerald Caiden had rightly remarked that *Development* is the new catchword of the post-war era, although the word has been described differently in the developed and developing societies. This is due to the different socio-economic problems that these countries face and therefore expectation levels from public administration. While efficiency and productivity continue to remain on top priorities of administration in the developed world, in the developing countries, the administrative system has to involve into the total nation-building process and act as an agent of social change beside, of course, maintaining the efficiency and productivity of the system. Development is the key to socio- economic change. It is judged by traits, such as, power, capacity, mental equilibrium and independent decision-making. It is the power of independence. Riggs described it, as a process of achieving greater autonomy of decision-making. It is a process of modernization through which States overcome their socio-economic problems such as poverty, unemployment, illiteracy, treatment of women, children, senior citizen, and minorities and expand the capital structure to absorb labour force.

In this context, for example *non-alignment* was an attribute of development, whereas a military alignment to seek physical benefits was a symptom of an insecure and under-developed State dependent upon physical growth in terms of dollars and weapons. Ultimately, it was bound to collapse. Therefore, needless to say, development holds progress together. And the use of the new term *sustainable development* completes the meaning of the term—*Development*.

Era Sharkansky described five common traits of developing societies in this regard:

- Political elites, share commitment to the goal of development therefore, support administrative programmes and practices for development
- High reliance is placed upon the public sector, and so the government centralizes the process of development
- Political instability continues to affect socio-economic process
- There is a gap between traditional and modernizing elites and so, the developmental process reflects this division

Generally, the developmental process is an imbalanced process which is in favour of the urban elites or the dominant rural group The emergence of new socio-political forces in many of the developing nations, like India, brought about pressing demands upon the State to provide a leadership to improve standards of societal living and participation in matters economic, social and political. In India, the acceptance and the institutionalization of national planning have provided an apt recognition to the scale of the problem of national development. These and other allied forces have increasingly demanded new and improved conceptual and operational frameworks in the form of growth models, planning devices, and programming of the total objectives so that national development is manageable and practicable.

However, while the need for planning and a plan frame has been well articulated, conceived and developed, less attention has been devoted to the basic operational characteristics of this endeavour and to the nature of the organizational system through which these end goals are attainable.

A conceptual framework encompassing this is particularly important to provide a major breakthrough in administrative theory and practice. The approach itself is not entirely new. What is necessary, however, is an articulation of the concept of developmental administration and giving it an operational framework. Such a development in public administration would be analogous to the growth of the concept of national planning in the field of economic policy. Despite

the various industrial schemes and other kinds of projects undertakentill 1950–51, they lacked an integrated framework of economic planningwhich was subsequently provided by the five year plans. Similarly, though the present administrative machinery performs essentially developmental work, there is a lack of a clear integrated conceptual and operational framework.

A pioneering effort in this direction was made by Edward Weidner in his paper on '*Development Administration: A New Focus for Research*'.

Weidner reviewed the various uses of the term *Development Administration* and found one common element in all these uses all seem to describe an action-oriented, goal-oriented administrative system. He himself defined it as the, 'means of selecting and accomplishing progressive political, economic and social objectives that are authoritatively determined in one manner or another'. However, Weidner did not proceed to provide an operational framework indicatingthe kinds and nature of administrative change that will be necessary totransform a non-developmental system into a developmental one.

The core of these end-goals of the national system can be expressed as *Developmental*. The word *Developmental* is intended toindicate those bodies of thought that centre around growth and directional change. Basically, therefore, the framework of *development*gravitates around a planned change which is derived from a purposeful
decision to effect improvements in a social system. Not until a decision

serious societal crisis—the functions of the administration are to guarantee that the intent of the government in this respect is clearly maintained. A similar approach pervades the revenue collection function.There are more thoughts implied in terms of meeting the legal obligationsof the revenue collection than, achieving any specific targets.

Another good illustration is the financial administration in the IndianGovernment. The primary emphasis in fiscal matters is on *appropriatingfunds* for certain areas of governmental operations accompanied by arrangements for executive and legislative control over public expenditures during the budgetary period. The entire system emphasizes negative expenditure controls rather than achievement of specific goals through fiscal means. By and large, then, the *traditional* or *executive* type of administration is designed to fulfil all the legal requirements of governmental operations and to maintain social stability.In the main, this type of administration confines itself to the maintenanceof law and order, collection of revenues, and regulating the national lifein accordance with statutory requirements.

In contrast, the managerially oriented developmental administration is essentially programmatically inclined. It focuses its attention not merely on carrying out the dictates and directions of the governmental system but also on the crucial element of securing prescribed programmatic values. The emphasis here is not on appropriational authority or on preventing disequilibrating forces but onthe attainment of goals and targets established in the planned programmes of the government which in fact may have built-in forces disturbing social equilibrium. Because of this *managerial orientation* primary focus is placed on the assessment of total capital resources not only in terms of fiscal means but also by way of the general institutional resources and of the critical societal plus administrative behavioural values available.

It is indeed this totality of programme inputs both in financial andnon-financial terms, which renders possible a greater degree of congruence between targets and actual output.

Measurement of suchinputs has traditionally been regarded as difficult. More recently efforts have shown that as a result of advances in performance budgeting, work measurement, and cost accounting, sufficient internal data wereavailable to permit construction of productivity measures. Once such basic measurement is made, attention is largely concentrated on the appropriateness of programme goals and objectives in relation to nationalresources, on adjusting these financial and other resources within theset of priorities, and attaining the targets.

In the context of *Developmental Administration*, the functions oflaw and order and revenue collection are important to the extent theysupport the developmental programmes. The shift is on the emphasisplaced between the primary developmental objectives of the administrative apparatus and the secondary objectives of merely

carrying out government directions and requirements. The critical elements here are the clear-cut programmatic values expressed in operational terms which have to be attained by the administrative apparatus.

Characteristically, these values of developmental administrationare contained in a new series of socio-economic and political programmes. Since these programmatic values have to be secured in a planned fashion, the State has to act as the change-agent providing the necessary stimulus. In its role as the change-agent the questionsrelate more and more to the capacity of the instruments of the State toperform its function than to the objectives themselves. Above all, the approach of the State has to be based on a sound diagnostic orientationintended to pinpoint the change areas, methods of change, and the capacity both of the people and the governmental machinery to absorb and sustain change. And in translating the diagnostic interpretations into change goals and plans, it is crucially important that the administrative machinery of the State clearly knows what the end-goalsof the process of change are, and what is feasible in terms of the application of change ideas and methods.

The critical focus on the need for change has to be supported bymeans of the tools of applied social sciences to assess the capacity ofthe social system for change, and the capacity of the governmental apparatus for bringing it about.

Inevitably, with the *Developmental Administration* so deeply concerned with introducing a new set of values, their integration into anoperational framework implies that under the available conditions, thedevelopmental administrative system may, in all likelihood, involve greater fusion of administrative roles. Such fusion of administrative rolesmay become inevitable because the content of change is more centrallydecided, directed, and administered. Each of the administrative agencies and units may, therefore, need to perform a set of functions which in a non-developmental set-up are likely to be clearly differentiated and dividedamong several such agencies and units. In India, such a fusion of rolesin administrative machinery is evident at all levels beginning from thePlanning Commission down to the District and sub-divisional offices.

The single-minded focus of developmental administration on the achievement of programmatic values in terms of specific targets and goals introduces the need for institutionalization. The programmatic values have to be encased in terms of administrative values and institutional apparatus. In essence this implies that changes and modifications in the structural and behavioural patterns may have to bebrought in line with the functional contents of developmental administration.

In its full dimension, the therapeutic administrative reorganizationmay involve in redrawing of hierarchical arrangements, increase in programme and field units, shifting lines of

reporting and is made to make a deliberate effort to improve the system does the process become *developmental*. The decision itself entails setting up of specific goals whether in one sphere of national activity or another or all. Underlying developmental models there is an assumption that, there are noticeable differences between the states of a system at different time series; that the succession of these States implies the system is heading somewhere and that there are orderly processes which explain how the system gets from its present state to whatever it is going. The direction may be expressed in terms of specific end-goals or the process of achieving them, or the degree of achievement toward these end- goals.

In the Indian context, the focus on planned change is clearly indicated by the various schemes detailed in and outside the five year plans. The design of all these plans and schemes is closely geared to bring about substantial transformations in the contents of our social, political and economic life. Improved educational facilities, removal of caste barriers, and opportunities for a higher standard of economic life that are being made possible by the rapid industrialization are all illustrative of these programmes of planned change.

The phrase *Developmental Administration* is intrinsically intertwined with process of change. Here the word developmental is also intended to connote precisely the kind of planned change that is intended in the Indian circumstance. And taken together with the concept of administration, the phrase developmental administration principally means administration of planned change. Essentially developmental administration refers to the structure, organization and organizational behaviour necessary for the implementation of schemes and programmes of socio-economic and political change undertaken by the governments in India.

Underlying this definition of *Developmental Administration* is an assumption that where the functions of a government change largely from the law and order, revenue collecting, and regulatory type to those of socio-economic and political development, the role of administration changes from an *executive* to a *managerial* one. These two typologies are strictly *model* types and do not necessarily indicate, mutually exclusive patterns. They are primarily representative of the two kinds of *models* followed by the traditional and a new philosophy of administration. The *executive* type of administration is largely designed to carry out the directions given from time to time by the government. These directions could be legislative fiats or executive orders. And even when the administrative hierarchies are somehow involved in the formulation of the policies, the emphasis of the executive oriented administration is principally to implement the policies and programmes.

Illustrative of this approach is the emphasis on the maintenance of law and order and collection of revenues. Following the general pattern

of the *executive* type, the basic emphasis here is on the prevention of communications, developing control mechanisms, and improved methods of data feedback to top echelons of the administrative apparatus. Needless to add such developments inevitably imply complexities for coordinating and controlling functions at the higher levels of management. A key area of concern is the personnel; changes in the service structure and orientation and development of altogether new kinds of skills along with significantly improved personnel planning may inevitably become necessary. And, above all, the behavioural inputs of the entire civil service need to be seriously considered and weighted in the organizational planning for developmental administration.

A significant shift in the structural aspects of the organizational set-up may have to be in

the current hierarchical arrangement. The central government offices have been designed into three main categories: secretariat, subordinate and attached offices. The secretariat is the headquarter, a kind of staff organization intended to assist the topmanagement in matters of policy formulation, supervision and coordination of programmes. The subordinate offices are essentially the field of executive offices involved in the day-to-day application of theprescribed policies. As field agencies it is the subordinate offices whichare directly confronted by the citizen clientele. The attached agencies are special advisory bodies whose function is either to regulate or to study and advise the ministry in specific matters. Much appears to havehappened in the last few years to blur the distinction between the secretariat and the subordinate offices. The policy formulation job of the secretariat has increasingly been replaced by actual involvement inapplications of policies. Such an administrative circumstance has inevitably confused hierarchical arrangements and has created additional factors responsible for decisional delays, thus leading to administrative propensities not conducive to developmental approach.

A single most important shift necessary in structural organizationalaspects may be in terms of the institutions for achieving specific goalsand targets which could go beyond the general scope of present fieldoffices.

In operational terms, this implies the creation of what may be called programme agencies which would be built around a specific majorobjective in the forms of physical or service outputs. In order to form such programme units, it will be important to provide for a breakdownof the national plans and targets in terms of specific outputs which areadministratively manageable.

The programme units would necessarily imply that the administrative apparatus must now be clearly related to the achievement targets and that a series of functions necessary for that purpose may need to be integrated in the single programme agency. Thus in the field of agriculture, it may involve a district wise integrationof transport, irrigation, fertilizer supply and such other vital agriculturalinputs. Such a distinctly integrated programme organization may be in a better position to promote, direct, and secure the kinds of output targets assigned to it.

The design of the administrative apparatus in terms of programmatic schemes may involve increase in field units operating atthe level of direct activity. These field units will need to express the organization's programme objectives in terms of the kinds of resourcesneeded such as manpower and materials and weave them in a framework which will be directly involved in securing the specific objectives. In turn, such programmatically designed field offices may necessitate shifting lines of reporting and communication from departmental lines to programme organization or it may involve dual reporting with primary emphasis on reporting to the programme office.

Thus, a district irrigation team may no longer find it desirable toreport only to the irrigation ministry or department, but also to the districtagricultural production programme organization, if any. Communicationsin this case may flow direct between the programme agency and the office concerned with a single objective and the ancillary services whichare essential to that objective. The remedial or corrective action can then be at the vital point without having the need to go through circuitousand dilatory double hierarchies.

Further organizational shifts may occur in the control mechanism.

The traditional control in terms of expenditure of funds and highly diffused system of decisional authority may have to be replaced by a more active and fuller decisional authority and

the controls geared morein terms of the programme values than in the traditional terms. Such controls could indicate the phased targets and goal objectives, whetherin terms of production or services, their degree of attainments and the areas of shortcomings deserving immediate attention. These controlsare more meaningful managerial components and they are conducive to direct and sustain the crucial programme values.

The control mechanisms themselves may be closely intertwinedwith the kinds of data fed to the top management. More and more thedata contained on the reports may have to be selective and intrinsicallygermane to the direct programme objectives, indicating the pattern of output schedules and the evolving cost structure vis-a-vis the projectedcosts and the causes of variance, if any. Such data have the advantageof being specific and geared closely to the attainment of programme objectives rather than to the problems of controls, checks and other considerations not pertinent to programme targets.

As the evolution of programme and field units continue, more and more problems may arise in the field of coordination. Systems may have to be devised at the headquarters to ensure that the executionof programmes follow the general prescribed pattern, also that the policies and practices of the various field unit; match those centrally prescribed as standard. And above all, it may be necessary to ensure that the progress of each operational unit maintains the balance necessary to ensure programmes in other units. More may, therefore,be necessary by way of a central coordinating office which can remainfully informed of the progress of each of the individual field units, and its compatibility with the progress of other supporting units. A continuousheadquarter supervision, check, and direction to ensure the overall *lineof balance* a kind of minimal performance rate in the programme projections of the organization as a whole will be critically important.

An area deserving special emphasis may be the system of financial administration. The traditional emphasis focused on financialadministration has been on the treasury control, and designed more to protect the public funds rather than to secure specific organizational objectives. For developmental administration the more useful role of financial administration found in the variety of management tools it offers to exact performance and to establish responsibility centres.

The financial system provides excellent devices, through the system of budgeting, internal auditing and the entire system of management accounting, to direct specific programmes or their objectives, to control the rate at which programmes move, and to pinpoint responsibility for performance. Because of the nature of the financial data, the analysis between phased programme objectives andtheir attainments are reduced to specific targets, and the shortcomingsin individual areas are clearly pinpointed. In other words, it is importantthat under developmental administration, the system of financial administration may have to be more appropriately matched with the managerial needs of programme administration.

Another key area of concern of developmental administration isapt to be the personnel which mans the administrative apparatus. In the final analysis the effective conduct of developmental programmesbecomes a function of the skills and ability of these personnel. The requirements of this target-oriented administrative system may be in terms of programmatic or functional service structure and a systematized personnel planning.

The traditional service structure in the Government of India is based on what is called as *career* staffing. Civil servants are essentiallyrecruited to career services with a specific number

of posts reserved for members of these services. While such a staffing system guarantees a certain degree of administrative continuity, members of these services have no commitment to the success of specific programmes. The approach leads to what has been called earlier as *executive* attitude concerned more with the handling of work as it comes up to a post rather than designing the work content to attain prescribed programme goals and objectives. A differently structured civil service system often referred to as *programme* staffing is precisely designed to sharpen the attention on the programme contents, and their attainment. Such programme personnel could be geared essentially to an organization

without continuous shifts and transfers or deputations. Major advantages of such programme staffing, of course, are to provide a commitment on the part of the personnel to the goals and objectives of an organization, to create a pressure for maintaining work standards on the job, and to orient the personnel towards general *managerial* functions and responsibilities. Shifting a degree of focus from career to *programme* staffing may also appear significantly important.

Linked with this process of functional service structure are improved personnel planning. Once the programmatic personnel needs are specifically suggested, then recruitment and selection processes may become more amenable to programme considerations and requirements. Period or forward manpower planning becomes possible so that recruitment plans can be adequately worked out. Similarly, the design of the examinations may also have to be structured to ensure a high degree of selectivity.

Lastly, the most crucial of all these would be the organizational behaviour. Social scientists and students of administrative sciences have increasingly realised that organizations are more and more led by the dynamic and behaviour components than by the formalised systems; that organizational effectiveness depends heavily upon the behaviour of its personnel. The essential ingredients of the bureaucratic behaviour are the various personnel values reflected in day-to-day operations. These would include attitudes to work, degree of professionalization, attitudes towards superiors, towards subordinates, attitudes to delegation of authority and acceptance of responsibility, and several others which have a direct impact on the operational aspects of an organization. These behavioural inputs of the bureaucracy play a vital part in shaping the character and the effectiveness of the entire organization. More and more, therefore, these behavioural inputs may have to be weighed in programme planning, and in schemes of re-orienting the patterns of attitudes to fit more closely with programmatic needs will need to be considered.

All these implications are merely illustrative of the dimensions of the change which will increasingly become evident in the operationalization of a development-oriented framework. Actual impact of such a scheme is bound to be extensive and far more detailed than indicated here. But the effort made here is essentially to drive home some of the major changes that will occur under developmental administration.

DEVELOPMENT ADMINISTRATION—CHARACTERS

The concept of Development Administration has a contemporary origin mainly due to the work of American experts on comparative administration. Edward Weidner, one of the

pioneers in this field, defined Development Administration as *an action-oriented, goal-oriented system*. Development Administration had its origin in the desire of thericher countries to aid the poorer countries and more especially in theobvious needs of the newly-emerging States to transform their colonialbureaucracies into more responsible instruments of societal change. The simple underlying conception was that the transfer of resources and know for would hasten the modernization process from agraria toindustria, using government and public sponsored bodies as change agents. The transform of resources would be conducted through international bodies, mutual aid programmes and bilateral agreementsand the recipients would channel their new generate change of their own accord, such as, education, health, capital investment, communication, science and research. But foreign aid did not turn outto be universal stimuli. For some newly emerging countries, it was a drop in the ocean compared with its requirements. Thus, DevelopmentAdministration spread its interest from foreign aid programmes to thedomestic public policy programmes of recipients.

At that time, it was largely a virgin territory. Many colonial administrators showed no interest or may be the new political leadershad no experience in State craft and very little competence. As no onehad tried before to hasten development artificially, there were no guidelines. At first, everything had to be improved before any kind of base could be established and from which coherent public policies could be formulates and practical programmes implemented. Infact, the developmental network had to be super imposed on a traditional law and order frame or placed alongside the existing structure.

The chief characteristics of development administration are:

- Development Administration is grounded in normative concepts that development can be planned, directed and controlled, that improvement in quality and quantity of societalproducts is desirable, that obstacles to development can beovercome.

- Development Administrations grounded in reality—as it concerns itself with the practical solution of human problems,the daily problems of public administration and the real worldin which people live.

- Development Administration is time consuming. DevelopmentAdministration performs a series of function for which the physical, social, psychological and institutional resources areseldom available in sufficient quantity in the proper combinations.

- The obstacles to achievement are so often overpowering andtime is a relentless energy to those who hope to realize resultsin decades rather than centuries.

  o Development of modernizing skills and institutions

  o Fostering psychological and material security

  o Mobilization of saving and current financial resources

  o Rational programming of investment

  o Efficient management of facilities and services

  o Activating participation in modernizing activities essentiallyin decision-making roles

  o Achieving a secure position in international community Esman had the third

  world in mind, when he was writing the

functions of *Development Administration* but in his opinion, the development tasks are of

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universal application. Howard Wriggins explains the tasks of Development Administration as follows:

- To provide the minimum of essential services
- Equitable distribution of wealth and income
- Maximum utilization of material and manpower resources
- Protection to weaker sections of the community
- Devise ways and means to integrate diverse communal religious, tribal and other elements into a national political community
- Development of educational infrastructure together with vocational and professional institutions
- Development Administration is result oriented. Since, changes have to be brought about rapidly and within a defined time limit, Development Administration has to be result oriented.
- Its performance is related to productivity in terms of increase in per capita income, provisions of health and welfare facilities.
- Commitment to work, commitment to change and concern for completing time-bound programs constitute the organizational role expectations in development administration. Administrators are expected to be involved and emotionally attached to jobs they are called upon to perform. The rapid socio-economic development requires a sharp break from the past. The new strategy of decision-making that promise to fit with the aspiration of the people and goals of development seem to be the inhibition of the process of participative, decision-making after due consultation with field officers.
- Client orientation development administration is client oriented in the sense that, it is positively oriented towards satisfying the needs of specific target groups. Hence, their satisfaction is an important criterion for evaluating performance. The people are looked at as active participants in public programmes. This close nexus between public and
- Development Administration is *Universal*. It rejects any distinction between countries that appear to be generating their own changes where growth is spontaneous needing no artificial stimulus and where the capacity to cope with rapid change is self adjusting and those countries that seem to lack the requisite components of self-development and where change has to be induced externally through governmental action. All countries are developing some at a faster pace than others and in different developmental problems. The most serious problem of all, however, is the persistent gap between rich and poor countries, quickly developing and slowly developing regions and the possibility that the gap between them is widening up.
- Development Administration is change oriented. The distinctive mark of Development Administration is its central concern with rapid socio-economic change. This special orientation distinguishes Development Administration from general administration which is basically concerned with maintenance of status quo. It is the government influenced change towards progressive political economic and social objectives. Development Administration includes the organizations of new agencies such as planning organizations and development corporations, the reorientation of established

agencies suchas departments of agriculture the delegations of administrativepowers to development agencies and the creation of a cadreof administrators who can provide leadership in stimulating and supporting programmes of social and economic improvement.

- It has the purpose of making change attractive and possible.It consists of efficient management of public development programmes and the stimulation of private development programmes. M.J. Esman, in his book, *The Politics of Development Administration* defines the task of nation-buildingand socio-economic development in broad political rather thanadministrative terms as follows:

  o Achieving security against external aggression and ensuringinternal order

  o Establishing and maintaining consensus on the legitimacyof the regime

  o Integrating diverse ethnic, religious, communal and regionalelements into a national political community

  o Organizing and distributing formal powers and functions among organs of central regional and local governments and between public authority and the private sector

  Displacement of rested traditional social and economic interestsadministration is an essential attribute of Development Administration.

the spot as far as possible, without waiting indefinitely, for central clearance. Decentralized decision-making is facilitated by creating separate fairly autonomous units of administration at the field level. Communication orflow of information is the life blood of an organization.In pushing through measures for socio-economic development the organization has to have free flow of messages and information unhindered by the status levels within it. Speedy and effective decision-making needs the support of reliable information through free flow of communication.

Development has to depend a lot on political management as theimpulse for change comes more often from political leadership. To accept the supremacy of the political and to work alongside him as a co-partner in development enterprise are the in-built requirements of development administration. Moreover, corresponding behaviouralchanges are needed to make bureaucracy change oriented result oriented and people oriented.

1.13.1 Development Ideology

It is the employment of modern techniques, both technical and social inthe pursuit of societal objectives. It is the attainment of result, not rationality from or ritual. To achieve this end, an ideology of developmentis essential. Weidner has described it as a state of mind which fosters the belief in equitable progress. Esman sees it, as a doctrine in corporating reliance on ideology for decision criteria, priority to fundamental social reforms political and social mobilization, latitude forcompetitive political action and interest articulation ethnic, religious and regional integration, governmental guidance of economic and social policy and commitment to the future. Development being political depends on government action. It is carried out by the living constitution. It is affected by changes in political regime, party composition of the government and personality of the political leaders.

Most of the developmental plans in a society have to be citizenoriented as it is the citizen who ultimately derives the benefit of development. The officials working are supposed to be nearer to the citizens and have therefore, a continuing responsibility to acquaint thehigher

officials about the problems at their levels, since they have to initiate policy actions about the overall assessment of the need of thepeople. In the development context therefore, frequent consultations and participative decisions between higher and lower level of officials are inevitable. The administration does well in taking participative decisions where the lower level officials have the opportunity of bringingto the notice of higher officials the desires of a common man. The pay-off from participative decisions may at times bring about improved performance of activities meant to ensure the maximum good for the maximum number of persons, bringing administration to the doorstepof the citizen and bringing about a direct relationship between the clientand the administration which is a driving force behind decentralizationin most developing countries. Hence the traditional concept of peopleas passive beneficiaries has to be replacing by the newer concept of people as active participants.

> Bureaucratic adaptation of development administration: Developmentadministration is essentially change oriented. It is therefore to be flexible and adaptable to meet quickly changing circumstances. In unstructured situations, decision-making has to be much more situational, innovative and creative. Development situations require risk-taking and achievement orientation. Organizational rules and procedures cannot be allowed to get precedence over target achievement. It is more a function of individual administrative behaviourand style of operation. Status, which is at the core of bureaucratic hierarchy, is replaced by service motivation in development administration. The changing role of bureaucracy in development administration is characteristics in such phrases as development bureaucracy and non-Weberian model of bureaucracy.

Development administration calls for both qualitative and quantitative changes in bureaucratic policies, programmes proceduresand methods of work, organizational structure and staffing patterns, number and quality of development personnel of different types and patterns of relation with clients of administration. To fit bureaucracy intodevelopmental tasks, changes are needed both on structural and behavioural fronts. Structurally, de-emphasis of hierarchy is suggestedto get rid of the conventional organizational pyramid which leads to centralization and creates tension and interpersonal conflicts and redesign organization to enable collegiate decision-making and promotecollaborative problem-solving.

Most of the development activities take place at the field level away from the capital city or headquarter administration. Decentralizationof authority is necessary to enable the field units to take decisions on

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PARTICIPATORY AND SUSTAINABLEDEVELOPMENT

The meaning of participation is often a rendition of the organization culture defining it. Participation has been variously described as a meansand an end, as essential within agencies as it is in the field and as aneducational and empowering process necessary it correct power imbalances between rich and poor. It has been broadly conceived to embrace the idea that all stakeholder should take part in decision-makingand it has been more narrowly described as the extraction of local knowledge to design programmes off site. The result is an extraordinary mélange of content-specific, formal methodologies, matrices, pedagogics and ad hoc approaches to enhancing participation in humanitarian aid and development. This required a *people first orientation* to change, more than mere simple tactics. This actually necessitated a paradigm shift. This newer paradigm maintained that big was not always better, centralized

hierarchies were suspect, big outcomes may be born of small inputs and that a more and more headsare better than one philosophy would more readily sustain productiveand durable change.

Differences in definitions and methods aside, there is some common agreement concerning what constitutes authentic participation. Participation refers to involvement by local population inthe creation, content and conduct of a programme or policy designedto change their lives. Participation requires recognition and use of localcapacities and avoids the imposition of priorities from the outside. It increases the odds that a programme will be on target and these resultswill more likely be sustainable. Ultimately, participatory development isdriven by a belief in the importance of entrusting citizens with the responsibility to shape their own future.

The very nature of development calls for community involvement in the process of development. Although during the decades of 1950sand 1960s, many developing countries had adopted a centrist theory ofdevelopment, the failure of these centrist policies, especially in the implementation of development plans and the delivery of benefits to alarge section of the poorer community, started a re-evaluation of the practicability of the centralist strategies of development. During the 1970s, various politico-administrative decentralization programmes, coupled with the evolution of a number of institutional devices to affectpeople's participation in development, were instituted in many developingcountries.

After Independence, the Constitution-makers in India devised apolitical strategy that was essentially federal in character but heavily weighed in favour of centralization. This was considered important tocurb the secessionist tendencies at that time and to have a uniform economic development pattern. However, in recognition of the fact thatuniform policies were not the answer for complete development of the country, the Constitution-makers, through the provisions of the directiveprinciples of State policy, sought to establish a system of Village Panchayats (village councils) to involve the people at the grassroots level in decision-making process.

Development Philosophy in India

The philosophy of development which evolved under the stimulus of India's struggle for freedom from colonial rule attached great importanceto the participatory approach. In fact, this approach was upheld for itsintrinsic value and for its instrumental rule by the most important leadersin the national struggle. The basic premise of the participatory philosophyis spelled out in Mahatma Gandhi's statement—*Supporting a man is the most wonderful machine in creation*, *and technology must serve man and not lord over him*. His greatest statement participatory approach stated that people are the roots and the State is the fruit; that the *classes*at the top which are crushing the *masses* at the bottom must get off their backs, and that true democracy cannot work through twenty mensitting at the centre. It has to be worked from below by the people of every village.

In the centralization; decentralization continuum, the system of government that India inherited from the colonial period was in many respects more decentralised than centralised. With the arrival of a democratically, elected government at the Centre and in the States, the balance was heavily tilted towards centralization. However, decades ofexperience has yielded the lesson that centralized planning does not work well. In the meantime, mass politicization has begun to generatea demand for participation, and it has become necessary to turn more towards a decentralised system of government and planning.

Citizen participation in development and nation-building in Indiahas posed a number of

crucial issues, such as the adoption of new institutions at different levels between the citizens and the administration. Citizen involvement in development calls for improved mass-communication facilities so that the governmental agency responsible for development can reach the masses and learn their views on different areas of urban/rural development.

In 1959, the Government of India launched the *Urban Community Development Programme* which was designed to transform, socio- economically, the lives of villagers and urban slumdwellers. It was called *people's programme*, and included the participation of the people together with the local authorities. Some of the studies relating to urban development in India have shown that citizen's involvement can occur, even in a government programme, if those involved as animators are committed to the people and can develop their capacity to organize themselves for social and political actions. Such studies have recognised *poor* people as the most important social and economic resource in urban development. Urban community development has great potential for building systematic linkages between physical improvements, social services and people's participation.

However, as India was predominantly an agricultural society at Independence, development basically meant the development of rural Indian society, although there is also the concomitant need for improvement in urban and industrial infrastructure for further growth plus work on the problem of linkages between urban and rural development. The discussion of citizen participation in development in India is thus related more too rural than to urban areas. In fact, since Independence, various experiences in participatory development in India have taken place through community development programmes which have established the institutional framework of Panchayati Raj institutions. In addition, there is also an infrastructure of cooperative bodies and government-sponsored development agencies and an encouragement of voluntary organizations to help and assist in development programmes.

Even before Independence, Mahatma Gandhi had already launched his constructive programme of rural development through the voluntary efforts of the people. He experimented with a self-sufficient and self-supporting village economy. The society envisaged by him was to be self-initiated and non-violent, and the individual could have maximum freedom for himself, whilst still being part of his immediate community. The smaller community would be linked to a larger community until, ultimately, all became part of the larger world community. In his concept of rural development, he believed in, decentralization of social and political power, and was sure that the imbalance of power between urban and rural India would be removed through the mechanism of Panchayati Raj working as the basic and effective unit of the government, as it would enable rural India to have its share of political power. Gandhi planned to give shape to his ideal of the total reconstruction of rural society with the help of voluntary workers. The Gandhian model of decentralization of political power was later taken up by the Panchayati Raj institutions which were introduced during the Second Five–Year Plan (1956–61).

The Community Development Programme

As part of the strategy to bring about socio-economic and cultural transformation in the rural areas, a massive community development programme was launched throughout the country in 1952. This programme drew its inspiration from the experiments in Albert Mayer's Etawah project in the Uttar Pradesh in 1948 and S.K. Dey's Nilokheri project in Punjab (now in Haryana) in 1950.

The *Community Development Programme* was launched throughout the country in 1952. Initially it covered 55 projects comprising 27,388 villages and 6.4 million people. However, within

a very short period of time it was felt that the programme needed to be extended to cover the whole country. Hence, a less intensive programme, called the National Extension Service, was formulated and put into effect on 2October 1953. The community development programmes were described as, all round rural development programmes, aimed at material development by encouraging rural people to create better living conditions through infrastructural facilities provided by the State.

In fact, it was assumed that as the programme caught on and became acceptable to the rural people it would move from officially motivated self-help to self-motivated self-help. The goals of the community development programme were:

- To increase employment and production by the application of scientific methods in agriculture, including horticulture, animal husbandry, fisheries, etc., and the establishment of subsidiary

- and cottage industries Self-help and self-reliance and the largest possible extension of the principle of cooperation

- The need to develop a portion of the vast unutilized time and energy in the countryside for the benefit of the community

It was assumed that the desired changes could be introduced into the villages through administrative machinery capable of providing infrastructural facilities and technical know-how. This would increase the rural society's growth potential creating economic prosperity, which would in turn begin to minimize, if not completely eliminate, poverty and social and economic inequalities. However, these expectations were not met as there had been no recognition of the fact that a new social order based on the values of democracy, secularism and socialism could not be easily implanted on a caste-bound feudal and hierarchical society without shaking off the age-old values and beliefs of the people, and reorganising the socio-economic structure.

In fact, the blending of centralized planning with the parliamentary form of government had created opposing pulls within the Indian polity. The logic of centralized planning was antithetical to people's participation. If the goals of development were already determined by centralized planning, the role of the bureaucracy, in the absence of a cadre-based political party, was to mobilize the people and participation in development (it's real sense was all but a total force).

The main drawback of the community development programme was that it had been conceived in purely administrative terms and remained primarily a bureaucratic activity where officials were *target oriented* and showed little sensitivity to the social process generated by economic programmes. Citizen participation was substituted by bureaucratic mobilization which was directed towards achieving set development goals. The programme was not conceived in response to the felt needs of the people. In addition, the human and material resources were inadequate considering the scale and magnitude of the task that was to be accomplished. In community development, there was greater dependence on the government for material resources and these were not supplemented by popular contributions as had been expected. Despite these shortcomings, the community development programme did succeed in shaking up the rural society from its extreme passivity and inertia, and gave it a momentous start. For the first time, it brought the people closer to the Government through its bureaucratic apparatus and accrued political consciousness. It also familiarized people with many new concepts and techniques of agricultural development. Moreover, awareness was generated that facilities which were being made available by the State could be used for general good, if access

to them was not restricted by people of influence or the Government.

The Panchayati Raj Institutions

During the period of the Second Five Year Plan (1956–61), the National Development Council appointed a Committee on plan projects (Balwant Rai Mehta Committee) to examine the work of the community development and national extension service. The Committee's recommendations mark the beginning of a new experimental phase in people's participation in development through what has come to be known as the process of democratic decentralization..

The establishment of a three-tier system of rural local self- government with full power to assume responsibility for local development was the core of *Balwant Rai Mehta Committee* recommendations. Rajasthan was the first and foremost State in India to introduce the Panchayati Raj system on 2 October 1959, which was followed by a number of other States, including Andhra Pradesh, Uttar Pradesh, Maharashtra, Gujarat and Madhya Pradesh. There were two main variants in the adopted Panchayati Raj model which depended on whether greater. Authority was delegated to Samitis (groups of villages) or Zila Parishads (the districts). By the 1970s, the Panchayati Raj system had been introduced in practically all parts of the country. The new institutional set up was intended to be as an experiment involving the poorest of the poor in rural areas in the process of self-consciousness or national reconstruction and to channel energies towards the refashioning of community life.

The Panchayati Raj institutions have been in operation in almost all States in India for nearly four decades, but with a number of variants in their structure concerning their decision-making, implementation and resource allocation, staffing pattern, training and recruitment of staff and the degree of autonomy allowed to different units. A number of research studies have been conducted by various scholars in the functioning of the system on an empirical basis, and these have generally pointed to the limited extent of the involvement of people in decision-making it at grassroots level, the interactional resistance between the official and non-official functionaries, the paradoxical resistance and tensions of the system in operation, the problems of caste-elite domination and political influences, and more significantly the non- achievement of developmental goals.

The Ashoka Mehta Committee was set up to examine the working of Panchayati Raj system in 1977 by the Janata Government which came into power after the short aberration of 19 months of emergency regime imposed by the then Prime Minister Mrs. Indira Gandhi. It reviewed the Panchayati Raj institutions at various levels and noted that the system had passed through three distinct phases: the phase of ascendancy (1959–64); the phase of stagnation (1965–69); and phase of decline (1969–77). The Committee proposed some structural and organizational changes to revitalize the Panchayati Raj concept, but

with the fall of the Janata Government in 1980, the recommendations were put into the cold storage. However, it is doubtful whether the changes proposed by the Ashoka Mehta Committee would have made any impact on the relationship between State and civil society in the absence of the realization that the decentralization of power had more deeper cultural problems rather than merely the organizational and managerial efficiency of the Panchayati Raj institutions. From 1980 until 1989, when a new proposal to revitalize the Panchayati Raj institutions by giving them a constitutional status was initiated by the Rajiv Gandhi Government,

the Panchayati Raj institutions virtually remained in suspended animation.

The Rajiv Gandhi Congress Government presented the 64th Constitutional Amendment Bill in Parliament in May 1989 providing for a constitutional status of elected local bodies at village, intermediate and district levels. The Bill passed the Lok Sabha, but failed to secure a two-third majority in the Rajya Sabha by two votes in October 1989. Opposition was raised on account of the predominant role of the Centre in dealing with the Panchayats. Concern was expressed about the little flexibility of State governments to design a system of Panchayati Raj according to the specific present and historical situation of the different States.

In order to ensure a more participatory role of the Panchayati Raj institutions and decentralised decision-making development, the Narasimha Rao government, enacted the seventy-third and seventy- fourth Constitutional Amendment Acts in December 1992 which became effective on 24 April 1993. Those Acts gave Panchayati Raj institutions and urban local bodies a constitutional status and made it obligatory for all the States to establish three-tier system of Panchayats at village, intermediate and district levels. The State legislatures were then expected to plan and devolve powers for economic development and social justice. Most of the States have already enacted laws to establish new Panjayat Raj institutions with provision for the reservation of scats for Scheduled Castes, Scheduled Tribes and Women in the elected bodies and ensuring Panchayats a fixed term of five years. The controlof elections is vested in the State Election Commission and provision is also made for the audit of accounts under the auspices of the Comptroller and the Auditor General. These legislations have also made a provision for the constitution of State Finance Commission every five years to review the finances of Panchayats and to recommend the principles for apportioning assignment of taxes to the Panchayats.

As a consequence of the Panchayati Raj Act, the number of local self-government institutions with directly elected representatives rose to around 500 bodies at district level, 5000 at block level and 2,25,000 at village level. A district level Panchayat covers a population of approximately 1– 2 million, an intermediate level Panchayat a population of approximately 80,000–200,000 and a Gram Panchayat comprising a village or a group of villages, a population of approximately 1500– 8000, varying from State to State.

The Act provides for a mandatory three-tier system of local self-government institutions for States with a population above 20 million. Small States are given the option not to have an intermediate level Panchayat. The Act provides for direct elections of Panchayat members at all levels. The chairpersons of Panchayats at intermediate and district level are to be indirectly elected by, and from amongst, the elected members thereof.

As a result of the seventy-third Amendment Act, almost all States in India have adapted the new pattern of Panchayati Raj institutions as a primary institutional structure for citizen participation in development administration in rural India. The citizen participation, especially of women at the grass roots level has certainly increased after enactment of such statures by the various States. At least people now become much more aware and conscious about the developmental efforts of the State due to the existence of a revamped Panchayati Raj system.

Growth of Development Bureaucracy

Since the early 1970s, simultaneously in addition to the ongoing Panjayati Raj institutions, a number of special rural development programmes were initiated by the Government in order to

cater to thedemands of various target groups in the rural areas through the Integrated Rural Development and the Poverty Alleviation Strategies.These could be classified as:

- Sectorial-programmes
- Employment-oriented programmes
- Area programmes
- Target group-oriented programmes

Sectorial programmes were farmer oriented, and aimed at intensive agriculture development through improved technology. Employment oriented programmes fell into two broad categories targetgroup oriented schemes, such as Small Farmers Development Agency (SFDA); Marginal Farmers and Agricultural Labourers (MFAL); Tribal Area Development Programme (TADP); Hill Area Development Programme (HADP); Desert Development Programme (DDP); Women Development Programme (WOP); and continuous employment/incomeproviding schemes, for example, Rural Work Programme, CrashSchemes, Pilot Intensive Rural Employment Programme, EmploymentGuarantee Scheme, Food for Work Programme and National Rural Employment Programme. Later, the Rural Landless Employment Guarantee Programme (RLEGP) and the Self-employment to EducatedUnemployed Youth (SLEEUY) have been launched to provide gainfulemployment for at least one person in every family in rural areas and

opportunities for self-employment in urban areas. Training of Rural Youth for Self-employment (TRYSEM) has also been expected to prepare 200,000 youths for self-employment each year. However, most rural employment programmes are operated asshort term measures rather than as permanent solutions to either employment or poverty problems, and offer low wages. The schemes,being grant based, are thus of only an ad hoc nature.

Programme such as the Backward Area Development Programme, Command Area Development Programme, Area Development Programme, Desert Development Programme and TribalArea Development Programme are included in the Area Programmes. The Target group oriented programmes have included SFDA, MFAL and ERRP (*Economic Rehabilitation of the Rural Poor*). While under SFDAandMFAL, target groups have received loans in cash, the MinimumNeeds Programme and ERRP were designed to serve the poor by quantifying their basic needs such as food, clothing, shelter, health, education, water and sanitation. Resource problems have reduced the effectiveness of the Minimum Needs Programmes. Antyodaya/ERRPidentifies the poorest of the poor families in every block, assists themunder the usual banking schemes with concessionary rates of interest.However, all the programmes are beset with the problem of improperidentification of beneficiaries.

Cooperatives—The Institutional Innovation forEconomic Participation

Although the cooperative movement in India started at the beginning ofthe 20th century, the first Five Year Plan (1951–56) envisaged that all agricultural families would become members of multi-purpose village cooperatives.

After the Third Five Year Plan (1961–66), the cooperatives spreadthroughout India. To give support to the cooperatives, the National Cooperative Development Corporation and the Agricultural RefinanceCorporations were established in 1962 and 1963 respectively, and by 1965, the cooperatives accounted for one third of short and medium- term loans and lone-term credits for land development, irrigation wellsand pump sets. In 1972, a number of multi-purpose

farmer's service societies came into existence to help the weaker sections of the rural areas and were backed up by the National Bank for Agricultural and Rural Development. In practice, however, these societies did not benefit either weaker sections or small and marginal farmers or agricultural labourers. Only in some areas of Maharashtra and Gujarat did the cooperative movement actually succeed in involving people in the development process. While Panchayats were envisaged as representing political participation, cooperatives were to provide a companion institution for economic participation by the people. However, cooperatives are now being supplanted by corporations (another administrative body) in almost all spheres e.g., handlooms, milk, credit marketing, scheduled caste development and even women's development.

Participatory Development

Realizing the importance of participatory development, the Sixth Five-Year Plan (1980–85), decentralization their importance of non-state and non-governmental organizations, both formal and informal in nature, as new actors, which could motivate and mobilize people in specific or general developmental tasks and meet the new demands of the growing sphere of developmental activities.

The new areas where awareness and conscious participation of the people is critical for success were identified as :

- Optimal utilization and development of renewable source of energy including forestry through the formation of renewable energy associations at the block level
- Family welfare, health and nutrition education and relevant community programmes in this field
- Health for all programmes
- Water management and soil conservation
- Social welfare programmes for weaker sections
- Implementation of minimum needs programme
- Disaster preparedness and management (floods, cyclones, etc.)
- Promotion of ecology and tribal development
- Environment protection and education
- The new actors who sought to be associated with these tasks were:
- Youth and Women's organizations at different spatial levels, particularly for promoting eco development and environmental protection
- Voluntary organizations of specific beneficiary or interest groups such as self-employed women, or farmers or people who have common economic interest such as marketing
- Voluntary organizations engaged in general developmental work in an area or a specific activity
- Farmers' organizations for the improvement of land and water management through irrigation projects, catchments of areas in the hills and watershed areas in non-irrigated regions
- Religious, social or cultural organizations or clubs (Rotary, Jaycees, Lions, etc.) which often undertake developmental activities in selected areas
- Professional organizations or Educational institutions which take up study, research and social action programmes as part of their professional or social commitments

In the field of rural development in India, a number of voluntaryorganizations have come into existence at the national level during thepast two decades. These fell into three categories:

- The Techno-managerial voluntary agencies, which work on the premises that the process of rural development can be accelerated through modern management techniques and technology
- Reformist voluntary agencies, which try to bring about changes in the social and economic relationships within the existing political framework
- Radical voluntary agencies, which seek to challenge the existing production relations

They attempted to organize the exploited against the exploitersthrough economic, health or educational programmes as an entry pointto mobilize masses for political action; included in this category are also the voluntary organizations and movements begun for the purposeof environment protection; such as the *Chipko Andolan* led by SunderlalBahuguna, the Narmada valley protection movement led by Medha Patekar or the Sulabh sauchalya movement led by Bindeswar Pathak.Such non-governmental organizations (NGOs) get a much more practical, people based view of environmental issues than the State with its unimaginative, inflexible structure. Therefore, the viewpoint ofthe NGOs as the eyes of the State in terms of grass-roots monitoring ofenvironmental quality needs to be properly recognized.

The Seventh plan (1985–90) envisaged a more active role for thevoluntary organizations in order to make communities as self-reliant aspossible. These were expected to show how village and indigenous resources, as well as human resources, rural skills and local knowledge could be used for their own development. Furthermore, these were tobe utilised to demystify technology and to introduce it in a simpler formto the rural poor, to train grassroot workers, to mobilize and organize the poor and generate a demand for quality services and impose a community system of accountability on the performance of village level government functionaries.

Recently, India has seen a considerable shift in the attitude of thegovernment towards the NGO/Voluntary sector. Earlier the relationshiptended to be one of patron and supplicant, with the State as the grant-giver drawing the parameters not only for performance requirements,but also for the structural and spending patterns to achieve these ends.This is now acknowledged often to have imposed conditions that wereunrealistic and to have deterred many people or groups from seekinggovernment support. However, these changes have failed to percolatedown the line particularly to the field level where day-to-day cooperationbetween the governmental and non-governmental sectors must becomea reality, if the development objectives are to be realized The way donor agencies see the role of NGOs in the developmentprocess, and character of their support to NGOs is undergoing changesin the context of the civil society debate. For example, the European Commission shifted its emphasis in the budget line *Decentralized Cooperation*, which was introduced in 1989, from a micro-level projectapproach; considering NGOs primarily as agents to deliver goods andservices to the poorest – to a more programmatic and sectorial approachaiming at strengthening various power players in society within and outside the State sector.

Donor agencies, while allocating more resources to NGOs in India, have also attached increasing importance to the evaluation of NGO activities. On behalf of the Overseas Development Institute, Mark

A. Robinson who has carried out four detailed evaluations of NGO projects with international funding/summarizes the role and impact ofNGOs in rural poverty alleviation as follows:

> NGOs play a catalytic role in terms of enabling communities to definetheir own development priorities and innovative in regard to their willingness to experiment with new ideas but that their activities remainsupplementary to those of the government, and in some case they duplicate existing services and programmes. Their record in alleviating poverty is un-even, although the evidence suggests that their performance is better than that of the government. On the negative side, NGOs lack continuity, they often work in isolation from, and sometimes in opposition to one another which fragments their efforts, and many depend heavily on external resources from foreign funding agencies. Managerial competence and technical expertise is often weak or poorly developed which reduces their potential impact, but the evidence suggests that NGOs continue to make an important contribution to rural poverty alleviation in India.

Given the large number and variety of NGO development work inIndia it is impossible to make any general assessment. It is, however,important to understand that private initiatives in the field of social workand development playa major role in India. Such initiatives also received increasing publicity. The important national magazine, *India Today* dedicated the front page title of its 15 January 1996 edition to HelpingHands—Profiles of relatively unknown men and women across the country who have ushered in an extraordinary change in our lives. Thearticle brings out vividly the names of the *angels of change* and their activities and the variety of private development initiative all over the country.

The Panchayati Raj reform of 1993 has two major consequencesfor the Indian NGO sector. First the reform provides NGOs with opportunities to take up training projects for the newly elected representatives, in particular for women. As Manohar Gopelwar observed, NGOs indeed show a keen interest in contributing to the successful, implementation of the Panchayati Raj reform. The NGOs involved in rural development work, training institutions, the community-based groups and other grassroot organizations are also engaged in a serious dialogue with the concerned authorities in respect of the role ofNGOs in strengthening the system of Panchayati Raj in the country. Second, the strengthening of local level politics might challenge the role of NGOs in village development. Senior elected members of Panchayats might behave in an assertive manner and challenge the client-patron relationship which many NGOs have established with theirbeneficiary community over the years.

The Panchayati Raj reforms of 1993 have stimulated the discussion whether NGOs should play a more active role in politics orremain apolitical, as the large majority of NGOs have been in the past.

The foregoing analysis of India's experiments with participatorydemocracy highlights the importance of a number of social actors andinstitutions which can effectively perform the role of mobilizing peoplefor development. Such actors and institutions often seem to be identical.The gradual changes occurring in the socio-political culture and processes also precipitate such a conflict. In India, citizen participationin development has been an integral process of socio-economic and political change since Independence. The institutional, managerial, technological, infrastructural, participative and human development service-oriented changes have also affected its rural and urban socialstructure in terms of occupational diversification, social mobility, reduction in income disparities and changes in values and social relationships for integrated social living. Other factors, such as leadership, social consciousness, organization and political awareness have also affected the process of participation necessitating a new relationship between the State and the civil society. Experiences in Indiahave

demonstrated that, the State by itself can neither initiate technology or societal development nor mobilize people to accept, its processes of change.

Recent events in the East European countries have further strengthened the role of new social actors in mobilizing the people to accept the concomitant socio-political change brought out by a State through its bureaucratic apparatus and technological and material resources. Even if the State does succeed in physically delivering the minimum or the basic needs through centralized planning and bureaucratic implementation, people are unlikely to acquire the necessary capabilities and quality. Technology is an aid but not a substitute for the people's conscious activity as individuals, as groups, or as large collectives. A reorganization of State power structure from village level onwards which institutionalizes the political participation of the masses, their role in policy formulation, decision-making, economic bargaining, political and economic management, and which brings the dominant elite under the framework of community discipline is essential if the basic goals of development; transformation of the outlook of the people, inculcation of the spirit of self-reliance, generation of habit of cooperative action through popular bodies leading to enlightenment, strength and hope are to be realized. In the most comprehensive sense of the term, participation implies the restoration of interaction; communication and dialogue between the forward looking sections of the elite at the top or the people in authority and the people below impatient for a new socio-economic order. The conflict between the State and the emerging social actors and institutions must give way to cooperative endeavour towards development and to a long-term equilibrium between State and society; an equilibrium fundamental to the survival of democracy and human dignity and also for equality within society.

Sustainable Development

The issue of sustainable development is concerned with enhancing human wellbeing through time. What constitutes a good life is highly subjective, and the relative importance accorded to different aspects of wellbeing varies with individuals, societies and generations. United Nations Development Programmes (UNDP) has observed that eliminating poverty, creating jobs and sustaining livelihoods, protecting and regenerating the environment and promoting advancement of women are the most critical elements of sustainable development in the 21st Century World Development

Report–2003, adopting a longer time horizon of 20–50 years argued that ensuring sustainable development requires attention not just to economic growth but also to environmental and social issues. The report takes a comprehensive, longer term and dynamic view of sustainability with a clear focus on poor and backward areas.

But, for sustainable and equitable development of institutions which are stable, capable of changing and adapting and emergence of new institutions are essential. When they function well, they enable people to work with one another to plan a future for themselves, their families and their larger communities. But, when they are weak or unjust, the result is mistrust and uncertainty. Therefore, development in any country mostly depends on the nature and functioning of governance of public institutions: both at macro and micro levels. Governance for development ought to be accountable, participatory, responsive, effective and efficient for promoting the rule of law, safe guarding the interests of citizens, and marching towards a holistic development.

The changing concept of development, globalization and growth of new technologies, changing perception of role of the State/ Government, etc., are some important factors influencing the

nature and process of the governance of public institutions. The World Bankdocument (1997) envisages a more effective State by restricting its activities to match its capabilities an also advocates improving the State'scapabilities by re-invigorating public institutions. In the context of globalization the Good Governance is expected to integrate the roles ofthe State, the market and the civil society in development process Further, Good Governance is also considered as the deliberate and conscious management of regime structures for enhancing the public realm. Such conscious management could be done through different sets of tools including code of ethical behaviour; outcome based performance assessment; result-based management; outcome- measurement; balanced scorecard; social auditing; sharing best practice; information retrieval; competencies profiling; knowledge discovery; sharing and development; learning after action review; learning logs; decision diaries; intellectual capital measurement systems;interrogatory knowledge management studies and so forth.

The World Bank (1992) defines, *Governance* as—The manner in which power is exercised in the management of a country's economicand social resources for development and good governance as the one epitomized by predictable, open and enlightened policy making, abureaucracy imbued with professional ethos acting in furtherance of the public good, the rule of law, transparent processes, and a strong civil society participating in public affairs.

R.A.W. Rhodes (1996) has presented six categories ofgovernance perspectives:

- The Minimal State
- Corporate Governance
- New Public Management
- Good Governance
- Socio-cybernetic System
- Self Organizing Network

John Healey and Mark Robinson define Good Governance as 'A high level of organizational effectiveness in relation to policies actuallypursued, especially in the conduct of economic policy and its contributionto growth, stability and popular welfare'.

India's development experience during the last five and a half decades has thrown up several challenges to the development debateitself as well as to governance. Development, initially aimed at rapid growth, is non-linked with a dose of distributive justice. This did raise the levels of expectations of the classes and masses of society. The classes were expecting greater share in the wealth generated from rapid growth and the masses were hoping for a better life through distributive justice. Thus, they provided the context and the support base for the government, political stability and legitimacy of the system in the first two decades of independence. It was from the nineteen sixties thatsignals of restlessness started appearing, rendering governance difficult.The State, in the process of reacting to these signals, responded throughboth responsive as well as repressive forms. Responsive measures included land reforms and anti-poverty programmes. The repressive steps included arbitrary laws, restrictions and regulations, more powersto police and paramilitary forces. In the 1990s this model of development underwent meta- morphosis and became a techno-managerial model with exclusive emphasis on growth.

The concern for justice almost came to be abandoned under thestructural adjustment programme. The LPG (Liberalization, Privatizationand Globalization) approach to development started de-recognizing therole of the State. This led to the closure of several public undertakings

managed earlier by the State, retreat from the welfare domain including public distribution system, abandonment of agrarian reforms and relaxation of laws meant for protecting the industrial labour. All this was done with a single argument that the State was incapable of performing the role of producer of wealth or even of a distributive agent to effect, *efficient allocation of values*. The whole emphasis on privatization led to down sizing the bureaucracy, confining government's role to only maintenance of law and order, through the rule of law.

The second stage economic reforms emphasize participatory development through semi-public, NGO's and private institutions and application of Information Technology for stimulating economic growth in the country. In the last few years privatization has been significantly promoted in all the sectors. This paradigm is based on the premise that by narrowing down the scope of government activities, an efficient, transparent, effective and accountable governance would appear. The rationale appears to be that with fewer bureaucratic structures there would be only a few bureaucratic problems. This approach is also designed to minimize the role of Welfare State by reducing expenditure in many essential areas and allowing market forces to take over. But, markets are ruthless and market approach to empowering the people will increase exploitation and oppression of the weak. It will manipulate democracy, curb local initiatives and involvement of people while promoting individualism.

An examination of Governance in India reveals that factors such as multiple agencies for governance with different frameworks of operations, centralized power structures, increasing public expenditure, market imperfections, wastage, inordinate delay and corrupt management, lawlessness, delegitimization of process, political interventions, etc., have resulted in challenges to governance. Further, studies also reveal that people's institutions and their role in the policy formulation and implementation have been reduced to that of recipients, and not creative agents. The development model did warrant mobilization strategies by strengthening the existing institutions (73rd Constitutional Amendment Act, 1993). But, these measures mostly contributed to accommodate the rural elite in the structure of governance without substance of power. In a conflict-ridden society, participation should include increasing the capability of collective bodies to resolve conflicts. But, in practice as people's institutions have become passive participative institutions, conflicts get accentuated, as distribution of resources is done on the basis of given power structure. All these and other factors are resulting in growing unrest all over the country raising new issues and posing challenges to governance.

SUMMARY

- Development is the new catch word of the post-war era.
- Development is the key to socio-economic change.
- Social scientists and students of administrative sciences have increasingly realised that organizations are more and more led by the dynamic and behaviour components than by the formalised systems; that organizational effectiveness depends heavily upon the behaviour of its personnel.
- Development has to depend a lot on political management as the impulse for change comes more often from political leadership.

- Development Ideology is the employment of modern techniques, both technical and social in the pursuit of societal objectives.
- The philosophy of development which evolved under the stimulus of India's struggle for freedom from colonial rule attached great importance to the participatory approach.
- The basic premise of the participatory philosophy is spelled out in Mahatma Gandhi's statements—supporting a man is the most wonderful machine in creation, and technology must serve man and not lord over him.
- In 1959, the Government of India launched the Urban Community Development Programme which was designed to transform the society and economy.
- The Community Development programmes were described as, all round rural development programmes.
- Rajasthan was the first State in India to introduce the Panchayati Raj system on 2 October 1959. which was followed by a number of other States, including Andhra Pradesh, Uttar Pradesh, Maharashtra, Gujarat and Madhya Pradesh.
- The goal of realizing a modern State and a modern society is greatly dependent upon the establishment of both a stable and cohesive polity and the strengthening of the authoritative structures of government.
- Failure of developmental effort may lead to rising public frustration and unrest that might become a serious law and order problem.
- Development administration, in a developing country, concerned with two aspects of development political and economic.

KEY TERMS

- **Poly-communalism:** The simultaneous existence in a society of various ethnic, religious and racial groups which live in a relatively hostile interaction with each other
- **Poly-normativism:** Affects the sala, where officials, although publicly claiming to follow objective, universalistic, and achievement-oriented practices actually follow more subjective, ascription-oriented and particularistic modes of conduct
- **Participatory development:** This approach is driven by a belief in the importance of entrusting citizens with the responsibility to shape their own future

QUESTIONS AND EXERCISES

1. Write a short note on Riggs Ecological Approach as an important feature of comparative public administration.
2. Give a brief note on various public policy approaches.
3. Signify the importance of Development Administration as an approach
4. Assess the importance of the 73rd Constitutional Amendment Act, 1993.

5. Critically examine the various rural development programmes.

6. Discuss how are the cooperatives important?

7. Assess the role and importance of NGOs.

8. How is sustainable development indispensable to development?

FURTHER READING

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UNIT-4: Bureaucracy and Development

Structure:

- Introduction
- Unit Objectives
    - Bureaucracy and Development
    - Concept of Development Administration
    - Contemporary Approaches
    - Contemporary Theorising in Development Administration
    - Weberian Model of Bureaucracy and Development Administration
    - The Riggsian Model and Development Administration
- Bights based Approach to Development
- Express linkage to rightsAccountability
- Empowerment
- Participation
- Non-discrimination and attention to vulnerable groups
- Summary
- Key Terms
- Questions and Exercises
- Further Reading

INTRODUCTION

Bureaucracy and development are two interconnected concepts that play a crucial role in shaping the socio-economic and political landscape of a nation. Bureaucracy refers to the hierarchical organization and administration of government institutions, characterized by a set of rules, procedures, and specialized roles. Development, on the other hand, encompasses the multifaceted process of social, economic, and political advancement aimed at improving the overall well-being of a society.

The relationship between bureaucracy and development is complex and can significantly impact a country's trajectory. Bureaucratic structures are essential for implementing and managing policies, programs, and projects that contribute to development goals.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Examine the Role of Bureaucracy in Development:
- Examine the Role of Bureaucracy in Development:
- Understand Administrative Reforms:

BUREAUCRACY AND DEVELOPMENT

The factors that gave rise to *Big Government* also contributed to the establishment of the *Administrative State* in almost every developed and developing country of the world. The government formulates publicpolicies and depends on the public administration for their implementation. In the modern States, bureaucracy performs multiple functions. Besides, performing the older regulatory functions which weremostly preventive and coercive in nature (maintenance of law and order,collection of revenue/defending the State against aggression), they nowrender various services to the people. Provision of modern amenitiesof life, education, health, employment and improved means of transportation are some of the important tasks of socio-economic transformation undertaken by newly created departments of government everywhere, speciality in the developing countries of the Third World.

In these countries the bureaucracy for historical reasons being more articulate and well developed than other structures, is in a betterposition to assume key responsibilities socio-economic change. Therefore, despite various alternatives which are often floated from timeto time, the public bureaucracy retains the central place in the politico-administrative system due to its homogeneity, large number and professional competence.

Most of the Third World countries face the common problems ofmoving towards the twin goals of nation-building and rapid socio- economic progress. They are caught up in a whirlpool of rapid changeand an upsurge of rising expectations which create tremendous pressure on the governments to bring about an all round developmentand modernization of all sectors of administration, polity and society. Though various Third World countries have adopted varying strategiesof development, there are certain common elements in their politics ofdevelopment. The major elements are as follows:

- A widely shared consensus on the goals of development
- A high degree of reliance on the government for achieving thedevelopmental objectives
- Wide prevalence of primordial over national loyalties
- Oft-recurring political unrest and instability
- Existence of a modern political elite
- Uneven growth of political structure and the bureaucracyamong those in the more developed category

Developmental goals and the urgency with which they are soughtto be achieved inevitably call for vigorous State action as the principle instrument of social transformation. Neither time nor means is availablefor experimentation with slow and gradual progress inthe western patternof development with private enterprise as the main vehicle of change.The political authority with its power and resources almost automaticallyassumes a position of pivotal importance in the developmental processof the Third World.

To become an agent of change, bureaucracy must have the potential to give direction and dynamism to the pace of change and have the capacity to adapt itself to changes demanded or planned bythe political authority and also initiate its own changes, where needed. In other words, public administration should undergo structural and attitudinal changes to develop the right type of vision, change orientedness and administrative skills for the success of

developmentalprogrammes. This brings us to the question of how far the existing administrative structures of the post-colonial are in a position to carryout responsibilities under the changed circumstances. Post independence, societies of the Third World are competent and capable enough to carry on the tasks expected of them. How well have they been playing their role and meeting the challenges can be better understood if we analyze the problems and strains of the bureaucracyin the Third World in the context of the problems of interaction betweenthe existing administrative structure and its colonial or past heritage inthe functioning of administration and politics.

Ferrel Heady has discussed some of the common historical legacies of the developing countries as reflected in the characteristic features of their present administrative systems, These are as follows:

- All countries, including of which escaped western colonization,have consciously tried to introduce some version of modernwestern bureaucratic administration. In a country which wasformerly a colony its administration will almost certainly resemble that of the colonizer.

- These bureaucracies are deficient in skilled manpower necessary for developmental programmes, the shortage being of trained administrators with management capacity, developmental skills and technical competence.

- These bureaucracies are other than production oriented. Thevalue attached to status based on ascription rather than achievement explains much of this behaviour. No merit considerations may greatly influence promotions assignmentdismissals, and other personnel practices. Corruption is widespread.

- The widespread discrepancy between the form and reality iswhat Riggs has called, *formalism*. It reflects an urge to makethings seem as they presumably ought to be rather than whatthey really are. There is a wide gap between government proposals and their implementation, most laws being quietlybypassed or not implemented at all. Finally, the bureaucracy in a developing country is apt have agenerous measure of operational autonomy, which can be accounted for by the convergence of several for usually at work in a recently independent a modernizing nation. Colonialism was essentially rule by bureaucracy with policy guidance from remote sour and this pattern continued even after independent Groups capable of competing for political influence or imposing close controls over the bureaucracy arefew, that often it moves into a partial power vacuum. The political role of bureaucracy varies from country to country and is closely related to the particular political system type ina developing country.

During the colonial period, the emphasis in transitional societieswas on the establishment of legal and administrative structures of modern government. The task of building cohesive political processeswas not the concern of colonial rulers. This led to an imbalance between administrative and political development in these countries. When theyachieved independence their administrative systems were far more developed than the political with the result that the latter was ineffectiveand ill-equipped for determining the appropriate goals of administration, maintaining the integrity of the administrative system, and collaboratingwith it in achieving its welfare goals. Lucian Pye, F.W. Riggs and LaPalombara also came to this conclusion in their analyses of bureaucratic and political developments in the new States. Pye, for instance, finds that these countries have neither effective administrationnor stable polities and that public

administration cannot be greatly improved without a parallel strengthening of the democratic, representative political process. Similarly, Riggs is struck by the weakness of their extra-bureaucratic political institutions in contrast with the burgeoning growth of their bureaucracies and advances the thesis that premature or too rapid expansion of the bureaucracy when the political system lags behind tends to inhibit the development of effective politics. Both Pye and Riggs emphasize, the importance of strengthening the political system as a pre-condition for the effectiveness of administration; if the former is weak and ineffective, the latter will also partake of the same character. To both of them, excessive concentration on strengthening the administrative system without parallel strengthening of the political processes, will only accentuate the imbalance between administration and politics. By emphasizing the problem of the viability and relative importance of the political and administrative structures in political modernization, they provide a valuable insight for the planners and builders of new societies.

A conclusion which emerges from the above discussion is that the goal of realizing a modern State and a modern society is greatly dependent upon the establishment of both a stable and cohesive polity and the strengthening of the authoritative structures of government For example, in India it would appear that there has been a decline in the functional capability of both the political and the administrative sectors of the system. A fundamental feature of political development in India is the ineffectiveness of the political system in dealing with increasing demands in the shape of providing basic services, maintaining law and order and formulating and executing policies.

The Indian administration still exhibits a continuity of the British bureaucratic system with its emphasis on formalism, impersonality, obsession for security and lack of bureaucratic initiative. A major weakness of the Indian administrative system is its callousness in responding to the goals and demands of nation-building and modernization. A key problem in India is, therefore, the training, socializing and directing of a cadre of administrators who are sensitive and capable of adapting to the needs and responding to the issues of society. Another major problem of the administrative system relates to the need for its modernization which is related with the degree of specificity of functions the extent of universalistic norms of conduct, and the existence of achievement standard. Such a transformation of the administrative system implies, among other things, its minimum professional and functional autonomy and its separation from political roles, and the adoption of modern administrative practices. The adoption of universalistic norms in administration, as in the sphere of political development, does not mean the supplanting of traditional norms and institutions but their utilization for the achievement of new goals.

Concept of Development Administration

After the Second World War, the newly independent nations which emerged out of imperial, all embarked upon a complex process of nation-building and rapid social reconstruction. Poverty, illiteracy, disease, low levels of agricultural and industrial productivity posed a formidable challenge of development to the governments of these new nations. The concept of development administration has almost exclusively been used with reference to the developing nations of Asia, Africa and Latin America. The idea of development administration as a direct State engineered effort to intervene in the processes of socio- economic transformation was therefore born during the aftermath of decolonization.

The conceptualization and elaboration of the concept of development administration was done by the Western, especially American, scholars.

Third World development became a very powerful intellectual category in American social science thinking of the fifties. It was lookedat as a strategy against insurgency and the growth of *Communism* inthe *Third World*. There had emerged two interrelated viewpoints aboutthe role of public administration in this situation. The Comparative PoliticsGroup of the Social Science Research Council in the USA looked at administration as having system maintenance and system stability building potential capacity. To them bureaucratization was a functional prerequisite for maintaining stability and legitimacy in the political order.The Comparative Public administration Group perceived modern administration as a mechanism for the attainment of developmental goals. Thus, the bureaucracy was looked at as a precursor to provideplanning and an identical infrastructure for converting inputs of objectives, capital and know how into developmental outputs. Two developmental goals-nation-building and socio-economic development,constitute the keynote of development administration.

There are two schools of thought with regard to the definition andscope of development administration. Montgomery and Fainsod represent the school of thought which defines development administration in a narrow sense. According to Montgomery, 'it connotescarrying planned change in the economy or capital infrastructure andto a lesser extent in the social services, especially health and education'.In the words of Fainsod, 'It embraces the array of new functions assumed by developing countries embarking on the path of modernization an functional specialization. Development administration ordinarily involved the establishment of machinery for planning economicgrowth and mobilizing and allocating resources to expand national income.'According to this school of thought, development administrationmeans merely a programme-oriented approach to administration whichis concerned with the resolve to mobilise existing and new resourcesand cultivate appropriate skills to achieve the developmental goals ofadministration.

The other school of thought which is represented by Lucian Pye,Fred W. Riggs and Weidner, uses the term development administration in a broader sense. According to it, development administration refersto the process of guiding an organization towards the achievement of progressive political, economic and social objectives, authoritatively determined in one manner or another. Understood in this sense, development administration would include the entire process of nation-building, particularly in the developing States of the world. In this connotation development administration become an integrated conceptfor the study of public administration. In short, it may be said that development administration is essentially a concept of administrationwhich is action-oriented rather than structure oriented. While it involvesthe study of a traditional and routine type of administrative system it ismore concerned with the dynamics of an administrative system with aview to judging it's capacities as an instrument of programme planningan execution.

It is by now widely acknowledged that development administrationis public administration with a difference. Structurally development administration is concerned with the organization of new agencies fordevelopment or refashioning of established agencies. The internal authority structure and hierarchy within organization engaged in development tasks have also to be differently conceived. The emergence of the nations out of a colonial administrative framework and the urgent need for rapid socio-economic reconstruction necessitya radical change in government organization and procedures was in this historical context that; a new

administrative paradigm called development administration arose. The colonial legacy routine law and order administration was found unsuitable the accomplishment of nation building tasks and programmatic goal fulfilment, like agricultural and industrial development removal of socio-economic inequalities, etc. Revenue collection export of raw material, providing essential public services a law and order were the prime concerns of colonial administration. It was centralised, authoritarian, unaccountable and unresponsive to the public.

The management of development has been the central focus of development administration. It connotes planned institution capacity to accomplish the specific goals of development through the formulation of appropriate policies, programmes and projects and their successful implementation. Participative, response and accountable management constitutes the essence of development administration. As George Cant has aptly said, 'Development administration is characterized by its purposes, its loyalties and its attitudes purposes are of change, progress and innovation as contra with purposes of maintaining the status quo.' In terms of loyal development administration has to be goal-oriented, client centred, accountable and responsive to public wishes and demands rather than to any vested interests, king or empire. In terms of attitudes, development administrators have to be flexible, adaptable and result-oriented. Pai Panandikar and Kshirsagar in their study of administrative behaviour in development, propose four behavioural prerequisites:

1. Change orientation
2. Result orientation
3. Citizen participation orientation
4. Commitment to work

Development administration, to, involves production of planned results in close association with clientele. It calls for serious restructuring of administration to facilitate people's involvement in all aspects of development. Inherent development administration is the idea of decentralization. Evaluation of development administration has to be on the basis of actual results achieved. It is not merely efficiency that is sought but effectiveness that is desirable.

The distinction between development and non-development administration is more formal than real. Routine land revenue or Law and order administration creates conditions for development. If the State fails to maintain law and order, no developmental effort will succeed.

Similarly, failure of developmental effort may lead to rising public frustration and unrest that might become a serious law and order problem. Another important area of interdependence is that the capital assets (*roads, dams, buildings and institutional places*) created for developments have to be maintained properly. Routine maintenance management is thus as important as development management.

Academic interest is the close link of development administration with political processes. The management aspect of development administration has been emphasized that, development administration is essentially change-oriented and anti-status quo. Taking benefits of development to more and more social groups in society will generate conflicts between the haves and have-nots, between the privileged and the under-privileged sections of society. Development would also mean creating institutional opportunities for power distribution. Development policy formulation and its implementation are vitally connected with the political processes of a society; hence to divorce the study of development administration from politics would be shortsighted and incomplete.

Development administration, in a developing country is mainly concerned with two aspects of development political and economic. The economic development of a country largely depends on its politicaldevelopment. So we would refer briefly to the characteristics of political development especially relevant to administrative development.

S.P. Huntington identifies, four sets of categories which recur continuously: Rationalization, National integration, Democratization andParticipation. Friedrich suggests, the following six features:

1. The capacity to act efficiently to cope with technologicalrequirements of survival
2. Enforcible restraints on government
3. Operative popular participation in rule-making
4. Existence of general rules replacing shared values and beliefsof the community
5. A judiciary to interpret these rules and define terms ofsettlement.

Voluntary associations, such as parties, which provide alternativesto existing governments implement, participation, and continually re- examine existing rules of administrative developments in low-income countries, generally been defined as a pattern of increasing effectivenessto the utilization of available means to increasing effectiveness achieveprescribed goals. It therefore involves both qualitative and quantitativechanges in bureaucratic politics, programmes procedures and methods of work, organizational structures staffing patterns, number and qualityof development personnel of different types and patterns of relations with clients of administration. Public administration in general and development administration in particular are closely linked with

increasing the capacity of the State to produce goods and services tomeet and induce changing and expanding demands.

Development administration differs from routine administration in, some other respects also. For instance, the rigidly well-defined linesof authority which operate in the case revenue and police departmentscannot be adopted in the case of development administration as it wouldstifle the potential knowledge and creative capacities of individuals. The student of development administration must first study the differences in values and social attitudes of the people of developing societies, beforerecommending any rules whether relating to merit system, span of control or any specific structure. In this respect development administration demands a greater degree of social, economic and political insights. Since there will be more in common between the problems of various developing societies than between the, developed and the underdeveloped societies, development administration will necessarily be comparative in character.

Donald C. Stone draws attention to one aspect of developmentadministration which is worth noting here. He says that development administration demands much more cooperation and coordination among ministries and departments than routine administration. He citestwo examples of lack of co-ordination among departments which has an impact on particular geographical areas, viz., the question of major highways versus feeder highways and the interrelationship of agriculturaldevelopment and industrial development as it takes place in a particulargeographic area. Development administration to be successful requiresthat department head to understand how the development plans benefitthem so that they render the necessary cooperation. It also requires that regional and local governments be fitted into plan formulation exercises and plan implementation programmes.

As is evident from the foregoing discussion the essential thrust of development administration has been that stable and orderly change can be brought about by a management revolution under the aegis of the State bureaucracy. Briefly, the present and future priorities of development administration are as follows:

- With the ever increasing functions of State, the role of administration will continue to expand in the developmental sphere.
- The government will become the principal planner, organiser, promoter and director of developmental efforts in all Third World countries
- Administrative activities will gradually become complex and technical with increasing diversification of government functions
- The need for planning, coordination and control of all government activities connected with development will have
- to be greatly stressed The administrative reforms and improvements in management will have to be greatly stressed
- Personnel structure and training will have to be geared to developmental tasks. In such a set-up respect for hierarchy and a rigid application to rules and regulations at the cost of goal achievement will have no place
- Decision-making in organizations will have to be flexible and innovative, status-consciousness in bureaucracies have to be replaced by increasing service motivation
- There is need to redesign public bodies to enable collection decision-making and promote collaborative problem solving
- Increasing decentralization will enable developmental agencies at field level to operate more autonomously
- There should be free flow of communications at all levels of the organizational pyramid
- There should be an adequate working partnership bet the political and executive wings of the administration
- Commitment and dedication on the part of all engaged; developmental tasks, specially the political leadership and bureaucracy are the first and most essential prerequisite of development administration
- The active participation and cooperation of the people to be forthcoming for the success of developmental programmes

The development administration theory of the 1950s and 1960s, says Rondineli, was reflected in two somewhat different, but mutually exclusive, approaches. One group of development theorists felt that policy implementation in the developed countries could be improved through the transfer administrative procedures and techniques from industrial countries. They followed the Weberian model. They attempted, to establish within developing

countries, administrative procedures that were rational and politically neutral in concerned with methods used by governments to attain their development objectives through the implementation of national plans and policies. They decentralized the role of bureaucracy as an instrument of development.

The other group argued that, political processes and administrative structures had to be thoroughly transformed and modernized before the developing nations could achieve economic and social

progress known as political modernizers they felt that the transfer of the administrative procedures and techniques from Western democracies,although necessary, was not sufficient. They looked at development asSocial Engineering and National Government as the prime mover of change. Development administration was thus viewed as the instrumentfor transforming traditional societies into modern ones. Some scholars have identified certain fundamental inconsistencies in the western formulation of development, For example, this formulation exhibits a fairly explicit ethnocentric bias. It minimizes, ignores and distorts indigenous cultural traditions. Once translated into the administrative realm, it reinforces the belief in a universally valid set of functional administrative principles without any significant connection with specific socio-cultural and political circumstances.

The foundations of the development administration paradigm suffered a terrible set back following the widening gap between the *centre*(develop) and periphery (developing) through the second developmentdecade. The *theatre of Cold War* having been shifted to the *Third World,*the myths of mutuality of interests and Western benevolence were exploded. It became evident that the concept of an impersonal bureaucracy motivated by efficient implementation of given public policies deserved re-examination. Bureaucracy is a source of power, and if it gets institutionalized it seeks to pursue its class interests in collusion with the ruling class or classes. It can go to the extent of subverting implementation of development programmes which may jeopardize its class interests. It has been proved by many studies that the ruling class bureaucracy alliance; is primarily responsible for the failure of land reform programmes in India,

Michael Crozier's study challenged the thesis of bureaucratic rationality. He pointed out that bureaucracies were characterized by goal displacement and self-reinforcing vicious cycles. The very idea ofthe bureaucracy seeking legitimacy for its actions through rules and regulations has adverse implication for development administration. Therules and regulation evolved during the colonial regime are iniquitousand meant for system maintenance. The post-colonial State has not made basic changes in them because the State itself was captured bythe emerging bourgeoisie. Such rules cannot bring about change desiredby the development theories. In fact, they provide bureaucracy an escape route and a structure to perpetuate exploitation. It has been pointed out by some scholars to development has come to mean the most effective strategy against insurgency and socialist modes of socio-economic organization. Development administration forms part of western ideological and intellectual offensive to keep the Third Worldwithin the western orbit.

Criticisms against development administration are many and varied. Some of them have been discussed as follows: Development administration assumes that the bureaucracy the most efficient and rational form of human organization, that the management and organizational experience of the could be adopted to suit the specificdevelopmental needs of, Third World. In fact, development administration was seen mutation from colonial administration by injecting developmental goals and structures in the old cadre of civil servants. The task the developed countries were thought to lie in creating externalinducement to change through technical assistance technology and institutions transfer. It was thought that the institutional imitation would produce, results obtained in the developed countries, namely efficiency, increased rationality and the like, By the late 1960s it became evidenthowever, that externally induced modernization had failed to solve thebasic problem under-development.

The gap between the rich and the poor increased as incrementalreformism had failed to remove a poverty, socio-economic class disparities and regional imbalances. The very paradigm

of social change through administrative manipulation has been questioned. It has of been pointed out that radical socio-economic transformation of the Third World is not so much an administrative problem as a political one.

The development administrative model had both radical and conservative critics. Conservative critics tried to belittle the importance of the public sector in development efforts stating that the function of the State consisted in creating appropriate conditions for the healthy growth of a competitive private sector. They therefore viewed development administration as an artificial distortion of objective market forces.

The radical criticism of development administration has come from the dependency theorists who note that the phenomenon of under-development has its roots in the developed first world that has caused under-development and has therefore a vested interest in its perpetuation. The processes of under-development are dialectically interrelated. From the dependency perspective, modernization need not be looked upon as a vehicle for development, but often, as a major contributor to under-development. In any case, mere economic growth may not add to equitable economic development of classes and regions, not to speak of political and social development. Development administration model has also met with adverse criticism in the west where the concept was first popularised. Several crises gained ground in the West during the late 1960s like urban crises, social upheavals, protest and deep questioning of institutions. The rational bureaucracy thesis was being increasingly challenged and it was argued that the essence of the bureaucratic phenomenon was the inherent inability of a complex, impersonal, hierarchical and specialised organization to learn from experience. Instead of rational, goal-oriented social action, bureaucracies were characterized by goal displacement and a series of self-reinforcing vicious cycles.

Contemporary Approaches

In the seventies and eighties, the development problem has been reconceptualized in various ways Rather than looking at growth (in statistical teams) as a measure of development, meeting basic human needs, equitable distribution of socio-economic benefits, and people empowerment are being increasingly looked upon as development goals. Development scholars no longer treat the Third World as a homogeneous group of countries, but increasingly recognize the importance of cultural, context-based approaches to development.

A single comprehensive theory of development does not exist.
The contemporary theoretical approaches to development are:

- Pluralistic, recognizing many pathways to development
- Less Western in their cultural assumptions

Key element in contemporary development approaches, reflected in the thinking of Rogers, Korten and Klaus, Bjur Bryant White include:

- Greater equality in distribution of development benefits
- Popular participation, knowledge sharing and empowerment to facilitate self-development efforts by individuals, groups, and communities
- Self-reliance and independence in development, emphasising the potential of local resources
- Limiting growth of population
- Integration of *Appropriate technology* with *Big modern technologies* in order to facilitate

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development

Contemporary Theorising in Development Administration

The focus of development administration has changed over the years, keeping pace with new development theorising; confined to the deployment of foreign aid, develop, administration today focuses on planned change to meet a nation's broad political, economic, social and cultural objectives. Non-government, non-bureaucratic, religious cultural, voluntary, and community organizations are now increasingly involved in development projects. Localised, decentralised, and participative approaches to development are encouraged. One contemporary trend in development administration theory is a shift from a blueprint approach to a learning process approach. The blueprint approach involves designing a specific plan of action in advance for administrative development programme. With all its supposed advantages this approach is inflexible, and somewhat closed, within its inability to respond to the needs of a changing environment.

- Urban development over rural development
- Utilization of capital resources over human resources
- Exploitation or the environment for short-term gains over sustained harnessing of natural resources,
- Establishing large scale industries over small scale industries Such a development approach neglects the basic needs of the *rural poor in third world countries* and promotes socio- economic inequality

In the people – centred approach to development, the needs of the people take precedence over those of the production system. This approach views an individual not as a subject but as an actor who defines the goals, controls the resources, and directs the processes affecting his/her life. The central themes of people centred development are:

Weberian Model of Bureaucracy and Development Administration

The present century has witnessed remarkable changes in almost all facets of human life under the impact of science and technology but there is no relevant change in the operational style of bureaucracy in response to such changes.

It still projects its classical image which is based on the bureaucratic theory of organization propounded by Max Weber. The bureaucracy as an organizational model has shown remarkable resilience to change in keeping with the changes in the environment in which it functions. This problem has now assumed great significance in the context of the structural and attitudinal changes required in the bureaucracy in conformity with the changing socio-political and economic environment of transitional societies. In these societies, the State has assumed the responsibility of multifaceted development, and the bureaucracy has assumed the role of the key partner in initiating and implementing programmes of nation building and socio-economic progress.

In Weber's ideal type construct, authority in the bureaucracy organization inheres in the office and not in the particular person who happens to be the office holder at any given period of time This stress on depersonalization of office is reflected in the bureaucrat's trained impersonality since functionaries are supposed to minimise personal relations and resort to

detached work procedures. In such an approachthe peculiarities of individual cases are often ignored which tend to produce conflict in the bureaucratic contacts with the public or the clientele. Thus, the concept of an impersonal order has within it, and seeds latent conflict between the officials and the public. In fact, it is greatly dysfunctional to the emerging concept of human relations oriented administration and harmful to the interests of a developing nation.

The concept of impersonality may bring a rigid rule oriented approach which is the very opposite of commitment not regarded as an essential prerequisite for development administration.

In this model, the organization of official functions is bound by rules. Rules provide stability and continuity to an organization but as Merton observes, 'Adherence to the rule; originally conceived as a means, becomes transformed into an end-in-itself'. There occurs the familiar process of displacement goals whereby an instrumental value becomes a terminal one. In achieving developmental tasks, very oftennew rules have to be framed or old ones modified to suit the changedconditions of society. In case rules are outdated or static, they will tendto become dysfunctional to development. A rigid application of old rules will promote an element of conservatism in bureaucracy. In the changingset-up of developing societies rule application should be rational and dynamic which requires special training on the part of bureaucrats.

According to Weber, bureaucracy functions according to a strictdivision of labour based on specified spheres of competence and authority which should be clearly demarcated in every organization. Aclear-cut carving out of a sphere of competence of a particular administrative branch or division helps to avoid overlapping or confusion. But in the context of development administration, the rigid application ofthis principle may lead to considerable delay in getting things done.

Development administration throws numerous new challenges in the sphere of administration and the administrator is expected to performas he thinks fit in any new situation that may develop in his sphere ofauthority. Strict adherence to this norm will only lead to red-tapism, shirking of responsibility and delay in programme implementation. Whatis required is a flexible approach to the division of tasks at all levels, keeping in view the need to meet any emergency as and when it arises.

Under the Weberian model, the organization of offices follows the principle of hierarchy, that is, each lower office is under the controland supervision of a higher one. The criterion of hierarchy, it has beenstated, is more appropriate to a centralised administrative system thanto a democratically decentralized system. In developing countries, thegovernment has become a multipurpose agency employing a number of technocrats and specialists in its numerous branches, divisions andbodies. If all these agencies were to be placed in strict hierarchical order, it would lead to tricky problems of generalist specialist relationshipsregarding placement in the hierarchy, which may result in considerableheart burning on the part of both. Further, a rigid adherence to the hierarchical principle does not contribute to the feeling of mutual trust,either in the inter-organizational relations, or in the inter-personal relationsin the administration. In a developing country all agencies and officialsof the government should consider themselves active participants and co-partners in the development process rather than parts of a hierarchical ladder they have to climb.

Weber's ideal type model advocates the separation of administrative staff from ownership of the means of production or administration. It makes a complete distinction

between the office and the office holder, thereby stressing the fact that personal and public ends are distinct and have separate spheres. This view was necessary to a great extent to check corruption and to explain the main difference between private and public administration. However, it is not enough to formulate a code of conduct for bureaucrats, to check corruption. It is more necessary to examine the cause of the malady which has assumed alarming proportions in developing countries, and try to strike at the roots. Another postulate of the Weberian model is that administrative acts, decisions and rules should all be recorded in writing, in order to help public accountability of administration and to make administrative transactions more scientific and professional. But, unfortunately in the context of developing countries, this has only given way to rule-orientation, an excessive formalization of the official work greatly impeding efficiency in an organization. Too much documentation not only results in procedural delay but also makes it difficult to discriminate between important matters. Stress should be more on performance rather than procedures and file work in the, administration of development projects and programmes.

Commenting on the special characteristics of a development bureaucracy, Ghildyal writes:

> Bureaucracy for development tends to be characterized flexibility (even expediency) in place of excessive emphasis on rationality. It reflects a sense of commitment in terms of convictions and enthusiasm instead of impersonality a chilling neutrality conveying lack of interest. It represents: sense of social equality instead of ascribed respected positions in hierarchy and rank-consciousness which generates sycophancy and flattery. It places premium on professionalism, and authority of competence in place at authority and legitimacy of position-in the hierarchy. It acknowledges authority of the situation and it may even tend to develop a sense of ad-hocism in place of predictability of patterns of behaviour. It fosters a sense of permissiveness and accessibility of the top brass of administration and tears, off the executive mask of aloofness of; those in the higher echelons of the pyramid. It also encourages and fosters communicability and openness of communication and consultation in inter-personal relationships in place of secrecy because developmental processes thrive on democratic traditions. Democracy distributes power by changing the loci of power rather than by concentrating it at some focal points. Delegation, therefore, becomes the hallmark of developmental bureaucracy, just as coordination and teamwork are its essence in implementation.

The Riggsian Model and Development Administration

F. W. Riggs has been primarily interested in conceptualizing the interactions between administrative systems and their environment. He maintains that an administrative system operates in the context of its socio-cultural, political and economic environment and there is a continuous interaction between the environment and the administrative system, both influencing mutually.

This ecological model is the focal point of Riggsian analysis and has been one of the most creative models in analyzing the administration of developing countries. In presenting his concepts; he has taken the help of structural functional systems, and ecological approaches. The structural functional approach considers structures as patterns of behaviour which have become standard features of a social system. Functions represent the interrelationships among various structures or the consequences of one structure over other structures. In Riggsian terms—the less number of functions a structure performs, the more *diffracted* it is, and conversely, the more functions a structure performs, the more *fused* it is. A combination of both creates *prismatic* structures.

A social system is a vast network of interrelated parts, each one of which can be understood in relation to other parts and to the wholesystem. Accordingly Riggs suggested that administrative structure andbehaviour being an integral and interacting part of the entire society, could be comprehended property only in the context of the social systemin which it is embedded. The environment influences the system in theform of *inputs* which are converted into *outputs* by the system. Througha process of feedback, outputs cause the emergence of new inputs. The interaction between a system and its environment is characterizedas an *ecological* interaction. Using the ecological approach, Riggs considers public bureaucracies as one of the several basic institutions in a society thatinteract with other sub-systems in a society, viz., the political the economic, the social and cultural systems. Riggs has particularly studiedthe differences in social, cultural, historical or political environment andtheir effect on administration. He has also studied as to how an administrative system affects the society of which it is a part. This interaction of the environment with administration has been termed byhim as *ecology* of administration.

Development, according to Riggs, is a process of increasing autonomy (discretion) of social systems, made possible by rising levelsof diffraction. The development level of a society is reflected in its abilityto make decisions in order to control its environment. This decision-making capability is based on the level of diffraction in a society. Diffraction in turn, is a function 0; differentiation and integration. A highlevel of differentiation coupled with a high level of integration makes asociety or a system diffracted. However, a low level of differentiation with corresponding level of integration makes a system *fused* Lastly, ahigh level of differentiation with a low level of integration makes a societyprismatic.

Riggs views development administration as a goal-oriented administration; an administration which is engaged in the task of achieving progressive political, economic and social goals. In this context, Riggs has presented the concept of *administrative development*which refers to the increase in the capabilities of an administrative system to achieve the prescribed goals. Riggs has been primarily interested in social change and in understanding the process of transitionin developing societies. Here a reference will be made to two of his typologies, first, the *agraria-industria* typology and second, the *fused-prismatic diffracted* typology. In the first model Riggs differentiated two types of societies-societies where agricultural institutions dominated, and societies where industrial institutions were predominant. Riggs hasidentified certain structural features of agrarian societies, such as:

- There is a dominance of a scriptive, particular and diffusepatterns
- The local groups are stable and there is very limited spatialmobility
- Occupational differences are very simple and stable
- There exists a differential stratification system of diffuseimpact
- The chief features of an industrial society are the following:
- There is a dominance of universal, specific and achievementnorms
- The degree of social mobility is higher
- Occupational system is well developed and cut off from othersocial structures
- There is an egalitarian class system based on generalisedpatterns of occupational achievement
- Associations are functionally specific and non-scriptive innature

The transitia society represents a transitional stage of societybetween the agraria and the industria.

- On the basis of empirical research, Riggs later came out withus second model which constructs two ideal polar types:
- A refracted society where every function has a correspondingstructure that specialises in its performance
- A fused society which a single structure performs all functions.

For example, in developed societies, the family performs certain social functions, the market performs the economic functions and thelegislature and political parties perform political functions. In traditionalsocieties, it is not unusual to see few structures such as a family or a leader performing a whole et of functions like rule-making, rule adjudication, economic location, and even health administration. As society grows and develops, specialised structures increase in number, each one of which becomes engaged in specific functions. So, differentiation structures are often viewed as the essence of development.

Riggs talked of the *prismatic society* as a mid-point between thetwo ideal types, combining the features of both, fused and refracted, that are characterized by heterogeneity (the simultaneous presence ofquite different kinds of systems, practices and viewpoints); formalism (the extent to which discrepancy exists between formal structures andactual modalities, between the prescriptive and the descriptive, betweenimpressions and real practices); and overlapping (the extent to whichwhat is described as administrative behaviour is actually determined by non-administrative criteria).

In a prismatic society, pressure for change is external as well asinternal, when it is external, it is termed *exogenous* and when internal,it is termed *endogenous*. Riggs is of the view that greater formalism, heterogeneity and overlapping are likely to exist in an *exo-prismatic* society in comparison with an *endoprismatic* one. Problems of formalism, heterogeneity and overlapping are faced by prismatic or transitional societies in their bid to assimilate social change in the shortest possible time.

The Riggsian approach tries to provide an integrated perspectiveon public administration in so far as he maintains that an administrativesystem operates in the context of its socio-cultural, political and economic environment and that the process of interaction between theenvironment and the administrative system is a continuous one. Bothinteract with and influence each other. He makes it very clear that,

administration is different in different social settings. He thereby focuses on the obvious nexus between the administrative system and the societyin which it is embedded. Riggs has since changed his original views about the prismatic society. In his later publication entitled Prismatic Society Revisited 975, he considers his earlier conceptualization as a mistaken *one-dimensional approach* and suggests a new definition ofprismatic society based on a *two-dimensional approach*. The originaldimension was degree of differentiation, and along this dimension societies were classified into three types: fused, prismatic and diffracted.

In his new formulation, Riggs has introduced the second dimension of degree of integration among structures in a society that isdifferentiated (a fused society is, by definition undifferentiated and hence,integrated).

The possibility of malintegration or lack of coordination among social structures

accompanies the process of differentiation. According to Riggs, differentiated social systems can be ranked on a mal- integrated-integrated scale. The two basic societal models of diffracted and prismatic (where differentiation can be found) are further subdivided into finer types on the basis of degree of integration. Accordingly, diffracted societies are reconceptualized as eco-diffracted, ortho- diffracted, and neodiffracted. Prismatic societies are similarly fine grained into ecoprismatic, ortho-prismatic, and neo-prismatic.

This reformulation means that the prismatic model would include any society that is differentiated but mal-integrated. Also, a diffracted model refers to any society that is differentiated and integrated. Prefixes (eco, ortho, neo) are attached to both the prismatic and diffracted types to suggest stages in the degree of differentiation. The two-dimensional approach, as Riggs claims, has the advantage of conceding that *prismatic* conditions need not be confined to less developed countries only, but may occur in societies at any level of differentiation including those in developed nations.

In the three principal models, the bureaucracies are correspondingly unique. In the *fused* model, traditional bureaucracies were functionally diffuse each official typically performed a wide range of functions, affecting political and economic as well as administrative functions. At the other end of he spectrum, the differentiated societies (especially well-integrated ones that are reconceptualized as neo- diffracted) have bureaucracies that are much more functionally specific as the chief though by no means the only agents for performing administrative tasks. In the transitional prismatic societies (the ortho- prismatic models), the bureaucracies are neither diffuse nor narrowly specific, but are intermediate as to the degree of functional specialization. They do not blend well with the other institutions within the political system and thus tend to fuel the forces of mal-integration. Prismatic societies thus suffer from a serious lack of balance between the rates of political and bureaucratic growth. Due to bureaucratic hegemony, the bureaucrats often encroach upon the jurisdiction of the politician and try deliberately to affect the political process.

While acknowledging the pioneering enterprise of Riggs, it needs to be admitted that the prismatic-sala model has lost its specificity, as Riggs himself has later conceded that it is not meant or exclusive application to the developing countries alone. The Riggsian model suffers from over generalization, as the so-called *developing countries* are not a homogeneous category. Any meaningful conceptualization has got to reckon with the subtle peculiarities of the new nations in terms of their culture, history, administrative tradition, economy and geography

RIGHTS-BASED APPROACH TO DEVELOPMENT

A rights-based approach to development is a conceptual framework that is based on international human rights standards and directed to promoting and protecting human rights. A rights-based approach integrates the norms, standards and principles of the international human rights system into the plans, policies and processes of development. The norms and standards are those contained in International treaties and declarations. The principles include equality and equity, accountability, empowerment and participation.

- A rights-based approach to development includes:
- Express linkage to rights
- Accountability
- Empowerment

- Participation
- Non-discrimination and attention to vulnerable groups

Express Linkage to Rights

The objectives of development are defined in terms of particular rights as legally enforceable entitlements linked to international, regional and national human rights instruments, such as the Convention of all forms of Discrimination Against Women (CEDAW). Rights-based approaches consider the full range of indivisible, interdependent and interrelated rights: civil, cultural, economic, political and social. This calls for a development framework with sectors that mirror internationally guaranteed rights, for example, health, education, housing, justice administration, personal security and political participation.

Accountability

Rights-based approaches focus on raising levels of accountability in the development process by identifying claim-holders (and their entitlements) and corresponding duty-holders (and their obligations). They consider both the positive obligations of duty-holders to protect, promote and provide and at their negative obligations to abstain from violations. They take into account the duties of the full range of relevant actors, including individuals, States, local organizations and authorities, private companies, aid donors and international institutions. They provide adequate laws, policies, institutions, administrative procedures and practices, and mechanisms of redress and accountability that can deliver on entitlements, respond to denial and violations, and ensure accountability. They call for the translation of universal standards into locally determined benchmarks for measuring progress and enhancing accountability. For all human rights, States must have both the political will and the means to ensure their realization, and they must put in place the necessary legislative, administrative, and institutional mechanisms required to achieve that aim.

Empowerment

Rights-based approaches give preference to strategies for empowerment over charitable responses. They focus on beneficiaries as the owners of rights and the directors of development, and emphasize the human person as the centre of the development process (directly, through their advocates, and through organizations of civil society). The goal is to give people the power, capacities, capabilities and access needed to change their own lives, improve their own communities and influence their own destinies.

Participation

Rights-based approaches require a high degree of participation, including from communities, civil society, minorities, indigenous peoples, women and others. Such participation must be active, free and meaningful, mere formal or ceremonial contacts with beneficiaries are not sufficient. Rights-based approaches give due attention to issues of accessibility, including access to development processes, institutions, information and redress or complaints mechanisms. They employ process-based development methodologies and techniques, rather than externally conceived quick fixes and imported technical models.

Non-discrimination and attention to vulnerable groups

Particular attention is given to discrimination, equality, equity and vulnerable groups. These include women, minorities, indigenous peoples and prisoners, but there is no universal

checklist of who is most vulnerable in every given context. The question must be answered locally: who is vulnerable here and now? Development data need to be disaggregated, as far as possible, by race, religion, ethnicity, language, sex and other categories of human rights concern. Express safeguards should be incorporated in development instruments to protect against threats to the rights and well-being of prisoners, minorities, migrants and other often domestically marginalized groups. All development decisions, policies and initiatives, while seeking to empower local

participants, are also expressly required to guard against simply reinforcing existing power imbalances between, for example, women and men, landowners and peasants and workers and employers.

A human rights based approach (HRBA) to development is a model for development that recognizes and uses the international standards and principles for human rights as a normative floor for development. Central elements of a human rights-based approach to development are certain principles contained in, or derived from, international human rights law, such as non-discrimination, participation, transparency, accountability and rule of law. A human rights-based approach to development recognizes the individual as a central actor, who is not merely a recipient of aid, but has the right to participate in processes of relevance for her/his development. Hence, HRBA does not only focus on the expected result but also on the road that will lead to the result i.e., the process. In HRBA, the individual is acknowledged as a rights bearer with justified claims against the State and the State is correspondingly a duty bearer with the responsibility to respect, protect and fulfil its human rights obligations, without discrimination.

Urban Jonsson, Director of the OWLS and the former Regional Director of UNICEF east and South Africa, gave a lecture on, *A Human Rights Based-Approach to Development*. Director Johnson pointed out that, the right to development should not be understood as a right to the outcome of development but a right to participate in the process towards development. Thus, the discussion on the right to development should not merely be focused on the final outcome but also on the process. Furthermore, successful development requires viewing the individual as an active participant and not merely as a passive recipient of aid.

Johnson further held that, human development and human rights are interlinked in that they overlap and mutually reinforce each other. Human rights are an integral element of the development agenda, and development should also be seen as an integral part of human rights. Traditionally, the human rights discourse has been concerned with the process and not so much the outcome, while the development discourse has been focused on the outcome but not so much the process. A human rights based approach to development takes into account both the process and the outcome and thus converge both the traditional human rights perspective and the human development perspective, According to HRBA, the outcome shall correlate to human rights standards (i.e., a minimum acceptable level of a desirable outcome) and; the process shall adhere to human rights principles (i.e., certain criteria for an acceptable process.

In short, a human rights approach to development promotes human-centered development, it concentrates on people. By recognizing each person's inherent dignity and worth without discrimination, it promotes equal opportunities and choices. Each person has the opportunity to develop his or her own unique potential.

They are then in a position to contribute to the economic and social progress of a society. The content of rights, and therefore the strategies to realise them, can be seen from the

international, regional and national levels.

In 1981, Africa recognized the right to development as a basic human right in the *African Charter on Human and Peoples' Rights*. From these regional efforts came the 1986 international United Nations declaration on the Right to Development. These initiatives spurred current thinking about a rights-based approach to development that contributes to the fulfilment of universal human rights and dignity. At the international level, the United Nations declaration on the Right to Development defines, the right to development as the right by which everyone is entitled to participate in, contribute to, and enjoy economic, social, cultural and political development. This right includes:

- Permanent sovereignty over natural resources
- Self-determination
- Popular participation
- Equality of opportunity
- The advancement of adequate conditions for the enjoyment of other civil, political, economic, cultural and social rights

Indeed, as mentioned, the 1993 World Conference on Human Rights confirmed the indivisibility and interdependence of human rights. The right to development belongs both to individuals, and collectively to peoples. It is an obligation of the international community, for example in promoting fair development policies, and on individual states.

A rights-based approach to development is a framework based on the norms and standards contained in a number of international treaties and declarations. The benefit of a human rights-based approach is that it is based on both moral consensus and legal obligation. The relevant duty holders and beneficiaries are identified and policymakers are enabled to evaluate an initiative's impact in terms of people's enhanced dignity. As it is a homegrown and people-centered development it cannot be reversed by the withdrawal of outside charity. A challenge to the human rights based approach is that it not only be process oriented but also focuses on the result.

SUMMARY

- The economic development of a country largely depends on its political development.
- The focus of development administration has changed over the years, keeping pace with new development theorising; confined to the deployment of foreign aid, develop, administration today focuses on planned change to meet a nation's broad political, economic, social and cultural objectives.
- The bureaucracy as an organizational model has shown remarkable resilience to change in keeping with the changes in the environment in which it functions.
- Bureaucracy for development tends to be characterized flexibility (even expediency) in place of excessive emphasis on rationality.
- Development, according to Riggs, is a process of increasing autonomy (discretion) of social systems, made possible by rising levels of diffraction. The development level of a society is reflected in its ability to make decisions in order to control its environment. This decision-making

capability is based on the level of diffractionin a society.

- Rights-based approaches give preference to strategies for empowerment over charitable responses.
- Rights-based approaches require a high degree of participation,including from communities, civil society, minorities, indigenouspeoples, women and others.

KEY TERMS

- **Sustainable development:** It is concerned with enhancing human well-being through time; the relative importance accordedto Beyond Good Governance 162 Self-Instructional Material different aspects of well-being varies with individuals, societies and generations
- **Bureaucracy:** The complex and time-consuming system of official rules that an organization or government has
- **Weberian model of bureaucracy:** Authority in this model of bureaucracy/organization inheres in the office and not in the particular person who happens to be the office-holder at any givenperiod of time
- **Rights-based approach:** A conceptual framework that is basedon international human rights standards and directed to promotingand protecting human rights

QUESTIONS AND EXERCISES

1. What is the importance of Community Development Programmeto participatory development.
2. Write a short note on Panchayati Raj Institutions.
3. Critically examine the role and importance of DevelopmentAdministration.
4. Write a commentary on New Developmentalism.
5. The right based approach to development occupies a place ofsignificance today. Cite evidence to support your reply.
6. Discuss the future priorities of development administration

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Block-2

Concepts and Principles of Organisation

Unit-5: Formal and Informal Organisation

Unit-6: Principles of Hierarchy

Unit-7: Delegation and Decentralization

Unit-8: Coordination and Supervision

UNIT-5: Formal and Informal Organisation

Structure:

- Introduction
  - Unit Objectives
  - Formal and Informal Organization
  - Summary
  - Key Terms
  - Questions and Exercises
  - Further Reading

INTRODUCTION

Formal and informal organizations are two fundamental structures that shape the dynamics of social interactions within groups, whether in a professional or social context. These organizational forms play distinct roles in defining relationships, communication channels, and the overall functioning of a group. Understanding the differences and interplay between formal and informal organizations is essential for comprehending the complexity of human interactions within various settings.

The relationship between formal and informal organizations is dynamic. While formal structures provide a framework for achieving organizational objectives, informal networks can shape the organizational culture, influencing how individuals collaborate, share information, and form alliances. Informal organizations can serve as channels for communication, allowing for the exchange of tacit knowledge and fostering a sense of community within the formal structure.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Learn the basic principles of formal and informal organizations

- Identify Characteristics of Informal Organizations

- Examine the Role of Informal Networks:

FORMAL AND INFORMAL ORGANIZATION

A formal organization typically consists of a classical mechanistic hierarchical structure in which position, responsibility, authority, accountability and the lines of command are clearly defined and established. It is a system of well-defined jobs with a prescribed pattern of communication, coordination and delegation of authority. It is consciously brought into existence for predetermined objectives and is designed to enable the people in the organization to coordinate their efforts effectively in order to achieve those objectives.

The informal organization, on the other hand, comes into existence due to social interactions and interpersonal relationships and exists outside the formal authority system, without any set rigid rules. Though unrecognized, it exists in the shadow of formal structure as a network of

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personal and social relations which must be understood and respected by the management.

The informal work groups are based upon socio-psychological support and reasoning and depend upon the members, interaction, communication, personal likings and dislikings and social contacts within as well as outside the organization. How powerful this organization is can be seen from the fact that if one member is fired, sometimes all the workers go on strike in support of that 'member' of the informal organization. The bonds are much stronger and it brings in a sense of belonging and togetherness. This togetherness can have a powerful influence on productivity and job satisfaction, since employees motivate each other and share each other's burden by training those who are new and by looking up to old timers for guidance, advice and assistance.

Informal groups result due to personal bonds and social interaction among people who work together at the same place and may have similarities as well as differences in their nature and their outlook. These groups have their own structure, sometimes parallel to the formal structure, with its own leaders and followers, group goals, social roles, and working patterns. It has its own unwritten rules and a code of conduct which every member implicitly accepts. For example, a person working in a group for a long time and having a good rapport with other members may emerge as a leader due to his technical expertise and his seniority. For any problem within the group, either technical or social, the members will go to this leader rather than the formally assigned supervisor. Similarly, in a division at a college, the divisional secretary may yield more authority in some areas than even the chairperson, as in the case of typing exams and course outlines. A professor who has a good rapport with the secretary would have his papers typed sooner than others.

Some of the concepts of informal organization are as follows:

(a) *Group norms.* Parallel to performance standards established by the formal organizational structure, the informal groups have their own norms as rules of conduct and standard of behaviour which is expected of all the members. These norms may be established in consultation with the management so that the group goals do not conflict with the organizational goals. For example, if one member of the group is unproductive or talks ill about the organization, he may be sanctioned by the other members either by ridicule or by the 'silent treatment'. Similarly if one member is overly productive in order to please the management, thus making the other members look bad, he could be similarly sanctioned to bring him back in line. A study conducted by

P.C. de la Porte showed that the group norms that are favourable to the organization are: organization pride, teamwork, honesty, security, planning, customer relations, and so on. The norms about profitability and supervision were un-favourable to the organization.

(b) *Group roles.* There is an unwritten assignment within the group as to which task wi1l be done by whom and under what conditions. Some job roles are assigned by the management by matching the job description with the person's qualifications, while some other roles develop within the group. Some members may informally, be technical advisors to others as to how to do the job better and others may act as arbitrator; in social problems or other differences that may arise among members.

(c) *Group goals.* The goals of the informal group, whether it be profitability, which conflicts with the organizational goals or customer service, which is in accord, heavily

influence productivity. It is necessary to integrate the group goals with the organizational goals for the purpose of improvement and success.

(d) Leadership. The informal group leader emerges from the group, either because of his personal charisma or his social status or his technical expertise. He is not formally elected, but is accepted as a leader in the minds and hearts of the workers. These leaders influence the behaviour of others and remain leaders as long as they are sincere to the group interests.

(e) Group cohesiveness. Cohesiveness refers to the degree and strength of interpersonal attraction among the members of the group. High degree of cohesion is highly motivating in achieving the group's goals. Members help each other and support each other. The degree of cohesiveness depends upon the commonness of the perceived group goal, the size of the group and the ability of the group leader to facilitate cohesion. Group cohesion also has synergetic effects where together, they produce much more by the collective efforts than the sum product of the individual efforts.

The informal organization is a powerful instrument in all organizations and sometimes can mean the difference between success and failure. When the group members want to do a job, it is always done better than when they have to do it because of instructions from superiors. A cooperative group makes the supervision easier thus lengthening the effective span of management. It is also there to make sure that the basic principles of the formal organization are not violated. For example, if a manager misuses his authority and promotes an unqualified person, the informal group may use its influence in making sure that this does not happen. The informal group also serves as an additional channel of communication to the management about conditions at work which may not be available through official channels.

One problem with informal groups is that it is primarily centred towards human elements which can be highly unpredictable affecting the smooth operations of the organizations. Due to rules and procedures being unwritten, they can change from situation to situation. Also, the group can be considered subversive in nature if its goals conflict with the formal organizational goals.

SUMMARY

- Every organization has certain objectives and goals to achieve and is structured on the basis of certain principles with a view to achieving these objectives.

- The principles of organization are generally followed by every organization for the achievement of its ends

KEY TERMS

- **Hierarchy:** The rule or control of the higher over the lower

- **Scalar:** The grading of duties according to degrees of authority and corresponding responsibility

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QUESTIONS AND EXERCISES

1. The literal meaning of hierarchy is the rule or control of the higher over the lower.

2. Why is coordination required for organizational success?

3. Describe some basic principles followed in a good organization.

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UNIT-6: Principles of Hierarchy

Structure:
- Introduction
  - Unit Objectives
  - Principles of Hierarchy
    - Merits and Demerits of the Scalar Principle
  - Unity of Command
  - Span of Control
  - Summary
  - Key Terms
  - Questions and Exercises
  - Further Reading

INTRODUCTION

The principles of hierarchy form a fundamental framework for the organization and structure of various entities, ranging from businesses and governments to social and educational institutions. Hierarchy is a concept rooted in the arrangement of elements or individuals in a graded or ranked order, where each level holds a distinct position and authority. Understanding the principles of hierarchy is essential for comprehending the distribution of power, decision-making processes, and the overall functionality of complex systems.

Hierarchy, in its broadest sense, refers to a system or structure in which elements or entities are organized into levels or ranks based on their importance, authority, or function. This systematic arrangement establishes a clear order, facilitating communication, coordination, and the efficient pursuit of goals.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Understand the unity of command and span of control
- Discuss the central characteristics of delegation, decentralization, coordination and supervision
- Understand the Scalar Principle:
- Explore Delegation of Authority

PRINCIPLES OF HIERARCHY

The literal meaning of hierarchy is the rule or control of the higher over the lower. In every large scale organization there are few who command and there are others who are commanded. This results in the creation of superior–subordinate relationships through a number of levels of responsibility reaching from the top down to the bottom of an organization. A pyramidical type of structure is thus built up which Mooney and Reiletcall the 'Scalar Process'.

In an organization, scalar means the grading of duties according to degrees of authority and

corresponding responsibility. According toMooney this scale or the scalar chain, as he calls it, is a universal phenomena; wherever you find an organization even of two people related as superior and subordinate you have the scalar principle.

The basic features of a hierarchical structure are as follows:

A person will have only one immediate superior from whom he will receive orders.

- A person will not receive orders from a person of lower status.
- No intermediate level shall be skipped over in the dealings ofthe top with those at the lower level or vice-versa
- A person who is given responsibility for a task will have authority commensurate with his responsibility.

From the above features, it follows that in the scalar system, authority, command and control descend from the top down to the bottomstep by step. For example, the secretary of department will deal with the joint secretary who, in turn, shall deal with the deputy secretary, who further shall deal with the under secretary. The under secretary shall further deal with the section officer who, in turn, shall deal with assistants, clerks, etc. Similarly, the line of the upward communicationshall be exactly the same when section officer deals with his higher officers.

Merits and Demerits of the Scalar PrincipleMerits of Scalar system

The scalar system is almost indispensable for very large-scale organization. Some of its merits are as follows:

- It binds together the various units and divisions of an organizationinto an integrated whole.
- It enables us to fix up responsibility at each level and at each postin an organization.
- It serves as a channel of communication, both upwards and downwards. It makes clear to every official with whom he is to deal with.
- It simplifies the procedure of file movements.
- It helps to decentralize decision-making and prevents congestionof business at the top.

In the words of L.D. White 'It is the channel of command, of communication, downwards and upwards, along with flow information,advice, specific instructions, warning and commendations. It is the channel for the delegation of authority. It establishes a sequence of related centers for decision-making and thus prevents congestion in the dispatch of business by closing out much of it in lower levels.' In thebureaucratic model of Max Weber also, the organization of offices follows the principle of hierarchy, i.e., 'each lower office is under the control and supervision of a higher one' and 'the whole administrativestaff under the supreme authority' are organized in a clearly defined hierarchy of offices.

Demerits of Scalar system

- Following are the demerits of scalar system: Its main demerit is that it makes the administrative decision- making a dilatory process. A file must pass through proper channels howsoever urgent the matter may be and howsoever ignorant intermediate officials may be about that matter.
- In order to do away with this defect, the Government of India started 'file-jumping experiment' to skip over the intermediate levelsin the hierarchy and to make files reach directly to the decision-making authority.

- It does not contribute to the reposition of mutual trust, either in the inter-organization relations, or in the inter-personal relationsin the administration. This might even promote a caste system inthe bureaucratic set-up.

Warren Bennis argues that in future organizations will be 'task forces' organized around problems will be solved. In such organizations 'Peoplewill be differentiated not vertically according to rank and role, but flexibleand functionally according to skill and processional training.'

To conclude, it may be observed that in practice an organization does not work on the formal principle of hierarchy. In the words of Nigro:'An organization is more than its structure and its official relationshipsas spelled out in its organization charts and manuals.' An organizationis also a social system in which its members develop patterns of behaviour, which actually may deviate from official directives. This is called the informal organization and an appreciation of its role in indispensable to the understanding of the functioning of any agency.'

UNITY OF COMMAND

Unity of command means that each individual employee shall have onlyone man as his 'boss' and shall receive orders only from him. If he getsorders from more than one officer, it may become difficult for him to discharge his duties. He will be put to a very awkward position if he receives conflicting orders from his superiors. The superiors too can be put to hardship because he can easily play off one superior againstthe other. All this may result in confusion and chaos in the administration.Responsibility can be fixed up only if we know where the authority restsand this is not possible if the authority stands divided.

On theoretical grounds, the principle of unity of command seemsunassailable but, in practice, you find significant exceptions to this principle. It is usually seen in an individual employee, particularly in the professional or technical side. For example, administratively, a doctor employed in a local body is under the administrative control of the chairman of the local body but professionally, he is under the state director of public health. Similar is the case in regard to all the organizations employing technical personnel. In our country where all the top posts are held by the non-technical administrators belonging to the administrative services, however technical nature of the departmentsunder them, the duality of command or control is clearly visible.

F.W. Taylor, the father of the unity of command and substituted itby functional direction and supervision. He believed that each individualworker would benefit and his efficiency shall increase if he gets specialized and expert supervision in respect of each function that he performs. According to his scheme of things, he recommended eight foremen or supervisors for each individual worker, whom he called thefollowing:

1. The gang boss
2. The speed boss
3. The inspector
4. Repair boss
5. The order of work and route clerk
6. The instruction card clerk

7. The time and cost clerk

8. The shop disciplinarian

The first four supervisors help in their own particular line or function, and the other four supervisors would operate from the administrative block issuing orders and instructions in writing. Taylor advocated this set up for the industry but it has made its way in the public administration also. This is on the account of the fact that the governments of today are taking more and more economic and technical functions. The technical supervision by different technical experts is growing side by side with the general administrative supervision. It should not, however, be constructed that the principle of unity of command is not operative in public administration. The principle of unity of command is not violated if an employee receives orders from two supervisors in respect of different matters or aspects of matters under his charge. It is broken only if he gets orders from two different sources regarding one and the same matter. Even in the technical departments, the last word lies with the administrative chief who has the power and the authority to overrule the technical experts.

SPAN OF CONTROL

Span of control means the number of subordinates which an officer can effectively supervise. The problem of span of control is a natural outflow of the principle of scalar system. Scalar organization involves a number of tiers or steps once above the other each step being headed by a single person. Now the question arises as to how many persons should work under his control and supervision at that particular level. This problem of fixing the number of subordinates is a problem of 'span of control' and is related to the psychological problem of 'span of attention'.

It is well known that no one can attend to more than a certain number of things or a certain number of persons. You can say that our 'span of attention' is limited, partly because of the limits of knowledge and partly due to the limits of time and energy. There are divergent opinions of the writers on the administration about the exact limit of the span of control. Sir Ian Hamilton fixed the limit at 3 to 6; Urwick at 5 to 6 at higher levels and 8 to 12 at lower levels. Graicunus felt that while the number of individual subordinates' increases by arithmetical progression, the resultant increase in network of relationships is by geometrical progression and this increase complicates the problem of span of control. According to Sexton, the decisions regarding an effective ratio of subordinates to supervisor depends on the following factors:

- Bottlenecking

- The psychological impact of close supervision

- Communication patterns

- The automation and the extent of inter-dependence

However, the following factors are determinants of the degree of span of control:

- **Nature of work:** Where the nature of work is of a routine, repetitive, measurable and homogenous character, the span of control is more than when the work is of heterogeneous character. For example, it is easier to supervise a large number of typists because of the measurable nature of work is of intellectual type.

- **Leadership:** The span of control increases or decreases depending upon the

qualities of the supervisor a larger groupof persons but if he is weak and floppish, he may not be in aposition to supervise even a few persons effectively. It may also be pointed out that if subordinates are untrained and incompetent, they are liable to make mistakes and hence needcloser supervision.

- **Age of agency:** Supervision is easier and the span of control increases if the organization has been long in existence. In the old established organizations precedents take firm rootsand the work goes on smoothly. But in newer organization, new problems constantly arrive which very often demand reference to the superiors.
- **Location of the organizational units:** Supervision becomes easier when the subordinates work under the same roof wherethe supervisor sits. If they work in different rooms or at a distance from the supervisor, supervision becomes difficult because they escape his penetrating eye. Thus, it is clear thespan of control is determined by various factors.

SUMMARY

- The scalar system is almost indispensable for very large-scale organization.
- An organization is more than its structure and its official relationships as spelled out in its organization charts and manuals.
- There are many factors that influence an individual's response toauthority and thus, the response may vary from one situation toanother.

KEY TERMS

- **Unity of command:** Means that each individual employee shallhave only one man as his 'boss' and shall receive orders only from him
- **Span of control:** The number of subordinates which an officercan effectively supervise
- **Authority:** The rights to give orders and the power to exact obedience

QUESTIONS AND EXERCISES

1. The term scalar means the grading of duties according to degreesof authority and corresponding responsibility.
2. Span of control means the number of subordinates that an officercan effectively supervise.
3. List the disadvantages that result from the non-observance ofbasic supervisory rules.
4. Discuss the various sources and types of authority.

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UNIT-7: Delegation and Decentralization

Structure:

INTRODUCTION

Delegation and decentralization are two critical concepts in organizational management that play pivotal roles in distributing authority, responsibilities, and decision-making processes. Both concepts contribute to the effective functioning of an organization by allowing for flexibility, adaptability, and improved efficiency. Understanding delegation and decentralization is fundamental to navigating the complexities of organizational structures and achieving optimal performance.

Delegation refers to the process of assigning authority and responsibility from higher levels of management to lower levels. In a delegated structure, managers empower subordinates to make decisions, take actions, and assume accountability for specific tasks or projects. Delegation is not merely a transfer of tasks but also involves the transfer of decision-making authority, providing individuals with the autonomy to execute their assigned responsibilities.

Decentralization, on the other hand, is a broader organizational concept that involves the dispersal of decision-making authority throughout various levels of an organization. In a decentralized structure, decision-making power is not concentrated solely at the top; instead, it is distributed across different departments, units, or geographical locations. This approach empowers lower-level employees and units to make decisions that are aligned with their specific expertise and knowledge.

UNIT OBJECTIVES

After going through this unit, you will be able to:
- Evaluate employer-employee relationship
- Explain the basic principles involved in the domain of line and   staff

DELEGATION

Authority is defined by Fayol as 'the rights to give orders and the powerto exact obedience'. In the view of Allen authority 'the sum of the powersand rights entrusted to make possible the performance of the work delegated.' But authority cannot be understood simply in terms of powersand rights. The concept of acceptance and obedience related to authorityis as important as power and right. Authority unless accepted and obeyedby others becomes meaningless. The primary element of authority is that it should be accepted to those on which it is exercised. The obedience of authority is thus a must for the smooth functioning of anorganization. But the problem arises in a situation where commands conflict with the conscience of an individual. The conservative philosophers argue that even when the act prescribed by an authorityis an evil one, it is better to carry out the act than to wrench at the structure of authority. On the other hand, the humanists believe that themoral judgments of the individual must override the authority when thetwo are in conflict.

In practice, there are many factors that influence an individual's response to authority and thus, the response may vary from one situationto another. Much depends upon the style and vigour of the person whoexercises the authority in which he can generate the willingness of theother to obey and accept his commands for the fulfillment of the organizational objectives.

Sources of authority

Following are the various sources of authority:

The primary source of the authority is the constitution or the law of the country, which confers on some people supreme authority to take decisions and exercise command and powers over their subordinates. Therefore, all the persons who are subject to authority are bound by law to obey the commands oftheir superiors, and non-obedience of authority may even be penalized.

- Another source of authority is the status of the person. In an organizational structure based on hierarchy, the man at the topgets authority due to his higher status or position in the whole set-up. His position compels others to obey his commands andorders.

- Thirdly, the most important source of authority is the informal authority, which is conferred on a person by the human beings working in the organization.

Kinds of authority

The following types of authority exist within an organization:

- **Line authority:** It is the basic and fundamental authority in an organization, the ultimate authority to command, act or decide inmatters affecting others.

- **Staff authority:** It is the authority exercised by the advisory andconsultative agencies, called the staff agencies. This authority islimited in scope as it does not exercise the right to command. Itis subordinate to the line authority and its purpose is to facilitatethe activities being directed and controlled by the line organizations.

- **Functional authority:** It refers to the authority exercised by specialists in an organization. They exercise limited rights to command in matters pertaining to that function or the specializedarea under them.

- **Committees and authority:** The committees appointed for certainspecial purposes such as the investigating plan, or carrying outresearch are delegated some limited form of authority. They haveno power of decision and generally do not require command authority.

The type of authority to be selected by the organization executive depends upon the different

situations and problems of particular organizations. Generally, a combination of different types is the best choice for the management.

Authority and responsibility

The concept of the authority and responsibility are closely related to each other. For the efficient working of an organization authority mustbe commensurate with responsibility he must have sufficient authority to fulfill his responsibilities. Equal authority and responsibility is a time honoured principle. It means that if managers are charged with the responsibility of accomplishing a given task, they must be given the commensurate authority to carry it out. According to Urwick, 'to hold a group or individual accountable for activities of any kind without assigning to him the necessary authority to discharge the responsibility is manifestly both unsatisfactory and inequitable.

Delegation

Delegation is defined by Mooney as conferring of specified authority by a higher to a lower authority. It means that delegation is the devolution of authority by a superior person to his agent or subordinate subject to his supervision and control.

In the words of Millett, 'Delegation of the authority means more than simply assigning duties to others in more or less detail. The essence of delegation is to confer discretion upon others to use their judgment in meeting specific problems within the framework of their duties. Management leadership must then accept the responsibility for how this discretion is exercised.'

Need for delegation

Delegation is needed for the following reasons:

- It helps the chief executive to devote his time and energy to more important decisions of the organization.
- An effective leadership is made possible only through the process of delegation.
- One of the duties of a manager is built up his subordinates, to train them in the art of sharing responsibility and making decisions, which is possible only through delegation. Delegation of authority has, therefore, much educating value.
- The subordinates develop greater loyalty and a greater identification with the organization if they are made partners to the exercise of authority. This builds up their morale and gives them the incentive to work hard.
- Delegation provides the necessary flexibility to the otherwise rigid procedures.
- It helps to adjust procedures according to the needs of situations.
- Proper delegation of authority minimizes delay, makes service more effective, economical and efficient.

To sum up in the words of White, 'Circumstances of magnitude and volume, however, require some delegation of authority, and the settlement of much business at the point where it arises.'

Type of delegation

Delegation in terms of degree of authority delegated may be as follows:

Delegation is full when complete powers are conferred on the agent as, for example,

when a diplomatic representative is sentabroad with 'full powers' to negotiate. It is 'partial' when it is required to get advice and guidance on crucial points from the delegating authority in his country.

- Delegation is conditional when the action of subordinate is subject to confirmation and revision by the supervisor; it is unconditional when subordinate is free to act without reservations.
- Delegation is formal when embodied in written rules by laws ororders; it is informal when based on customs, conventions and understanding.

Hindrance to delegation

The hindrances to delegation are of two types:

1. **Organizational hindrances:** They lack established methods andprocedures – delegation is made easier if procedures and rulesare well established. They even do not have enough means of coordination and communication and have unstable and non-respective nature of work, stable and repetitive work affords a greater degree of delegation.

2. **Personal factors:** They cause failure to delegate. Pfiffner givesthe following human causes of failure to delegate:
   (i) Individuals who rise to position of hierarchical leadership have more than normal egotism.
   (ii) They are afraid that the others will not make proper decisionsor carry them out in the desired manner.
   (iii) They fear that disloyal or subversive power centers will develop among strong subordinates.
   (iv) Strong, vigorous and highly motivated individuals becomeimpatient with the slower pace and indecisiveness of subordinates.
   (v) In public administration political considerations often makedelegation difficult.
   (vi) The cultural heritage of man has been one of the authoritarian, patriarchal leadership, thus the practice of delegation is partly dependent of cultural change.
   (vii) The act of delegation requires an emotional maturity whichapparently is rare, even among successful persons.
   (viii) The symbols of leadership (those personal qualities and traits which attract the attention of others) are inconsistentwith the philosophy of delegation. Those striving to succeedmust make themselves prominent.
   (ix) Individuals who desire to delegate do not know how.

Notwithstanding all the above organizational and personal difficulties hindering delegation, the need of delegation cannot be denied. Organizational hindrances can be removed by establishing proper procedures and methods of work. Each operating service should an

organization manual as also an office procedure manual in which proper procedures and the responsibility and authority attached to each of thepositions in the hierarchy should be fully described. Delegation, then,shall be more exact and specific. Proper means of coordination and communication should also be established to facilitate delegation.

As far as the personal factors are concerned, not only training ofthe subordinates but also

of the top executive should be emphasized. The subordinates should be trained in the art of property using discretion within limits of the rules and the top executive in habit of delegation. It argues well for our administration that delegation has become an honoured subject of discussion in our country. On the recommendations of the O&M Division, the Central Government has already taken to 'delegation' in administration as a matter of policy. The control of the Ministry of Finance over the expenditure has been considerably reduced by the delegation of financial powers to various ministries and departments.

General principles of delegation

Delegation should be guided by the following principles:

- Delegation should be written and specific.
- Authority and responsibility for each position in the management group should be spelled out and delegation should be made to a position rather than to an individual.
- Only that much of the authority should be delegated as it is within the competence of subordinates to exercise safely.
- Delegation should be properly planned and systematic.
- Policies, regulations and procedures should be well defined as to give up misunderstanding to the employees using discretionary powers.

The degree to which delegation is possible depends upon the nature of the case, the circumstances and the responsibilities involved. Usually, the following powers are not delegated:

- The supervision of the work of the first line of immediate subordinates.
- General financial supervision and the power to sanction expenditure above a specific amount.
- Power to sanction new policies and plans and departures from the established policy or precedents.
- Rule-making power where it is vested in the delegating officer.
- Making of the specified higher appointments.
- Hearing of the appeals from the decision of at least the immediate subordinates.

DECENTRALIZATION

These concepts are used to denote the administrative or management authority within an organization. Centralization is concentration of authority in one place while the other is greater dispersion of authority. Centralization incline towards power and domination; the other inclines towards competition and self-determination. Centralization is also overload apex of the pyramid.

Centralization and its implications

Following are the implications of centralization:

- Reservation of decision-making power like planning, coordinating, control at top level
- Reservation of the operating authority with middle level
- Operations at lower level

Reasons for the occurrence: Factors conducive to centralization

Following are the factors conducive to centralization:

- **Personality factors**
    - o Lack of confidence over subordinate
    - o Lack of skill of subordinate
    - o Insecure personality of the chief executive
- *Political factors*
    - o Colonial legacy
    - o Nation's development
    - o Urban bias
    - o Defence activities
- *Economic Factors*
    - o Big budget
    - o Foreign aid
    - o Control over social security spending

However, it will be useful in smaller organizations only. In large organizations it cannot be used. Further Brown Low Committee 1937 and Hoover Commission 1949 have suggested centralization.

Advantages of centralization

Following are the advantages of centralization:

- Uniformity in functioning
- Clarity about source of decisions
- Effectiveness of top administration
- Broader perspectives
- Benefits of natural leadership

Limitations or disadvantageous

Following are the disadvantages of centralization:

- Middle and lower levels are without authority
- Abuse of power
- Heavy workload
- Rigid bureaucratic structure
- Weak communication system
- Impediment to organizational growth

Indian context

Centralized planning, defense, and development aspects require centralization and political

demand and democratic participation of people indicate decentralization. Community development programmeand committee of Albert Mayer trusted paranoid chief executive imposing enforcement over the unwilling subordinates.

Decentralization

It has five aspects, which are as follows:

- Broader powers to parts and only essential to head(Administrative)
- Large areas of discretion to par and important question to apex(Administrative)
- Much power to elective bodies (Political)
- Freedom to field units (Geographical)
- Functional autonomy to specialists (Functional)

Types of decentralization

Following are the various types of decentralization:

- **Political decentralization**: It includes federal, provinces and municipal offices.
- **Territorial decentralization:** It includes districts and talukas, etc.
- **Functional decentralization:** In it certain powers in the specialized units are given like UGC, Central Social Welfare Board, etc.

Merits of decentralization

Following are the merits of decentralization:

- Relieves higher executives
- Motivate subordinates
- Increases effectiveness of big organizations
- Quick decisions
- Executive development
- Efficient supervision and control
- Reduces strain on the organization communication system
- Accountability possible
- Reduces policy implementation expenditure
- Modern context: right to information

Demerits

Following are the demerits of decentralization:

- Chances of the abuse of autonomy
- Difficulty in coordination
- Expensive
- Lack of uniformity

Factors determining decentralization

Following factors determine decentralization:

- Larger and fast growing enterprises
- Geographically spread over greater degree of uncertainty,complexity in their external environment
- Well-structured organization
- Greater stability of manpower
- Greater absence of emergency situations
- Greater faith over the subordinates ability

Decentralization is greater if:

- Greater number of decisions are made at lower level
- Important decisions are made at lower level
- More functions are made at lower level

Factors that prevent decentralization in India are as follows:

- British legacy
- Constituent assembly felt it was not ripe
- Centralized planning
- Urban bureaucracy

Factors governing centralization or decentralization

The factors that govern centralization or decentralization are as follows:

- **Factor of responsibility**: Acts as deterrent to decentralization
- **Administrative factors**: Long age, stable policy andincompetence of field personnel favour centralization
- **Functional factors**: Limited and non-technical centralized andvice versa

An Assessment

The difference between them is only of degree and not of kind for no organization can be completely centralized as it would overload the chief and completely decentralized as it would lead to anarchy. It relatesto the point where the balance between the two should be struck.

The other problem that confronts an organization is whether it should be centralized or decentralized. According to Charles Worth 'One of the important problems of the organization is to reconcile the administrator's natural desire for complete control, uniformity and certainty with the people's demand that governmental administration',accommodates itself to local public sentiments. To centralize or to decentralize seems to be dilemma facing the government today. Centralization and decentralization are the inter-related aspects of theorganization.

Centralization refers to concentration of authority at or near the top. Decentralization carries quite opposite meaning. It denotes dispersalof authority among a number of individuals or units of an organization.In the words of L.D. White, 'the process of transfer of administrative authority from a lower to a higher level of government is called 'centralization'; the converse, 'decentralization'. The essential elementin decentralization is the delegation of decision-making

functions.

Centralization and decentralization are relative terms. One can hardly think of a system which is either fully centralized or fully decentralized. It may be either more centralized or more decentralized.

Thus, centralization or decentralization may be termed as the tendency of either concentration or dispersal of authority.

Prof. White writes that the administrative authority, like political authority, may be concentrated or dispersed. Constitution and legislative bodies may distribute power on the basis of two major rules. Much of the administrative authority may be vested by law or by constitution in the local governing bodies of a governmental system … In this case the administrative system is decentralized. Conversely, relatively, greater administrative power may be vested in the hands of the officials of the central government, with a consequent diminution of the authority and discretion of officials in lower governmental levels; the system is then called 'Centralized.'

The term, centralization is also used with other meanings. It may refer to the relations between headquarters and field, in any given jurisdiction, as a description of the relative amount of freedom left to the agents or the trends in this relationship.

The difference between the two concepts can be well understood from the following explanation by Fesler:

'Whether a given field service leans towards centralization or towards decentralization may be discerned from the observation of the importance of matters on which field officials have decision-making authority, compared to matters wholly retained for headquarters' decisions, the extent of central consultation with field officials on matters that arise and are formally decided at headquarters, and the weight such field opinion carries, the frequency with which field officials must refer matters to headquarters for decision even though they arise at and are partially 'processed in the field, the number and specificity of central regulations and orders governing decision-making in the field; the provision for citizen's appeals to headquarters for overruling of field decisions; the degree to which all the agency's field activities within each geographic area are directed by a single field official; and the caliber of field officials. Neither the mere existence of a field service, nor its carrying of a heavy workload, or its employment of nine-tenths of the agency's personnel constitutes the evidence of decentralization.'

Centralization and decentralization have relative significance.
Neither of the two is without merits or demerits.

Merits and demerits of centralization and decentralization

The merits and demerits of centralization and decentralization have been summed up by Willoughby in the following words:

'The advantages of the centralized system are that is provides for a maximum of control; ensures that all the work is performed in the same general policies and principles; and makes more difficult administrative abuses in such matters as the employment and handling of personnel, the purchase and use of supplies etc. The disadvantages

may be summed up in the delay in securing action, the increased expense that usually results under this system, the fact that the central office has to act without the knowledge of local conditions possessed by the local units; and lack of flexibility in administration. The advantages and

disadvantages of the system of decentralization are for the most part reverse of those stated for that of centralization.'

Merits and demerits of centralization

Following are the merits of centralization:

- It ensures effective control over all the units of the organization.
- It ensures uniformity as all the work is done in the same mannerand in accordance with the same general policies and principles.
- It prevents abuse of the administration authority.
- It makes coordination easier.
- It gives priority to national interests over local interests.Following are the

demerits of centralization:

- It lacks flexibility of approach.
- It leads to delay in decision-making.
- It prohibits people's participation in decision-making.
- Field units as well as field officials do not get the opportunity totake initiatives. It diminishes.
- It puts too much burden on headquarters.
- Decisions are unlikely to be in tune with local conditions andrequirements.

A famous social scientist, De Tocquevile has rightly pointed out 'IndeedI cannot conceive that a nation can live and prosper without a powerfulcentralization of government. But I am of the opinion that a centralizedadministration is fit only to enervate the nation in which it exists by incessantly diminishing their local spirit ….'

Merits and demerits of decentralization

As already mentioned, it is difficult to conceive of an organization, theadministrative system of which is fully centralized. Decentralization is inevitable. Its degree may vary from one organization to another. Decentralization is in consonance with the principle of democracy at grass roots.

Following are the merits of centralization:

- It lessens the burden of overburdened headquarters andstrengthens field agencies and grassroots units.
- It reduces delays, curbs red tapism and encourages quickeraction. Quick decisions become possible.
- Decentralization leads to morale boosting of employees. Itincreases efficiency.
- Subordinate officials develop a sense of confidence as theytake their own decisions and shoulder their own responsibility.
- Decentralization facilitates the experiments by various units.
- Field units can take local conditions and requirements into consideration while arriving at decisions.

According to Charlesworth, 'Decentralization has a more importantjustification than mere administrative efficiency. It bears directly uponthe development of sense of personal adequacy in the individual citizens.It has spiritual connections.'

Following are the demerits of centralization:

- Decentralization is also not free from dangers. Too much of or excessive decentralization may lead to anarchy. It makescoordination and the integration of the administrative operations difficult.
- It is neither possible nor desirable to have complete decentralization in personnel, budgeting, tax collections, accounting, planning, programming, etc.
- Rapid means of transport and communication do not favourdecentralization.
- Decentralization may result in lack of proper control over fieldunits or agencies.
- Uniformity in the administration is unlikely to be ensured.
- Local interests may take precedence over national interests.

Decentralization, therefore, can be brought about only within certain limits. There has to be certain safeguards provided for in the administrative system. Centralization and decentralization however, arenot principles that can be universally applied at any time and at any place, they have a situational relevance. Decentralization cannot be affected only for the sake of decentralization and vice-versa. A singlesystem cannot be adopted in all circumstances. According to Fesler, centralization or decentralization of authority within an organization depends upon some kinds of factors. These are as follows:

- **The factor of responsibility:** According to the factor of responsibility, every departmental head is responsible for all theadministrative activities of his department and so long as the central authority is held responsible for any action, it is hesitantand even reluctant to cede any authority to its subordinates or field officials. The central authority, in such a situation prefers todirect and control all their activities. The end result is the tendencyof centralization or says more centralization and less decentralization.
- **Administrative factors:** Administrative factor also determine theextent of centralization or decentralization of authority. Among theadministrative factors, mentioned by Fesler, are the age of the

  agency, stability of its policies and methods, competence of its field personnel, pressure for speed and the economy and the administrative sophistication.

  Old agencies are more prone to decentralization. Stability competency of field officials is a point in favour of decentralization.If the policies and methods are not changed every other day, thereis no risk involved in decentralizing reasonable authority. The needfor the economy and the pressure for speedy work may necessitate decentralization. Administrative sophistication is alsoan important factor influencing decentralization.

- **Functional factors:** Decentralization also depends upon what type of functions the department performs or the variety of functions an agency performs. The technical nature of functionsand the need for nationwide uniformity demand centralization. Itis common experience that while certain types of functions like defences, planning, communications requiring nationwide uniformity tend in the direction of uniformity. On the other hand, ifthe functions need diversity such as agriculture, forest, etc., thendecentralization is preferred. Moreover, operating decisions caneasily be decentralized at the appropriate lowest level.

Long back,

J.S. Mill recommended the vesting in the local agencies 'not onlythe execution, but to a great degree the control of details.'

- **External factors:** Among the external factors the demand for popular participation in programmes may be included. Grassrootsdemocracy implies a strong and big dose of decentralization. Decentralization of the authority means a greater sense of responsibility and higher morale among field officials. It democratizes administration and brings it near to citizens. But before decentralization is affected the problem needs to be carefully studied. Certain safeguards must be opted for before decentralization. Before divesting himself of authority, functionsand responsibility, the central authority must be sure of the following things:
  - o Local officers must report to more than one central agency.
  - o Jurisdictional lines must be meticulously drawn.
  - o Procedures in several field establishments must come up to a common standard, although they need not be uniform.
  - o The local agency must have a sufficiently flexible physical and psychological structure to permit it to adjust to the emergent local conditions.
  - o The field unit must not make decisions affecting the overallpolicy, although it should be encouraged to make its own decisions to a point approaching that situation.
  - o A system of ready appeals must be present.
  - o Suggestions from the field to the centre must be freely channeled.
  - o Adequate reporting and inspection methods must provide the central authority with full and current knowledge of peripheral operations.

If the central authority feels satisfied that these safeguards have been provided, he is free to decide on the extent of decentralization hewants to effect.

2.7.1 Decentralization: Current Trend

Inherent in development administration is the idea of decentralization rediscovered by development theory in mid-seventies. This means creating the institutional opportunities for power distribution without whichit would be difficult to break the domination of the entrenched interests.Decentralization is expected to work for the building up of an administrative space at the cutting edge level where the felt needs of the poor could be ventilated. Bringing administration at the doorsteps ofthe people and establishing direct relationship between the client andthe administration have been the major thrusts of decentralization in the Third World.

In the context of the Third World, decentralization has special significance. It is argued by scholars such as Bryan Smith that decentralization softens resistance to the inevitable and potentially destabilizing social changes that development bring about. It is done by local leadership which wins support for change through mass mobilization.

The decentralization question cannot be understood without reference to the class background of those to whom power is decentralized. Decentralization does not always generate a process ofdevelopment which benefits the poor. The class background of the leaders who wield power in the decentralized governance system, assumes special significance in the context because the target groupof development in the Third World is the poor people.

Decentralization is today the most popular form of state reforms, as a World Bank report indicates. All but 12 of the 75 developing countries with more than five million inhabitants have implemented some form of decentralization, with varying degrees of financial and political power. Parallel to these developments enabling legal frameworks and institutional channels for people's participation at the local levels have been developed in countries like Philippines, India, Honduras, Bollvia, Namibia, Uganda, Tanzania, Brazil and Nigeria.

Democratic decentralization is a concept based on the right of the people to initiate and execute policy decisions in an autonomous way. Itis today a global phenomenon. Governments of a large number of states have responded to demands for increased self-government by sharing power with and devolving authority to lower tiers of government. Table 2.2 provides a view of political and functional decentralization in larger democracies in 1997.

Table 2.2 *View of Political and Functional Decentralization in Larger Democracies in 1997*

Political decentralization	Political and functional
Bangladesh	Argentina
Iran	Brazil
Kenya	Colombia
Republic of Korea	Ethopia
Morocco	Mexico
Nepal	Philippines
Nigeria	Poland
Pakistan	South Africa
Russian Federation	Uganda
Romania	Ukraine
Thailand	Venezuela

Source: *World Bank, The World Development Report: Entering 21st Century*

Decentralization is not limited to larger countries. The Middle East and North Africa, Jordan, Lebanon, Morocco and Tunisia – all have elected local governments. In the Europe and Central Asia, the constitutions of Albania, Bosnia, Bulgaria, Croatia, Georgia, Hungary, Kazakisthan, Russia, Tajikistha, and Ukraine address the rights and responsibilities of sub-national governments, although this does not automatically guarantee autonomy. The Baltics and Krygyz Republic have also taken significant steps to strengthen local government. In Latin America, every country has elected mayors.

It is, however, true that decentralization has not always resulted in the centre relinquishing much control. Ghana, Malawi and Zambia have each created local councils, but the central government continues to direct almost all spending and management decisions. Pakistan holds local elections, but so infrequently that the country has only rarely had elected local governments functioning effectively.

Decentralization offers lot of promises for the Third World. First, itis a more effective way of meeting local needs. It provides a mechanism responsive to the variety of circumstances

encountered from place toplace. For example, it has been shown that in Tanzania, Zambia and Papua New Guinea, decentralization particularly in rural developmentprogrammes, has set the objective of making decisions more relevantto the local needs and conditions by having them taken by local people.

There is a view that decentralization is basically needed to enablepoor people to take part in politics, which is necessary for successful implementation of anti-poverty programmes. To quote Blair, 'The signalpromise of decentralizing government authority is enhancing democratic

participation of encouraging more people to get involved in the politics that affect them, and making government more accountable by introducing citizen's supervision and control through elections. If democracy lies in rule by the people, the promise of democratic decentralization is to make that rule more immediate, direct and productive.'

Decentralization is good for people. The people will have a betterunderstanding of what the government does. Through this they wouldbe more likely to adopt new ideas and practices, use of services offered,to contribute their own efforts and resources to the programme to give vitality to new institution and make constructive adjustment in their livesthat may be necessitated by the changes taking place.

Decentralization has a salutary effect on bureaucracy in the ThirdWorld. It helps bridge the gap between people and the administrationgenerated and sustained by the colonial rule because the former get more access to administrative agencies. Thus, it creates conditions for the administrative responsiveness.

Many countries like India have embarked on constitutional amendments to strengthen the process of decentralization. The Seventy-Third and Seventy-Fourth constitutional amendments in Indiahave sought to create a new tier in country's governance design by giving constitutional sanction to *panchayats* and the urban local bodies. The amendments provide a long list of functions to be developed on thelocal self-governments, both urban and rural. They create the institutions like the finance commissions to strengthen the local bodies and seek to institutionalize people's participation through *gram sabha* and wardcommittees. Reference may also be made to the constitutional amendments in Brazil and Nigeria, local government code in Philippines,municipal law in Honduras, popular participation law in Bolivia, local authority act in Namibia, local government act in Uganda and local authorities law in Tanzania for strengthening local government.

Globally speaking, the World Bank has for some time been the major champion of decentralization. One has reasons to be suspicious about the real motive given by the increasing spread of globalization and the World Bank sponsored structural adjustment programme in the developing countries. It is an attempt to ensure repayment of loansby the Third World countries because decentralization may help raisemore resources? It may be recalled that the British colonial rulers in India had started taking about decentralization since 1857. It was timewhen the colonial exchequer had suffered a great damage as huge amount of money was spent to deal with the Sepoy Mutiny. One of thereasons for colonial concern for decentralization in those days was to ensure condition for resource mobilization at the grassroots level. Thecolonial rule was basically centrist; decentralization was pursued onlyto stave off the crisis the colonial rule faced.

The experiences tend to show that decentralization in the Third World is still to make a significant headway. In India, for example, the constitutional amendments to strengthen

decentralization are yet to yield desired results. The state continues to rely more on the bureaucracy than on the people. Presumably, this is why in the constituency development scheme meant for the members of parliament, the constitutionalized local bodies have been by-passed. The demand for restructuring centre-state relations for the creation of a local list is still to merit serious attention of the Indian state.

The Seventy-third and Seventy-fourth amendments of the constitution of India have institutionalized people's participation through *gram sabhas* and ward committees. But the experience is not encouraging. Meetings are not regularly held. Quorum is seldom taken into account. Proceedings are not always recorded. The organizers of the meeting become impatient in the meetings and often react aggressively when people criticize their action. Reservation of the posts of chairpersons, though a very laudable attempt has, at the initial stage, complicated the working of panchayats in backward states torn by caste and class rivalries. Upper caste tries to domesticate panchayats, often successfully and divert development funds to its doorstep. The poor illiterate chairpersons born in a scheduled caste or tribe have often to play the role of passive onlookers. Such cases are not few and far between in some states.

SUMMARY

- Creating the institutional opportunities for power distribution without the domination of the entrenched interests would be very difficult.
- The type of authority to be selected by the organization executive depends upon the different situations and problems of particular organizations.
- Delegation of the authority means more than simply assigning duties to others in more or less detail.

KEY TERMS

- **Line authority:** The basic and fundamental authority in an organization; the ultimate authority to command, act or decide in matters affecting others
- **Staff authority:** The authority exercised by the advisory and consultative agencies called the staff agencies
- **Functional authority:** Refers to the authority exercised by specialists in an organization

QUESTIONS AND EXERCISES

1. F.W. Taylor is known as the father of the concept of unity of command.
2. Authority is defined as the rights to give orders and the power to exact obedience.
3. What is delegation? Why is it required?

4. Provide a detailed note on the employer-employee relations.

5. Discuss the differences between the functionalities of line andstaff agencies.

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UNIT-8: Coordination and Supervision

Structure:
- o Introduction
- o Unit Objectives
- o Coordination
- o Supervision
- o Employer-Employee Relation
- o Line and Staff
- o Summary
- o Key Terms
- o Questions and Exercises
- o Further Reading

INTRODUCTION

Coordination and supervision are integral elements of effective management within organizations. These concepts are fundamental to ensuring that activities, tasks, and resources are harmoniously aligned to achieve organizational goals. Coordination involves the integration of various functions and efforts to maintain consistency and synergy, while supervision entails overseeing and directing the work of individuals or teams to ensure performance aligns with organizational objectives. Both coordination and supervision are essential for achieving efficiency, productivity, and overall success in dynamic and complex organizational environments.

Coordination and supervision are closely interrelated within an organization. While coordination focuses on the alignment of various functions and efforts across the organization, supervision zooms in on the individual or team level, ensuring that tasks are carried out in line with organizational expectations. Together, they contribute to the overall effectiveness of organizational processes.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Analyze the role of coordination in minimizing conflicts, redundancies, and inefficiencies.

- Explore how effective coordination contributes to organizational efficiency and synergy.

- Examine different supervisory styles, including directive, supportive, and participative.

- Understand how effective supervisors adapt their styles to different situations.

COORDINATION

It is rightly said that a battle may be lost, how much strong the forcesmay be, if there is no coordination among various wings, divisions and units of the Army. As in battle, so in the

administration. No organization, how much competent its staff may be, can achieve the desired objective without coordination. It is the first principle of management to ensure that the organization works well, that no part of it repeats what the other part does, that no employee works at cross-purposes and that there is no conflict among various units *inter-se.* This is technically called 'coordination.'

Definition of coordination

Coordination has both negative and positive connotations. Negatively, coordination means that the removal of conflicts and the overlapping in administration, positively, it means to secure cooperation and teamwork among the numerous employees of an organization.

Newman defines coordination as 'the orderly synchronization of the efforts to provide the proper amount, timing and directing of the execution resulting in harmonious and unified actions to a stated objective.' According to Terry, 'coordination is the adjustment of the parts of each other and of the movement and operation of parts in time so that each can make its maximum contribution to the product of the whole. In the words of L.D. White, 'Coordination is a process causing disjunctive elements to a concentration on a complex of forces and influence, which cause the mutually independent elements to act together.' Seckler Hudson views coordination as 'the all important duty of inter-relating the parts of the work.' According to Mooney, 'Coordination is the first principle of organization and includes within itself all other principles which are subordinate to it and through which it operates.'

In sum, coordination means making all parts of an organization work harmoniously, without conflicts and without cross-purposes, to achieve the defined goal. It may however, be noted that coordination is a means and not an end in itself. In the words of Newman 'It is not a separate activity but a condition that should permeate all phases of administration.'

Need for coordination

Coordination is needed not only to secure the work and cooperation but also to prevent conflicts that may arise in the working of an organization due to the following:

- Ignorance of the employees or units of each other's activities
- A tendency among men in charge of particular activities to regard their own deal as all important unmindful of the needs of others and make encroachment on the latter's sphere of activities
- A growing tendency towards empire-building or greed for power among different units of an organization.

Types of coordination

Coordination can be of following types:

- **Internal or functional:** It is concerned with the coordination of the activities of the individuals working in an organization
- **External or structural:** It is concerned with coordinating the activities of structural, which is concerned with coordinating the activities of different organizational units.

Both types of coordination are affected horizontally and perpendicularly. Horizontally, coordination establishes inter-relation between one section and another, between one branch and another, between one division and another and between one department and another. Perpendicularly,

coordination is established between one employee and his officer, between officer and his next superior and so on and between one section and a branch, between a branch and a division and so on.

Methods of coordination

Coordination at the organization levels can be achieved through several devices. Some of them are as follows:

- The establishment of a special unit for coordination work commonly known as 'coordination' or 'establishment' section or unit
- Through standardization of procedures and methods
- Through departmental meetings and conference
- Through organization and methods staff

Besides the above bodies, certain other institutions and boards like the University Grants Commission, the Inter-University Boards, Association of Indian Universities, the Indian Historical Records Commission, etc., are also doing coordination work.

How to achieve effective coordination

M.C. Farland suggests four ways of achieving effective coordination. These are as follows:

1. **Clarifying authority and responsibility:** this will reduce overlapping and duplication of work.
2. **Checking and observation:** Records and reports help the executive to detect the spots where inter-relations of the units are lacking.
3. **Facilitating effective communication:** Effective communication processes committees and group decision-making techniques help in clarifying authority and observing the existing coordination.
4. **Coordination through leadership:** Top administration must assert its leadership role and without this nothing of coordinative value will occur.

The degree of effectiveness of coordination can be judged by the following criteria:

(i) It is not forced by the autocratic direction, but is fostered by leaders who understand the value of participative management. It is timely and extends in a balanced fashion to all parts of the organization, and operates horizontally as well as vertically.

(ii) It must be continuous process.

(iii) It must be direct between the persons immediately concerned.

(iv) It must start at the outset of the activity.

Hindrances to effective coordination

The vast and expanding activities of the government and the lack of delegation on the part of high-up in administration make effective coordination difficult. According to Gulick some of the difficulties arise from the following:

- The uncertainty of the future as to the behaviour of individuals and of people
- The lack of knowledge, experience, wisdom and character among leaders and their

confused and conflicting ideas and objectives

- The lack of the administrative skill and techniques The vast number of variables involved and the incomplete humanknowledge, particularly with regard to man and life
- The lack of orderly methods of developing, considering, perfectingand adopting new ideas and programmes.

To these are added five more by Seckle-Hudson, which are as follows:

1. The size and complexity
2. Personalities and political factors
3. Lack of leaders with wisdom and knowledge pertaining to publicadministration
4. The accelerated expansion of public administration
5. The accelerated expansion of public administration to internationaldimensions

According to McFarland, problems of coordination in a business organization stem from two main sources. First is the number and complexity of functions and the activities delegated to different participating individuals. The second problem is the increasing use ofspecialization of effort in building an organization's structure. Problemsof coordination of different character also arise out of the perversenessof human beings in the organizational settings. In fact, it is the humanaspect of co-ordination which poses the most serious difficulties, for, when the elements to be coordinated are human, many variables in performance emerge. Whatever hindrances may occur, suitable measures for their removal have to be sought in the overall interest ofthe effective working of an organization.

SUPERVISION

Basically, supervision and management are in fact two different things.Supervision is concerned with the direction of people at work, while management is the planning and control of the work process. An individual can be a supervisor (direct people at work) without being amanager. Further, a person can be a manager (planning and control ofwork) without supervising anybody. At most of the workplaces, many supervisors also perform some management function and most of themanagers also perform some supervisory duty. It is significant to realizethat supervision and management are two distinct and different activitiesneeding two very different sets of professional skills.

The span of authority or control is related more to management than to control and supervision. Modern executives believe that controland supervision nearly constitute an integral part of management process. No single executive can control and supervise all the activitiesof a large-sized company. Every executive needs the assistance of several subordinates in sharing the work. This gives rise to the need forassistance from others in controlling the activities. The number of subordinates that can effectively be managed for supervision and delegation of authority would be finite and depend upon a number of factors.

If the operations that the employees are performing are complexand sophisticated and require constant supervision, then it would be more difficult for the manager to manage too many employees and hence a narrow span of control would be desirable. Subordinates whoare

well trained, professionally developed and experienced, need littlesupervision in discharging their duties. In such situations, more subordinates can be effectively supervised. These subordinates can further be assisted by providing them with 'standing plans' which are applicable in repetitive operations and routine recurring problems, thusrequiring less supervisory assistance. If the manger has a supportingstaff that is equally skilled in handling situations, then it would be possibleto manage a wider span of control because the responsibilities of supervision would be shared.

Narrow span refers to the existence of too many levels in an organization. Under such a system, the superior can easily communicate and effectively coordinate the efforts of his subordinates since their number is small. Direct contact, close supervision and tight control can help improve the performance pattern. However, under flat structure(i.e., chain of command is short) it makes supervision and control to beloose and less effective because a single executive may not have enough time and energy to supervise all subordinates. It is not at all suitable for large manufacturing organizations that have developed business with narrow span structure.

If the subordinates are experienced and well trained in challenges,then they need minimum supervision from the top managers. Hence,the quality of subordinates certainly improves the span of control. Thequality of supervision becomes poor and coordination becomes weakwhen a large number of subordinates work under a single manager. Itis advisable to create team spirit by keeping work groups informal wherever possible with friendly and supportive supervision. Supervisor's technical competence as well as the quality of his supervision are critical. If the supervisor is knowledgeable about the work and is patient with hissubordinates and explains and guides them well, the subordinates wouldnot be dissatisfied in this respect.

A good system of control should work on the exception principle,so that only important deviations are brought to the attention of management. In other words, management does not have to bother with activities that are running smoothly. This will ensure that managerialattention is directed towards error and not towards conformity. This would eliminate unnecessary and uneconomic supervision, marginallybeneficial reporting and a waste of managerial time.

EMPLOYER-EMPLOYEE RELATION

Positive employee relations depends on a variety of factors and variousentities are involved. The factors vary according to the individual andgroup aspirations of employees. The entities which interact to develop employee relations include managers, employees and employee representatives. Managers represent the organization and the employer. A manager must understand the organizational policies and should effectively communicate the same to the employees. One of the major responsibilities of a manager is to understand employee aspirations and provide them opportunities to fulfil their goals. The employee is expected to perform the tasks assigned by the manager, while adheringto the policies of the organization. Employee representatives are a crucial entity in maintaining employee relations, because they presentthe collective needs of all employees to the management.

It is quite evident that managing employee relations is a dynamicprocess with a diverse mix of factors which must be taken care of to ensure positive relations. The nature of employee relations is deeply influenced by the policies and procedures of the organization. To develop positive employee relations, the HR department must perform the following steps:

- **Define the policies and procedures clearly**: Clear definition of policies and

procedures ensure a consistent and understandable means for the employees to understand howthe organization works and their role in the organization. Policies are a broad set of guidelines that are used by the employer to shape the organizational decisions. Procedurescontain detailed steps about the application of policies in the organization. Work rules define the limits set for employees in alignment to the policies. For example, as a policy in an ITcompany, employees should maintain highest standards of business ethics. As a procedure, the employees should maintain the secrecy of the development work done by them.The work rule which defines the limit of the procedure of secrecy directs an employee not to reveal project codes to any third party outside the organization.

- **Communicate the policies and procedures**: The HR personnel must put down the policies and procedures in a clear manner. The policies and procedures must be accessibleto the new entrants of the organization, as well as to the existingemployees. While recruiting new employees, the HR personnel must make a new applicant understand the exact nature of the job responsibilities. This should include the positive and negative aspects of the job. This ensures that ifthe applicant takes up the job, he is already sure that he can accomplish the duties, which are part of the job profile. A newemployee is the organization must be thoroughly communicated about the organization's policies, procedures,core values and performance expected from him. Table 2.3 shows the problems and the causes of theproblems that couldoccur in maintaining the employee relations in an organization.

LINE AND STAFF

Line agencies directly work for the achievement of the organizationalpurposes. Staff agencies advise and assist the line agencies in their activities while the auxiliary agencies provide common house keeping.

Line agencies

A line is originated in the military. They are concerned with substantivefunctions of government and are primary and central at any as well aslarger organizations. Some of the classical examples are as follows:

- Government departments
- Public corporations
- Government companies
- Independent Regulatory CommissionsThe functions of line

agencies are as follows:

- Making decision
- Taking responsibility
- Planning
- Interpreting and defending policy
- Maintaining production and seeking efficiency and economyThe salient features of

line are as follows:

- Authority flows from vertical to downwards
- Direct chain of command
- Unity of command
- Takes decisions and issue commands
- Delegation sometimes called 'direct operative authority'

Staff agencies

It is a stick on which you can lean for support but it cannot take or initiate any decision. So, it is only supportive of main line function. Theyadvise and help the line functions for more efficient results. But staff officers do not have any command over the functions.

The functions of staff agencies are as follows:

- Budgeting and accounting
- Personnel
- Planning
- Research, reporting and public relations
- Legal services
- Other management procedures

The main characteristics of staff agencies are as follows:

- Assistance
- Information
- Advisory-Planning Commission
- Supervisory- Cabinet Secretariat
- Delegated functions- PMO press releaseThere are three types of

staff agencies:

1. General staff or filter and funnel–PMO or White House–administrators and non technical
2. Technical staff–economic or financial or foreign affair advisor
3. Auxiliary staff–Willoughby called them as the Institutional orhousekeeping services

Auxiliary agencies

They were termed as the establishment services by British writers.

Line and Staff

The eleven main differences in line and staff are as follows:

1. Role-decision-advice
2. Direct contribution
3. Doing function
4. Flow of authority downward

5. Operating decision
6. Functional-institutional
7. Ends-means for ends
8. Substantive-supportive
9. Control-report
10. Bears final responsibility
11. Provides channel of communication

Staff and auxiliary agencies have four major differences, which are asfollows:

1. Advise-housekeeping
2. No authority but limited
3. No executive function auxiliary have operational responsibility
4. Attached to line at every levels

Staff agencies in various countries

- **India:** PMO, Cabinet Secretariat, Cabinet Committees, PlanningCommission, UPSC, SSC, CBI
- **Britain:** Cabinet Secretariat, Cabinet Committees, Treasury, CivilService Department, Central Police Review Staff
- **USA:** White House Office, EOP, National Security Council, officeof Management and Function

Conflict between staff and line

Following are the reasons for conflict between staff and line:

- Line dislikes staff for the fear of being taken for a ride
- Staff controls office technology including fax and computer
- Staff controls information
- Line is not for change but staff act as catalyst for change

Power of the systems under Presidential and Cabinetsystems

Staff is more powerful as Chief Executive has wider control and powers under separation of powers. Hence, OBM, White House and offices inthe EOP are powerful than the staff agencies under the Cabinet system.Chief Executive does not require the approval of cabinet for supporting the staff agency. But in cabinet, PM has to keep his ministers togetherto support the staff.

SUMMARY

- Coordination has both negative and positive connotations. Negatively, coordination means that the removal of conflicts andthe overlapping in the administration, positively, it means to securecooperation and teamwork among the numerous employees ofan organization.
- Decentralization is expected to work for the building up of an administrative space at the cutting edge level where the felt needsof the poor could be ventilated. Bringing the

administration at thedoorsteps of the people and establishing direct relationship between the client and the administration have been the major thrusts of decentralization in the Third World.

KEY TERMS

- **Span of control:** The number of subordinates which an officercan effectively supervise
- **Authority:** The rights to give orders and the power to exact obedience
- **Line authority:** The basic and fundamental authority in an organization; the ultimate authority to command, act or decide inmatters affecting others
- **Staff authority:** The authority exercised by the advisory and consultative agencies called the staff agencies

QUESTIONS AND EXERCISES

1. What are the implications of centralization?
2. What are the advantages of centralization?
3. List various aspects of decentralization
4. What is delegation? Why is it required?
5. Provide a detailed note on the employer-employee relations.
6. Discuss the differences between the functionalities of line andstaff agencies.

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Block-3

Public Corporations and Financial Administration

Unit-9: Functions and Problems

Unit-10: Budget

Unit-11: Audit and Accounts

Unit-12: Comptroller and Auditor General

UNIT-9: Functions and Problems

Structure:

- Introduction
- Unit Objectives
- Functions and Problems
    - Characteristics of Public Corporation
- Privatization and Disinvestment
    - Impact on Public Enterprises
- Summary
- Key Terms
- Questions and Exercises
- Further Reading

INTRODUCTION

Public corporations and financial administration are integral components of governmental structures, playing crucial roles in the effective functioning and development of societies. Public corporations, often established to deliver public services or manage specific projects, operate within a framework of financial administration that involves the planning, execution, and monitoring of financial resources. Understanding the interplay between public corporations and financial administration is essential for ensuring transparency, accountability, and the efficient allocation of public funds.

The relationship between public corporations and financial administration is multifaceted. Public corporations rely on financial administration principles to manage their resources effectively, maintain fiscal responsibility, and meet their objectives. Financial administrators, in turn, oversee the financial activities of public corporations to ensure compliance with budgetary constraints, legal requirements, and public accountability standards.

UNIT OBJECTIVES

After going through this unit, you will be able to:
- Discuss the issues and problems related to public corporations
- Analyze the controversies related to privatization and disinvestment
- Explore the degree of autonomy public corporations have in decision-making.
- Analyze the mechanisms in place to ensure accountability and transparency in the operations of public corporations.
- Examine the role of public corporations in delivering essential services to the public.
- Understand how public corporations contribute to societal development and economic growth.

FUNCTIONS AND PROBLEMS

A new form of organization for managing public enterprises has beenevolved in the shape of public corporation. This sort of public corporationis an autonomous corporate body set up under a specialAct of Parliamentor State Legislature. A 'Public Corporation' is a form of public enterprisewhich is outside the framework of government departments and companylaws and which is especially designed to meet the specific need of a governmententerprise.Apublic corporation seeks to combine the flexibility of private enterprise with public ownership and accountability. It has beendescribed by W.A. Robson as 'the most important constitutional innovation' of this century. Herbert Morrison defines a Public Corporationas 'a combination of public ownership, public accountability, and businessmanagement for public ends.'

Characteristics of Public Corporation

The principal characteristics of the Public Corporation, according to the Rangoon Seminar, are as follows:

(i) It is wholly owned by State. It is generally created by, or pursuant to, a special law defining itspowers, duties and immunities and prescribing the form of management and its relation to established departments and ministries.

(ii) As a body corporate, it is a separate entity for legal purposes, and can sue and be sued, enter into contracts and acquire property in its own name. Corporations conducting business in their own names have been generally given greater freedom in making contracts and acquiring and disposing of property than ordinary government departments.

(iii) Except for government appropriations to provide capital or to cover losses, a Public Corporation is usually independently financed. Itborrows funds either from the Treasury or the Public, and from revenues derived from the sale of goods and services. It is authorized to use and reuse its revenues.

(iv) A public corporation is managed by a Board of Directors appointed by the Government. However, its employees need not necessarilybe civil servants. They can be employed on terms and conditionslay down by the corporation itself.

(v) It is generally exempted from most regulatory and prohibitory statutes applicable to expenditure of public funds.

(vi) It is ordinarily not subject to the budget, accounting and audit laws,and procedures applicable to non-corporate agencies.

(vii) In the majority of cases, employees of Public Corporations are not civil servants, and are recruited and remunerated under terms and conditions which the Corporation itself determines.

(viii) The primary motive of the corporation is public service rather than private profits. It is, however, expected to operate in a business-like manner.

Advantages

(i) The principle benefits of Public Corporation as an organizationaldevice is that it is free from unsuitable government regulations and controls and has high degree of operating and financial flexibility.

(ii) In this form, one discerns a balance between the autonomy andflexibility enjoyed by

private enterprise and the responsibility of the public as represented by elected members and legislators. In the famous words of President Franklin D. Roosevelt, 'the Public Corporation is clothed with the power of government but possessed the flexibility and initiative of a private enterprise.'

Limitations

(i) Public corporations have the difficulty of reconciling autonomy of the corporation with the public accountability. The Public Corporations cannot be made immune from ministerial control and direction. But how to do it without infringing their autonomy is a dilemma defying solution. The theory of corporate autonomy has come into direct conflict with the urgent need for bringing the operations of these Corporations into harmony with related actions of the government. Thus, it is difficult to maintain a balance between autonomy and control.

(ii) 'Public Corporations do not function in a political vacuum. Removal from the so-called political pressures may mean, in fact, that the significant political power is being placed in the hands of a small unrepresentative, and, in extreme cases, possibly even a self-perpetuating group controlling the Public Corporations.

PRIVATIZATION AND DISINVESTMENT

Privatization is the process of involving the private sector in the ownership or operation of a state owned or public sector undertaking. It can take three forms : (i) Ownership measures; (ii) Organizational measures; and (iii) Operational measures.

Ownership measures: The degree of privatization is judged by the extent of ownership transferred to an individual, co-operative or corporate sector. This can have three forms :

Total denationalization implies 100 per cent transfer of ownership of a public enterprise to private sector.

Joint venture implies partial transfer of a public enterprise to the private sector. It can have several variants—25% transfer to private sector in a joint venture implies that majority ownership and control remains with the public sector; 51% transfer of ownership to the private sector, through the public sector retains a substantial stake in the undertaking; 74% transfer of ownership to the private sector implies a dominant share being transferred to private sector. In such a situation, the private sector is in a better position to change the character of the enterprise.

Liquidation implies sale of assets to a person who may use them for the same purpose or some other purpose. This solely depends on the preference of the buyer.

Workers' co-operative is a special form of denationalization. In this form, ownership of the enterprises is transferred to workers who may from a cooperative to run the enterprise. In such a situation, appropriate provision of bank loans is made to enterprises which rests on the workers in a workers' co-operative. The workers become entitled to ownership dividend besides getting wages for their services.

(i) *Organizational measures* include a variety of measures to limited state control. They include:

    (a) **A holding company structure** may be designed in which the government limits its control to top level major decisions and leaves a sufficient degree of autonomy for the operating companies in their day-to-day operations. A big company like the Steel

Authority of India (SAIL) or Bharat Heavy Electrical Limited (BHEL) may acquire a holding companystatus, thereby transferring a number of functions to its smaller units. In this way, a decentralized pattern of management emerges.

(b) **Leasing.** In this management, the government agrees to transfer the use of assets of a public enterprise to a privatebidder for a specified period, say of 5 years. While enteringinto a lease, the bidder is required to give an assurance ofthe quantum of profits that would be made available to thestate. This is a kind of tenure ownership. The governmentreserves the right to review the else to the same person orto grant the lease to another bidder depending upon the circumstances of the cases.

(c) **Reconstructing** is of two types: financial restructuring andbasic restructuring.

(1) **Financial restructuring** implies the writing off of accumulated losses and rationalization of capital composition in respect of debt-equity ratio. The main purpose of this restructuring is to improve the financialhealth of the enterprise.

(2) **Basic restructuring** is said to occur when the publicenterprise decides to shed some of its activities to betaken up by ancillaries of small scale units.

(ii) *Operational measures:* The efficiency of public sector enterprises depends upon the organizational structure. Unless this structure grants a sufficient degree of autonomy to the operators of the enterprise or develop a system of incentives, itcannot raise its efficiency and productivity. These measures include:

(a) grant of autonomy to public enterprise in decision making,

(b) provision of incentives for workers and executives consistentwith increase in efficiency and productivity,

(c) freedom to acquire certain inputs from the markets with a view to reducing costs,

(d) development of proper criteria for investment planning, and

(e) permission to public enterprises to raise resources from the capital market to execute plans of diversification/ expansion. The basic purpose of operational measures is to infuse the spirit of private enterprise in public enterprisesso that government control is effectively reduced and privateinitiative is promoted.

Privatization signifies a complete or partial transfer of ownership of a public sector enterprise to private sector. It also opens up for the privatesector, new avenues that were earlier kept aside only for public sector.Broadly speaking, the private sector is encouraged to invest in the economy, and while the public sector is simultaneously expanding, butto a lesser extent, this will allow the private sector an increase in the overall share of the economy. The basic purpose is to limit the areas ofthe public sector and to extend the areas of private sector operation, including heavy industries and infrastructure.

Impact on Public Enterprises

Public Enterprises were, for a long time, viewed as the sure mechanismto usher heaven in poor India and were established with great expectation.Starting with 5 in 1950, the number of public enterprises in the Government of India increased to 246 in the nineties. The total investmentmade was about ` 100,000 crores (US $ 50 million) and the work forceemployed was about 2.3 million. With such massive investments theyyielded, in 1988, a net profit of `1300 crores, which is an annual returnof 5 per cent. Even a deposit in the bank would bring a higher rate of interest. Ultimately, public enterprises, originally viewed as India's cure, became a burden on the economy.

The New Industrial Policy, announced by the government under the prime minister ship of P. V. Narasimha Rao in July 1991, had reduced the list of industries reserved for public enterprise from seventeen to eight. The Government also expressed its intention to begin disinvesting in public enterprises, which would raise resources for other needs and encourage wider citizen and worker participation in the ownership of industries hitherto under government monopoly. The performance of sick public enterprises was sought to be improved through the memorandum of understanding system by which management was granted greater autonomy and held accountable for results. Liberalization became the new policy meaning delicensing, deregulation, disinvestment, privatization, etc. An important component of this was appropriate reform of the public enterprises to make them more efficient and responsive to the economic situation.

The single most important reform in India's public enterprises relates to partial disinvestment of public enterprise shares. During 1991–92, the government mopped up ` 303 crore through disinvestment of its equity in public enterprises. Out of the target of ` 3,500 crore proposed to be raised in 1992–93 through the sale of 20 per cent of government's stake in selected public enterprise shares, only ` 686.63 crore was raised through the sale of 1.287 crore shares of eight enterprises in October 1992. The second round of disinvestment held on 12 December 1992 fetched ` 1,183 crore from the sale of 31.06 crore shares in twelve public sector units. The target for 1992-93 fixed at ` 3,500 crore was thus short of ` 1,500 to 1,600 crore.

Beginning in 1930, the revolution of privatization spread rapidly around the world. Privatization came to be associated with a feeling of liberalization, less control and regulations by the state in matters related to financial activities. There was an increase in private enterprises manufacturing goods and services in the financial market.

Privatization in India is taking place by implementing two methods:
  (i) Giving the state fewer controls and regulations in economic matters
  (ii) Ownership of state equity in PSUs are transferred to private individuals and institutions

With the privatization of PSUs, it is thought that the following benefits would be achieved:
  (i) Overall efficiency will increase.
  (ii) Due to non-availability of governmental financing, capital marketing will push these enterprises to be more competent.

Another plank of the new economic policy relates to the closure of sick and losing public enterprises. Of the 246 central public enterprises in existence at present, only about ten operating in the key strategic sectors of defence and atomic energy should remain fully owned by the government. Industries reserved under the New Industrial Policy for public enterprises should continue as public enterprises and in these too, the State holding should be reduced to 51 per cent. In all other public enterprises the government stake should be phased out, through share dilution and even outright sale. Areas such as steel, cement, drug, pharmaceutical units and hotels have been identified for outright sale. The totally sick enterprises have 1,181,137 employees on their payroll. The remaining sixty enterprises have 3,58,779 employees on their payroll. The total net outflow for closing these eighty-two units in worker compensation is about ` 1,000 crore.

The government has been under heavy pressure from the central trade unions, and the leftist political parties and like minded forces and finds itself in a Hamlet-like situation, wavering in its approach. To deal with sick public enterprises, the Sick Industrial Companies Act, enacted in 1985,

was amended in December 1991 to make mandatory the referral of cases of sick public enterprises to the Board for Industrial and Financial Reconstruction (BIFR).

Important in this context has been the appointment, in April 1992, of a subcommittee of the Parliamentary Consultative Committee of the Ministry of Labour under the Chairmanship of the Union Deputy Labour Minister to look into the revival of chronically sick public enterprises. The subcommittee, in its report submitted in July of the same year recommended the continuance of funds to a sick enterprise till its case was referred to the Board for Industrial and Financial Reconstruction (BIFR). The report observed that the reduction in the budgetary support by the government to the sick units had already created serious problems for their day-to-day operations and had, in effect, aggravated their sickness. It suggested that the government might seriously re- examine its policy of budgetary cut for working capital and other support to them. Further, the modernization of the sick units could go a long way in making them viable, the report said.

In India, public enterprises play—and would continue to play—a crucially important role in economic development even though the private sector continues to exist, and is even encouraged by the Government. India has adopted a system of mixed economy, which has its effect, however feeble and intermittent, on the functioning of public enterprises. Public enterprises, today, occupy a key position in the nation's economy in several sectors, notably fuel, basic metal industry, non-ferrous metal industry and fertilizers. But it is vital that they are purged of their shortcomings and weaknesses at the earliest.

Restructuring of public enterprises is essential, which must include modernization, rationalization of capacity, product mix changes, selective exit and privatization for making public enterprises viable, efficient and competitive. Improvement is necessary in the effectiveness of the system of Memorandum of Understanding (MOU) between administrative ministries and public enterprises. Changes in managerial practices are urgently called for at specific enterprise level its promote efficiency, dynamic leadership, resourcefulness and innovations. A major thrust of public enterprise reform, however lies in technological upgradation in order to improve its competitiveness and efficiency. This is to be achieved through building active linkages among R&D laboratories, educational institutions and public enterprises. Finally, policy makers must create a new institutional capacity in government that is responsive to environmental change, professional and market forces.

At the turn of the Twenty-first century, a few emerging trends in India's public enterprises were discernible. First, autonomy of public enterprise was being strengthened even through the pace was slow and hesitant. Second, budgetary transfer of public enterprises to makeup their losses were discouraged as a policy. Third, increased private sector competition was promoted in areas where social considerations are not paramount. Fourth, emphasis was laid on increasing dividend payments – to ensure adequate returns on government-owned equity. Fifth, recourse is being taken to partial disinvestment of equity to widen participation in the public enterprises and to mobilize resources

SUMMARY

- A 'Public Corporation' is a form of public enterprise which is outside the framework of

government departments and companylaws and which is especially designed to meet the specific needof a government enterprise. A public corporation seeks to combinethe flexibility of private enterprise with public ownership and accountability

- Privatization is the process of involving the private sector in theownership or operation of a state owned or public sector undertaking. It can take three forms: (i) Ownership measures; (ii) Organizational measures; and (iii) Operational measures

KEY TERMS

- **Public corporation:** A form of public enterprise which is outsidethe framework of government departments and company laws and which is especially designed to meet the specific need of agovernment enterprise
- **Privatization:** The process of involving the private sector in theownership or operation of a state owned or public sector undertaking

QUESTIONS AND EXERCISES

1. Privatization is the process of involving the private sector in theownership or operation of a state-owned or public sector undertaking.
2. The efficiency of the public sector enterprises depends upon theorganizational structure.
3. The primary motive of the public corporation is public service rather than private profits. It is, however, expected to operate in abusiness-like manner.
4. A company formed by merging the private and public companiesis called 'Joint Stock Company'.

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UNIT-10: Budget

Structure:

INTRODUCTION

Budgeting is a fundamental aspect of financial management that plays a crucial role in guiding the allocation and utilization of resources within organizations, whether they are governmental entities, businesses, or non-profit organizations. A budget serves as a comprehensive financial plan, outlining expected revenues and expenditures over a specific period. This strategic tool enables organizations to set priorities, make informed decisions, and achieve their goals in a structured and financially responsible manner.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Describe the process of preparation and implementation of thebudget
- Understand the salient features of zero-based budget

BUDGET

The term budget was derived from 'Bougette' which in French means aleather bag. It got used in the form of a satire in 1733 called 'opened theBudget'. There is a pretty interesting story behind this. Chancellor Walpole of Oxford had the habit of carrying a leather bag which contained financial plans regarding the 'House of commons'. So when he used toopen the bag, it was denoted he was presenting his budget before thecommittee.

Therefore, budget in contemporary times means those documents which contain the estimates of expenditures and revenues of the nation.

Definitions

In the words of Harold R. Bruce, 'A budget is a financial statement prepared in advance of the opening of a fiscal year, of the estimated revenues and proposed expenditure of the given organization for the ensuing fiscal year.'

In the words of Dimock, 'A budget is a financial plan summarizingthe financial experience of the past stating a current plan and projectingit over a specified period of time in future.'

In the words of Rene Stown, 'Budget is a document containing apreliminary approved Plan of Public Revenue and expenditure.'

According to Munro, 'Budget is a plan of financing for the incomingfiscal year. This involves an itemized estimate of all revenues on the one hand and all expenditure on the other.'

According to Rene Gaze,

> The Budget in a modern state is a forecast and an estimate of all public receipts and expenses and for certain expenses and receiptsan authorization to incur them and collect them.

According to Tayler, 'Budget is a financial plan of Government for adefinite period.'

As Wilne puts it,

> Budget is a detail of estimated revenues and expenditures- a comparative chart of revenues and expenditures- and over and above this is an authority and direction of the competent authority given for collection of revenues and expenditure of public money.

Thus, on the basis of these definitions we can sum up these significant features of budget:

- Budget is an account for the proposed expenditures as wellas the expected revenues
- Budget requires an authority who sanctions it
- Budget is usually annual. In any case it has to be for a certainperiod of time
- Budget also puts forward a particular process through whichthe whole administration and collection of expenditures andrevenues has to be carried out

Kinds of Budgets

The budgets can be of different types. Their classification being basedon certain principles which are:

- The estimated period to be covered
- The numbers of budget that are to be announced in legislature
- The kind of method to be adopted
- The financial position which is depicted through the budget
- The classification of revenues and expenditures

Hence, on the foundation of the above mentioned principles wecan propose five types of budgets illustrated in Figure 3.1.

Fig. 3.1 Types of Budgets

The process of long-term budgeting

Public budgeting usually is, and has been, annual. The legislature can,thus, have a closer look and can control governmental activities. Thisin no way means that the government does not want or needs to take alook into the future planning and, therefore, the annual budget has to be proposed with a vision for the future. Long-term budgeting is imperative.So in reality long term budgeting is not an actual budget for a certain time period but a process of making provisions for the future and makingannual budgets accordingly. This process includes the following steps:

- Determining and estimating the requirements of the nation, for the coming years and a plan to meet those requirements.
- Exploring the sources of raising revenue-taxation, borrowing, savings, etc.
- Preparing a program that is balanced as well as one which contains all the features mentioned and required for development in the proposed period. Also, the program should be flexible sothat modifications can be made accordingly.
- Implementation of improvement projects
- Incorporating a portion of long-term budget within the annual budgetand getting it passed through the legislature.

Single budgets vs. Plural budgets

In most countries the method of preparing a single budget is used. Onesingle budget is made where all the estimates regarding all the departments get covered. The reason behind preparing a single budget

is an argument that the financial position and standing of the government gets revealed this way. This also makes the job of the government easieras the government knows beforehand the surplus and deficits of all thedepartments and thus can make necessary adjustments, balancing the whole budget. This saves the government from complex adjustmentsand calculation to be performed at a later stage. This system in used inGermany, Switzerland, to name two.

India however has the method of plural budgets as two budgets are prepared. The two departments for which these budgets are madeseparately are:

- Administrative departments
- Commercial enterprises

In India, making a separate budget for the Railways was in practicesince 1921. This was initiated on the recommendations of the AcworthCommittee. Another example is the budget for Damodar Valley Corporation which is laid before the legislatures of Bengal and Bihar.

Social and economic implications of budget

The philosophy of 'laissez-fare' is used to govern and administer the activitiesin a state.

Budget was not that important earlier and was merely a medium ofmanagement for state finances. These philosophies have changed incontemporary times, as it is an industrial age and prosperity, progressand welfare of a nation has to be looked upon by the government under complex circumstances. Thus, the significance of preparing a budgetthat suits the welfare of the society is vital for the state. The kind of objectives both social and economic which need to be realised are asfollows:

- Increase in production
- Addressing inequalities of income and wealth distributions
- Taking care of inflation which may be caused through a varietyof circumstances such as war or natural calamity
- Another goal which should be realized by the government is securing of full employment

Production can be increased through protecting the industrial andagricultural sectors and allowing subsidies.

Inequalities in distribution of wealth and income can be addressedthrough imposing taxes on people with large incomes. The income thusearned can be used in providing social services such as health and education, and houses for the poor sections of society.

Similarly, inflation which is caused because of issuing vast amount of paper money, especially during war times can be fought by heavy taxation and borrowing money which in turn curtails the purchasing power. This method, however, is criticised and thus needs to be **implemented with care and only during emergency. Surplus, Deficit and Balanced budgets**

If the approximate revenues are over the approximate expenditure, thebudget is called a surplus budget. Similarly, a deficit budget is one wherethe expected expenditure is in excess of the revenues approximated.Clearly deficit budget shows that the country is progressing in the right direction as the economists have pointed out. When the approximate revenues and expenditures are almost equal and at par, it is called a balanced budget. Usually, all budgets are deficit.

Departmental Budgets/Performance Budgets

In a departmental budget the expenditures as well as the revenues concerned under it are collected under one roof. In the case of Performance budget, the budget proposed for any

particular project gets divided under various programs on the basis of activities and functions related to that particular project. For instance, if there is a project regarding education, the division could be on the basis of primary, secondary and high.

Cash Budgets/Revenue Budgets

In cash budgets there is an estimate of various forms and expenditures and incomes on the basis of amount that is to be spent or received in one year. In case of revenue budget the amounts are attributed in the budget whether or not they actually spent or received in the form of expenditure and revenues in one single year. Cash budgets are prepared in countries like India and USA. Cash budgeting is done in countries like France along with other continental nations.

Key Features of Budget 2012-2013

Approach to the Budget

- For Indian economy, recovery was interrupted this year due to intensification of debt crises in Euro zone, political turmoil in Middle East, rise in crude oil price and earthquake in Japan.
- GDP is estimated to grow by 6.9 per cent in 2011-12, after having grown at 8.4 per cent in preceding two years.
- India however remains front runner in economic growth in any cross-country comparison.
- Monetary and fiscal policy response for better part of past 2 years aimed at taming domestic inflationary pressure.
- Growth moderated and fiscal balance deteriorated due to tight monetary policy and expanded outlays.
- Indicators suggest that economy is turning around as core sectors and manufacturing show signs of recovery.
- At this juncture, it is necessary to take hard decision to improve macroeconomic environment and strengthen domestic growth drivers.
- Twelfth Five Year Plan to be launched with the aim of 'faster, sustainable and more inclusive growth'. Five objectives identified to be addressed effectively in ensuing fiscal year.
- If India can build on its economic strength, it can be a source of stability for world economy and a safe destination for restless global capital.

Overview of the Economy

- GDP growth estimated at 6.9 per cent in real terms in 2011-12. Slowdown in comparison to preceding two years is primarily due to deceleration in industrial growth.
- Headline inflation expected to moderate further in next few months and remain stable thereafter.
- Steps taken to bridge gaps in distribution, storage and marketing systems have helped in more effective management of inflation.
- Developments in India's external trade in the first half of current year have been encouraging. Diversification in export and import market achieved.

- Current account deficit at 3.6 per cent of GDP for 2011-12 and reduced net capital inflow in the 2nd and 3rd quarters put pressure on exchange rate.
- India's GDP growth in 2012-13 expected to be 7.6 per cent +/- 0.25 per cent.
- Deterioration in fiscal balance in 2011-12 due to slippages in direct tax revenue and increased subsidies.

FRBM Act (Fiscal Responsibility and Budget Management Act)

- Introduction of amendments to the FRBM Act as part of Finance Bill, 2012.
- Concept of 'Effective Revenue Deficit' and 'Medium Term Expenditure Framework' statement are two important features of amendment to FRBM Act in the direction of expenditure reforms.
- Effective Revenue Deficit is the difference between revenue deficit and grants for creation of capital assets. This will help in reducing consumptive component of revenue deficit and create space for increased capital spending.
- 'Medium-term Expenditure Framework' statement will set forth a three-year rolling target for expenditure indicators.
- Recommendations of the Expert Committees to streamline and reduce the number of centrally sponsored schemes and to address plan and non-plan classification to be kept in view while implementing Twelfth Plan.

Central Plan Scheme Monitoring System to be expanded for better tracking and utilization of funds. Subsidies

- Some subsidies, while being inevitable, may become undesirable if they compromise the macroeconomic fundamentals of economy.
- Subsidies related to administering the Food Security Act will be fully provided for.
- Endeavour to keep central subsidies under 2 per cent of GDP in 2012-13. Over next 3 year, to be further brought down to 1.75 percent of GDP.
- Based on recommendation of task force headed by Shri Nandan Nilekani, a mobile-based Fertilizer Management System has been designed to provide end-to-end information on movement of fertilizers and subsidies. Nation-wide roll out during 2012.
- All three public sector Oil Marketing Companies have launched LPG transparency portals to improve customer service and reduce leakage.
- Endeavour to scale up and roll out Aadhaar enabled payments for various government schemes in at least 50 districts within next 6 months.

Tax Reforms

- DTC Bill to be enacted at the earliest after expeditious examination of the report of the Parliamentary Standing Committee.
- Drafting of model legislation for the Centre and State GST in concert with States is under progress.
- GST network to be set up as a National Information Utility and to become operational by

August 2012.

Disinvestment Policy

- Government has further evolved its approach to divestment of Central Public Sector Enterprises by allowing them a level playingfield vis-à-vis the private sector in respect of practices like buy backs and listing at stock exchanges.

- For 2012-13, ` 30,000 crore to be raised through disinvestment. At least, 51 per cent ownership and management control to remain with Government.

Strengthening Investment Environment

Foreign Direct Investment

- Efforts to arrive at a broad based consensus in consultation StateGovernments in respect of decision to allow FDI in multi-brand retail up to 51 per cent.

Advance Pricing Agreement

- Provision regarding implementation of Advance Pricing Agreementto be introduced in Finance Bill, 2012.

Financial Sector

- Rajiv Gandhi Equity Saving Scheme to allow for income taxdeduction of 50 per cent to new retail investors, who invest up to
` 50,000 directly in equities and whose annual income is below
` 10 lakh to be introduced. The scheme will have a lock-in periodof 3 years.

Capital Market

- Various steps proposed to be taken for deepening the reforms inthe Capital markets, including simplifying process of IPOs, allowing QFIs to access Indian Bond Market, etc.

Legislative Reforms

- Official amendment to 'The Pension Fund Regulatory and Development Authority Bill, 2011', 'The Banking Laws (Amendment) Bill, 2011' and 'The Insurance Law (Amendment)Bill, 2008' to be moved in this session.

- Various Bills proposed to be moved in the Budget session of theParliament to take forward the process of financial sector legislativereforms.

Capitalization of Banks and Financial Holding Company

- To protect the financial health of Public Sector Banks and FinancialInstitutions, ` 15,888 crore proposed to be provided for capitalization. Possibility of creating a financial holding company to raise resources to meet the capital requirements of PSU Banks under examination.

- A central 'Know Your Customer' depository to be developed in 2012-13 to avoid multiplicity of registration and data upkeep.

Priority Sector Lending

Revised guidelines on priority sector lending to be issued afterstakeholder consultation.

Financial Inclusion

- Out of 73,000 identified habitations that were to be covered under'Swabhimaan' campaign

by March, 2012 about 70,000 habitationshave been covered. Rest likely to be covered by March 31, 2012.

- As a next step, Ultra Small Branches are being set up at these habitations.
- In 2012-13, 'Swabhimaan' campaign to be extended to more habitations.Regional Rural Banks
- Out of 82 RRBs in India, 81 have successfully migrated to CoreBanking Solutions and have also joined the National ElectronicFund Transfer system.
- Proposal to extend the scheme of capitalization of weak RRBs by another 2 years to enable States to contribute their share.

Infrastructure and Industrial Development

- During Twelfth Plan period, investment in infrastructure to go upto ` 50 lakh crore with half of this, expected from private sector.
- More sectors added as eligible sectors for Viability Gap Funding under the scheme 'Support to PPP in infrastructure.'
- Government has approved guidelines for establishing joint venturecompanies by defence PSUs in PPP mode.
- First Infrastructure Debt Fund with an initial size of ` 8,000 crorelaunched earlier this month.
- Tax free bonds of ` 60,000 crore to be allowed for financing infrastructure projects in 2012-13.
- A harmonized master list of infrastructure sector approved by the Government.
- IIFCL has put in place a structure for credit enhancement and take-out finance for easing access of credit to infrastructure projects.

National Manufacturing Policy

- National Manufacturing Policy announced with the objective of raising, within a decade, the share of manufacturing in GDP to 25 per cent and creating of 10 crore jobs.

Power and Coal

- Coal India Limited advised to sign fuel supply agreements with power plants, having long-term PPAs with DISCOMs and gettingcommissioned on or before March 31, 2015.
- External Commercial Borrowings (ECB) to be allowed to part finance Rupee debt of existing power projects.

Transport: Roads and Civil Aviation

- Target of covering a length of ` 8,800 kilometres under NHDP next year.
- Allocation of the Road Transport and Highways Ministry enhancedby 14 per cent to ` 25,360 crore.
- ECB proposed to be allowed for capital expenditure on the maintenance and operations of toll systems for roads and highways, if they are part of original project.
- Direct import of Aviation Turbine Fuel permitted for Indian Carriersas actual usersECB to be permitted for working capital requirement of airline industry for a period of one year, subject to a total ceiling of US $1 billion.

- Proposal to allow foreign airlines to participate up to 49 per centin the equity of an air transport undertaking under active consideration of the government.

Delhi Mumbai Industrial Corridor

- In September 2011 central assistance of ` 18,500 crore spreadover 5 years approved. US $ 4.5 billion as Japanese participationin the project.

Housing Sector

- Various proposals to address the shortage of housing for low income groups in major cities and towns including allowing ECBfor low cost housing projects and setting up of a credit guaranteetrust fund, etc.

Fertilizers

- Government has taken steps to finalize pricing and investment policies for urea to reduce India's import dependence in urea.

Textiles

- Government has announced a financial package of '3,884 crorefor waiver of loans of handloom weavers and their cooperative societies.
- Two more mega handloom clusters, one to cover Prakasam andGuntur districts in Andhra Pradesh and another for Godda and neighbouring districts in Jharkhand to be set up.
- Three Weaver's Service Centres one each in Mizoram, Nagalandand Jharkhand to be set up for providing technical support to poorhandloom weavers.
- '500 crore pilot scheme announced for promotion and applicationof Geo-textiles in the North Eastern Region.
- A power loom mega cluster to be set up in Ichalkaranji in Maharashtra with a budget allocation of ` 70 crore.

Micro, Small and Medium Enterprises

- ` 5,000 crore India Opportunities Venture Fund to be set up withSIDBI.
- To enable greater access to finance by Small and Medium Enterprises (SME), two SME exchanges launched in Mumbai recently.
- Policy requiring Ministries and CPSEs to make a minimum of 20per cent of their annual purchases from MSEs approved. Of this,4 per cent earmarked for procurement from MSEs owned by SC/
  ST entrepreneurs.

Agriculture

- Plan Outlay for Department of Agriculture and Co-operation increased by 18 per cent.
- Outlay for Rashtriya Krishi Vikas Yojana (RKVY) increased to
  ` 9,217 crore in 2012-13.
- Initiative of Bringing Green Revolution to Eastern India (BGREI)has resulted in increased production and productivity of paddy.Allocation for the scheme increased to ` 1,000 crore in 2012-13from ` 400 crore in 2011-12.
- ` 300 crore to Vidarbha Intensified Irrigation Development Programme under RKVY.

- Remaining activities to be merged into following missions in Twelfth Plan:
    o National Food Security Mission
    o National Mission on Sustainable Agriculture including Micro Irrigation
    o National Mission on Oilseeds and Oil Palm
    o National Mission on Agricultural Extension and Technology
    o National Horticultural Mission

National Mission for Protein Supplement

- `2,242 crore project launched with World Bank assistance to improve productivity in the dairy sector. ` 500 crore provided to broaden scope of production of fish to coastal aquaculture.

Agriculture Credit

- Target for agricultural credit raised by `1, 00,000 crore to `5,75,000 crore in 2012-13.

- Interest subvention scheme for providing short term crop loans to farmers at 7 per cent interest per annum to be continued in 2012-13. Additional subvention of 3 per cent available for prompt paying farmers.

- Short term RRB credit refinance fund being set up to enhance the capacity of RRBs to disburse short term crop loans to small and marginal farmers.

- Kisan Credit Card (KCC) Scheme to be modified to make KCC as mart card which could be used at ATMs.

Agricultural Research

- A sum of `200 crore set aside for incentivising research with rewards.

Irrigation

- Structural changes in Accelerated Irrigation Benefit Programme (AIBP) being made to maximize flow of benefit from investments in irrigation projects.

- Allocation for AIBP in 2012-13 stepped up by 13 per cent to `14,242 crore.

- Irrigation and Water Resource Finance Company being operationalised to mobilize large resources to fund irrigation projects.

- A flood management project approved by Ganga Flood Control Commission at a cost of `439 crore for Kandi sub-division of Murshidabad District.

National Mission on Food Processing

- A new centrally sponsored scheme titled 'National Mission on Food Processing' to be started in 2012-13 in co-operation with State Governments.

- Steps taken to create additional food grain storage capacity in the country.

Inclusion

Scheduled Castes and Tribal Sub Plans

- Allocation for Scheduled Castes Sub Plan at `37,113 crore in BE 2012-13 represents an

increase of 18 per cent over BE 2011-12.

- Allocation for Tribal Sub Plan at ` 21,710 crore in BE 2012-13 represents an increase of 17.6 per cent.

Food Security

- National Food Security Bill, 2011 is before Parliamentary Standing Committee.
- A national information utility for computerization of PDS is being created. To become operational by December, 2012.

Multi-sectoral Nutrition Augmentation Programme

- A multi-sectoral programme to address maternal and child malnutrition in selected 200 high burden districts is being rolled out during 2012-13.
- Allocation of ` 15,850 crore made for Integrated Child Development Service (ICDS) scheme, representing an increase of 58 per cent over BE 2011-12.
- ` 11,937 crore allocated for National Programme of Mid Day Meals in schools.
- An allocation of ` 750 crore proposed for Rajiv Gandhi Scheme for Empowerment of Adolescent Girls, SABLA.

Rural Development and Panchayati Raj

- Budgetary allocation for rural drinking water and sanitation increased from ` 11,000 crore to ` 14,000 crore representing an increase of over 27 per cent.
- Allocation for PMGSY increased by 20 per cent to ` 24,000 crore to improve connectivity.
- Major initiative proposed to strengthen Panchayats through Rajiv Gandhi Panchayat Sashaktikaran Abhiyan.
- Backward Regions Grant Fund scheme to continue in twelfth plan with enhanced allocation of ` 12,040 crore in 2012-13, representing an increase of 22 per cent over the BE 2011-12.

Rural Infrastructure Development Fund (RIDF)

- Allocation under RIDF enhanced to ` 20,000 crore. ` 5,000 crore earmarked exclusively for creating warehousing facilities.

Education

- For 2012-13, ` 25,555 crore provided for RTE-SSA representing an increase of 21.7 per cent over 2011-12.
- 6,000 schools proposed to be set up at block level as model schools in Twelfth Plan.
- ` 3,124 crore provided for Rashtriya Madhyamik Shiksha Abhiyan(RMSA) representing an increase of 29 per cent over BE 2011-12.
- To ensure better flow of credit to students, a Credit Guarantee Fund proposed to be set up.

Health

- No new case of polio reported in last one year.
- Existing vaccine units to be modernized and new integrated vaccine unit to be set up

in Chennai.

- Scope of 'Accredited Social Health Activist' – 'ASHA' is beingenlarged. This will also enhance their remuneration.
- Allocation for NRHM proposed to be increased from '18,115 crorein 2011-12 to ` 20,822 crore in 2012-13.
- National Urban Health Mission is being launched.
- Pradhan Mantri Swasthya Suraksha Yojana being expanded tocover upgradation of 7 more Government medical colleges.

Employment and Skill Development

- MGNREGS has had a positive impact on livelihood security.
- Need to bring about greater synergy between MGNREGA andagriculture and allied rural livelihoods.
- Allocation of '3915 crore made for National Rural Livelihood Missionrepresenting an increase of 34 per cent.
- To ease access to bank credit, corpus for 'Women's SHG'sDevelopment Fund' enlarged.
- Proposal to establish Bharat Livelihoods Foundation of Indiathrough Aajeevika scheme.
- Allocation for Prime Minister's Employment Generation Programmeincreased by 23 per cent to ` 1,276 crore in 2012-13.

Skill Development

- Projects approved by National Skill Development Corporationexpected to train 6.2 crore persons at the end of 10 years.
- ` 1,000 crore allocated for National Skill Development Fund in2012-13.
- To improve the flow of institutional credit for skill development, aseparate Credit Guarantee Fund to be set up.
- 'Himayat' scheme introduced in J&K to provide skill training to 1lakh youth in next 5 years. Entire cost to be borne by Centre.

Social Security and the Needs of Weaker Sections

- Allocation under NSAP raised by 37 per cent to ` 8,447 crore in2012-13.
- In the ongoing Indira Gandhi National Widow Pension Schemeand Indira Gandhi National Disability Pension Scheme for BPL beneficiaries, pension amount to be raised from ` 200 to ` 300 per month.
- Lump sum grant on the death of primary breadwinner of a BPLfamily, in the age group 18-64 years, doubled to ` 20,000.
- To enhance access under SWAVALAMBAN scheme, LIC appointed as anAggregator and all Public Sector Banks appointedas Points of Presence (PoP) and Aggregators.
- Special grant provided to various universities and academic institutions.

Security

- A provision of ` 1, 93,407 crore made for Defence services including ` 79,579 crore for capital expenditure. Any further requirement to be met.
- ` 1,185 crore proposed to be allocated for construction of nearly4,000 residential quarters for Central Armed Police Forces.
- ` 3,280 crore proposed to be allocated for construction of officebuilding of Central Armed Police Forces.
- Scheme to create National Population Register likely to be completed within next 2 years.

Governance

UID-Aadhaar

- Enrolment of 20 crore persons completed under UID mission. Adequate funds to be allocated to complete enrolment of another
  40 crore persons.

Black Money

- Proposal to lay a White Paper on Black Money in current sessionof Parliament.

Public Procurement Legislation

- Bill regarding Public Procurement Legislation to be introduced inthe Budget Session of the Parliament.
- Legislative measures for strengthening anti-corruption frameworkare at various stages of enactment.

Budget Estimates 2012-13

- Gross Tax Receipts estimated at ` 10, 77,612 crore.
- Net Tax to Centre estimated at ` 7, 71,071 crore.
- Non-tax Revenue Receipts estimated at ` 1, 64,614 crore.
- Non-debt Capital Receipts estimated at ` 41,650 crore.
- Temporary arrangement to use disinvestment proceeds for capitalexpenditure in social sector schemes extended for one more year.
- Total expenditure for 2012-13 budgeted at ` 14, 90,925 crore.
- Plan expenditure for 2012-13 at ` 5, 21,025 crore is 18 per centhigher than BE
- 2011-12. This is higher than 15 per cent projected in Approach tothe Twelfth Plan.
- 99 per cent of the total plan outlay met in the Eleventh Plan.
- Non-plan expenditure estimated at ` 9, 69,900 crore.
- ` 3, 65,216 crore estimated to be transferred to States includingdirect transfers to
- States and district level implementing agencies.
- Entire amount of subsidy is given in cash and not as bonds in lieuof subsidies.
- Fiscal deficit at 5.9 per cent of GDP in RE 2011-12.
- Fiscal deficit at 5.1 per cent of GDP in BE 2012-13.

- Net market borrowing required to finance the deficit to be '4.79 lakh crore in 2012-13.
- Central Government debt at 45.5 per cent of GDP in 2012-13 ascompared to Thirteenth Finance Commission target of 50.5 percent.
- Effective Revenue Deficit to be 1.8 per cent of GDP in 2012- 13.11

Direct Taxes

- Tax proposals for 2012-13 mark progress in the direction of movement towards DTC and GST.
- DTC rates proposed to be introduced for personal income tax.
- Exemption limit for the general category of individual taxpayersproposed to be enhanced from ` 1, 80,000 to ` 2, 00,000 givingtax relief of ` 2,000.
- Upper limit of 20 per cent tax slab proposed to be raised from ` 8lakh to ` 10 lakh.
- Proposal to allow individual tax payers, a deduction of up to ` 10,000 for interest from savings bank accounts.
- Proposal to allow deduction of up to ` 5,000 for preventive healthcheck up.
- Senior citizens not having income from business proposed to beexempted from payment of advance tax.
- To provide low cost funds to stressed infrastructure sectors, rateof withholding tax on interest payment on ECBs proposed to bereduced from 20 per cent to 5 per cent for 3 years for certain sectors.
- Restriction on Venture Capital Funds to invest only in 9 specifiedsectors proposed to be removed.
- Proposal to continue to allow repatriation of dividends from foreignsubsidiaries of Indian companies at a lower tax rate of 15 per cent up to 31.3.2013.
- Investment link deduction of capital expenditure for certain businesses proposed to be provided at the enhanced rate of 150per cent.
- New sectors to be added for the purposes of investment linkeddeduction.
- Proposal to extend weighted deduction of 200 per cent for R&Dexpenditure in an in-house facility for a further period of 5 yearsbeyond March 31, 2012.
- Proposal to provide weighted deduction of 150 per cent on expenditure incurred for agri-extension services.
- Proposal to extend the sunset date for setting up power sector undertakings by one year for claiming 100 per cent deduction ofprofits for 10 years.
- Turnover limit for compulsory tax audit of account and presumptivetaxation of SMEs to be raised from ` 60 lakhs to ` 1crore

- Exemption from Capital Gains tax on sale of residential property,if sale consideration is used for subscription in equity of a manufacturing SME for purchase of new plant and machinery.

- Proposal to provide weighted deduction at 150 per cent of expenditure incurred on skill development in manufacturing sector.

- Reduction in securities transaction tax by 20 per cent on cash delivery transactions.

- Proposal to extend the levy of Alternate Minimum Tax to all persons,other than companies, claiming profit linked deductions.

- Proposal to introduce General Anti Avoidance Rule to counter aggressive tax avoidance scheme.

- Measures proposed to deter the generation and use of unaccounted money.

- A net revenue loss of ` 4,500 crore estimated as a result of Direct Tax proposals.

Indirect Taxes

Service Tax

- Service tax confronts challenges of its share being below its potential, complexity in tax law, and need to bring it closer to Central Excise Law for eventual transition to GST.

- Overwhelming response to the new concept of taxing services based on negative list.

- Proposal to tax all services except those in the negative list comprising of 17 heads.

- Exemption from service tax is proposed for some sectors.

- Service tax law to be shorter by nearly 40 per cent.

- Number of alignment made to harmonize Central Excise and Service Tax. A common simplified registration form and a common return comprising of one page are steps in this direction.

- Revision Application Authority and Settlement Commission being introduced in Service Tax for dispute resolution.

- Utilization of input tax credit permitted in number of services to reduce cascading of taxes.

- Place of Supply Rules for determining the location of service to be put in public domain for stakeholders' comments.

- Study team to examine the possibility of common tax code for Central Excise and Service Tax.

- New scheme announced for simplification of refunds.

- Rules pertaining to point of taxation are being rationalized. To maintain a healthy fiscal situation proposal to raise service tax rate from 10 per cent to 12 per cent, with corresponding changes in rates for individual services.

- Proposals from service tax expected to yield additional revenue of ` 18,660 crore.

Other proposals for Indirect Taxes

- Given the imperative for fiscal correction, standard rate of excise duty to be raised from 10 per cent to 12 per cent, merit rate from 5 per cent to 6 per cent and the lower merit rate

from 1 per centto 2 per cent with few exemptions.

- Excise duty on large cars also proposed to be enhanced.
- No change proposed in the peak rate of customs duty of 10 percent on nonagricultural goods.
- To stimulate investment relief proposals for specific sectors- especially those under stress.

Agriculture and Related Sectors

- Basic customs duty reduced for certain agricultural equipment and their parts.
- Full exemption from basic customs duty for import of equipmentfor expansion or setting up of fertilizer projects up to March 31,2015.

Infrastructure

- Proposal for full exemption from basic customs duty and a concessional CVD of 1 per cent to steam coal till 31st March, 2014.
- Full exemption from basic duty provided to certain fuels for powergeneration.

Mining

- Full exemption from basic customs duty to coal mining project imports.
- Basic custom duty proposed to be reduced for machinery and instruments needed for surveying and prospecting for minerals.

Railways

- Basic custom duty proposed to be reduced for equipments required for installation of train protection and warning system and upgradation of track structure for high speed trains.

Roads

Full exemption from import duty on certain categories of specifiedequipment needed for road construction, tunnel boring machinesand parts of their assembly. Civil Aviation

- Tax concessions proposed for parts of aircraft and testingequipment for third party maintenance, repair and overhaul of civilian aircraft.

Manufacturing

- Relief proposed to be extended to sectors such as steel, textiles,branded readymade garments, low-cost medical devices, labour-intensive sectors producing items of mass consumption and matches produced by semi-mechanized units.

Health and Nutrition

- Proposal to extend concessional basic customs duty of 5 per cent with full exemption from excise duty/CVD to 6 specified lifesaving drugs/vaccines.
- Basic customs duty and excise duty reduced on Soya productsto address protein deficiency among women and children.
- Basic customs duty and excise duty reduced on Iodine.
- Basic customs duty reduced on Probiotics.

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Environment

- Concessions and exemptions proposed for encouraging the consumption of energy-saving devices, plant and equipment needed for solar thermal projects.
- Concession from basic customs duty and special CVD being extended to certain items imported for manufacture for hybrid orelectric vehicle and battery packs for such vehicles.
- Proposal to increase basic customs duty on imports of gold andother precious metals.

Additional resource mobilization

- Proposals to increase excise duty on 'demerit' goods such as certain cigarettes, hand-rolled bidis, pan masala, gutkha, chewingtobacco, unmanufactured tobacco and zarda scented tobacco.
- Cess on crude petroleum oil produced in India revised to ` 4,500per metric tonne.
- Basic customs duty proposed to be enhanced for certain categories of completely built units of large cars/MUVs/SUVs.

Rationalization measures

- Excise duty rationalized for packaged cement, whether manufactured by mini cement plants or others.
- Levy of excise duty of 1 per cent on branded precious metal jewellery to be extended to include unbranded jewellery. Operations simplified and measures taken to minimize impact on small artisans and goldsmiths.
- Branded Silver jewellery exempted from excise duty.
- Chassis for building of commercial vehicle bodies to be chargedexcise duty at an *ad valorem* rate instead of mixed rate.
- Import of foreign-going vessels to be exempted from CVD of 5per cent retrospectively.
- Duty-free allowances increased for eligible passengers and forchildren of up to 10 years.
- Proposals relating to Customs and Central excise to result in netrevenue gain of ` 27,280 crore.
- Indirect taxes estimated to result in net revenue gain of ` 45,940crore.
- Net gain of ` 41,440 crore in the Budget due to various taxationproposals.

(*Source:* http://indiabudget.nic.in/ub2012-13/bh/bh1.pdf)Accessed on 16 May 2012

PREPARATION

It may be mentioned that there is no single budget for the entire country.States have their own budgets, as the Indian Constitution is federal. Even at the Union level, there are two budgets.
Types of Budget
The General Budget
The Railway Budget.
The general budget is one of the greatest democratic instrumentsof growth. It helps bridge the economic disparities among different communities and sectors and helps take a step forward towards a moreinclusive development. It contains the following documents: *Key to Budget, Budget*

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Highlights, Budget Speech, Budget at a Glance, Finance Bill Memorandum Receipt, Budget Expenditure, Budget Customs andCentral Excise Implementation of Budget Announcements, The MacroEconomic Framework Statement, The Medium Term Fiscal Policy Statement, The Fiscal Policy Strategy Statement and The Outcome Budget.

The Railway Budget was separated from the General Budget in 1921. The advantage of this arrangement is, first, that a business approach to the railway policy is facilitated, and, secondly, the railways,after paying a fixed annual contribution to the general revenue of the country, can keep their profits for their own development.

> The separation of the railway budget from the general budget is justified by India's Railway Board on Railways for 1924–25. The Boardobserves: The new procedure (the separation of railway finance from the general finances) has already resulted in a definite improvement inthe railway outlook, and while the general revenues are now assuredof a stable annual return from railway, the Railway Board is enabledto carry out a continuous policy of improvements based on upon the responsibility for obtaining a fixed dividend coupled with an assurance of adequate funds for any operation which will secure such dividend. They have the further security that surpluses will beavailable for railway purposes and particularly for building up reservesand a depreciation fund.

The institution of a separate railway budget enabled the railways to develop a coherent railway policy in the country.

Role of Finance Ministry in Budget Formulation

The Ministry of Finance, dealing with the financial business of the Government, has overall responsibility for framing the budget. The Finance Minister is the steward of the nation's purse. It is his paramountduty that the national finances are conducted prudently and efficiently.The Finance Ministry, responsible for raising necessary revenues for the State, must have a predominant voice in determining the amount,and, in some degree, the character of the expenditure. The Financial Rules of the Union Government confer the financial powers upon the Ministry of Finance. This arrangement has been envisaged under Article77(3) of the Indian Constitution, which authorizes the Union Presidentto make rules for conducting the business of the Union Government. The Finance Ministry is responsible for the preparation of the Annual Financial Statement (i.e., the Budget), for piloting it through Parliament, for supervising its execution by the various departments, for collectionof revenue, and for giving financial control generally. This position the Finance Ministry did not always enjoy. Its control over other Ministries/Departments grew only gradually – it was, to be sure, resented in thebeginning by other members of the Governor General's Council on theground of departmental autonomy and prestige. The gradual development of popular control over government and that of parliamentary government strengthened the position of the Finance Department. The Montfort Reforms of 1919 that provided for financialcontrol by the Finance Department over other Departments, the constitution of the Public Accounts Committee of the Legislature and the appointment of Comptroller and Auditor General to scrutinize andaudit the accounts of the Departments went in the direction of enhancing the power and prestige of the Finance Department.

Organizations Involved in Budget Preparation

In the preparation of budget estimates for the ensuing financial year inIndia (the financial year commences on April 1, and ends on March 31)four different organs are involved:

(i) the Finance Ministry,

(ii) the Administrative Ministries,

(iii) the Planning Commission, and

(iv) the Comptroller and Auditor General.

The Finance Ministry has the overall responsibility for the framing of the budget, but it is the administrative ministries which have the detailed knowledge of administrative requirements. For incorporating the planpriorities in the Budget, the Finance Ministry has to be in close touch with the Planning Commission. Also, the Comptroller and Auditor Generalcome into the picture since it is they who provide the accounting skillsnecessary for the preparation of the estimates.

The work in connection with the preparation of the budget estimatedbegins 6 to 8 months before the commencement of the next financialyear. The initiative comes from the Finance Ministry which dispatchesa circular to the various administrative Ministries and departments, asking them to start preparing estimates of expenditure. The general rule is that he who spends the money must also prepare estimates forit. The 'skeleton forms' are supplied wherein the estimates and the otherrequisite information have to be filled in. The administrative ministries,in turn, pass on these printed forms to the disbursing officers, i.e., theheads of offices (e.g., Deputy Commissioners in districts). These disbursing officers prepare the estimates on the prescribed form. Givenbelow is a specimen copy of the estimate form:

Budget Estimate for the year

Each form contains columns for the following:

(a) Actual of the previous year

(b) Sanctioned estimates for the current year

(c) Revised estimates for the current year

(d) Budget estimates of the next year

(e) Actual of the current year available at the time of preparation ofthe estimates and actual for the corresponding period of the previous year.

The estimates of the coming year are made on the basis of the followingcriteria:

(a) The revised estimates of the current year

(b) The 12 months' actual of the last and previous years

(c) Any recognizable regularity in past year's figures

(d) Any special circumstances causing variations

The estimates prepared by the disbursing officers are then sent to the head of the department in two parts. Part I relates to revenue andstanding charges. Part II is further subdivided into two categories. In the first category they figure those items which are continuing from year to year. The second category relates to entirely fresh items.

The head of department consolidates the estimates for the wholedepartment after such review and revision as may be considered necessary. The estimates from the various departments are, then, sentto the Administrative Ministry where in the light of its general policy theyare subjected to a scrutiny. These estimates are, then, passed on to the Budget Division of the Ministry of Finance, by the Administrative Ministry some time in the middle of November.

The searchlight of the Budget Division in the Finance Ministry is turned on these estimates sent by the Administrative Ministry. Its scrutiny is, to be sure, different in character from that of the latter (the Administrative Ministry). It does not go into the policy of the expenditure – this is, in the main, the responsibility of the administrative Ministry itself. It is mainly concerned with economy and has to keep the demands of the several administrative Departments/Ministries within the funds available to the Government. Its scrutiny is from the financial point of view, i.e., of economy and availability of funds. In carrying out this function, the Finance Ministry does not behave as an expert on the numerous proposals involving expenditure. It 'possesses a traditional expertise in criticism and cross-examination, born of a long experience but continuously brought up-to-date. Subject to that, its attitude is somewhat that of an intelligent layman.

It asks such questions as:

- Is the proposed expenditure really necessary?
- How have we so long done without it? Why now?
- What is done elsewhere?
- What will it cost and from where to finance?
- Who will go short as a consequence of it?
- Are new developments likely to render it necessary?'

It may be mentioned here that this exacting scrutiny is applied only to the proposals for new expenditure. For the rule is that no proposals for new or increased expenditure, for any department, can be incorporated in the budget without the concurrence of the Ministry of Finance. The administrative ministries should not get more funds than they really need in face of the limited resources available with the government.

Budget Approval

As the position stands, the Finance Ministry passes the demands of the several administrative ministries, calls for the justification of expenditure, and fixes a net figure for each Ministry. It may be borne in mind that neither the Finance ministry nor the Finance Minister is an autocrat in these matters, the imperative demands of the Five Year Plan, the policy decisions of the Cabinet, the current conditions in the country – all these must find a reflection in the budget and, to the degree, restrict the Finance Minister's say. The Finance Ministry closely looks into all proposals that impose a new, or an increased, charge on the Government.

Classes of Charges

New charges are of two classes –

    (v) Grants for purchases, constructions, etc., and
    (vi) Grants for establishment.

Big purchases or construction, like the atomic energy reactor in Bombay, are undertaken with the concurrence of the Cabinet. Evidently, the Finance Ministry's control in regard to inclusion of such charges in the budget may appear to be somewhat restricted. But it watches closely the establishment proposals involving extra expenditure. In case the Minister in charge of spending department finds the Finance Ministry's 'No' unpalatable, he may take the matter to the Cabinet, whose decision binds all individual members. If the member feels strongly over the matter and cannot

reconcile himself to the decision of the Cabinet, he may sever his association with the government by resigning. Any way, theFinance Minister's position in the Cabinet is peculiarly a strong one; theCabinet must give special weight to his views at any rate especially when the expenditure at stake is of a significant dimension. A former Finance Minister's pronouncement, albeit in a different context, that 'aFinance Minister can function adequately only from a position of strengthand not from one of weakness,' is a pointer in this direction.

Special Powers to Finance Ministry

The Finance Ministry is endowed with control over the estimate of thespending ministries. Two reasons may be given for this. In the first place, the Finance Ministry is not itself a spending ministry and can, therefore, act as the disinterested guardian of the taxpayers' interests.In the second place, this Ministry has to find out ways and means to meet the proposed expenditure; logically, thus, it must have a say in determining whether it should be incurred or not. To quote the words ofthe Haldane Committee, '….. if he (the Finance Minister) is to be heldresponsible for filling the reservoir and maintaining a certain depth of water in it, he must also be in a position to regulate the outflow.' The Finance Ministry's predominant position vis-à-vis the spending ministryhas, of late, come in for criticism on a number of grounds. It is useful tonote the following observation made by Appleby:

'Under the present system, 'schemes' or projects of various kindsare presented to the Finance Ministry throughout the year, some for anearly clearance and apportionment of funds, some as a hostage to later budgets.' These schemes are usually not much more than policy ideas; they are almost never actually administrative expenditure and nor the expenditure projections ready for serious consideration as such.Their shortcomings are the primary occasion for most of the delay and

confusion now rather erroneously charged against the Finance Ministry As time for making the budget is approached, all these schemes on afile are examined, some are selected, and these, in addition to normal'establishment' expenditures, become the budget of a particular ministry.All schemes remaining in the file have been approved in principle. Thosenot actually included in the budget remain in the file, and may be activatedin any subsequent year or at any time within a year. Years after they were first submitted and approved in principle, some or another may suddenly be activated, although by that time the original rough estimates of cost and even important elements in the scheme, may be wholly outmoded.

'This whole system requires the agencies to submit many schemesthey have little hope of being able to put into action. It establishes a pattern of poor cost estimates and poor budgeting which, in turn, are justifications for a detailed financial intervention.'

'There is another element in the picture that deserves much attention. The Ministers, knowing that Finance will reduce their requests,are given too loose and extravagant estimates of cost. They are givenpositive encouragement to do this. When a particular Ministry submitsa tightly estimated project, Finance complains: 'You put us in a difficultposition by making it so hard for us to reduce your figures.' Actually atight and sound estimate should be encouraged in every way possible,and endorsed by quick and unmodified approval. Conversely, the loose estimate should be over-penalized. The primary responsibility for Financeshould be 'to encourage and to stimulate good budgeting in the agenciesand its whole review should be based upon sampling analysis which constitutes a search for poor budgeting; if the sample reveals a good budgeting, the request should be given maximum approval.'

IMPLEMENTATION

It is a cardinal principle that no taxation can be levied and no expenditureincurred, without the prior approval of the Parliament. The journey of the Budget, or the 'Annual Financial Statement', through Parliament, isa vital part of the process.

Various Stages to Go Through

In Parliament, it goes through the following five stages:

1. Presentation to the Legislature
2. General Discussion
3. Voting on Demand for Grants
4. Consideration and passing of the Appropriation Bill
5. Consideration and passing of the Taxation Proposals, that is, theFinance Bill

Same Procedures Followed for Railway Budget

Besides the General Budget ('the Annual Financial Statement'), there isalso, the Railway Budget, separated from the former as early as 1921.

Same procedures govern both the budgets. The Railway Budgetis regularized by Rule 134 of the Rules of Procedure and Conduct of Business in Parliament, which makes provision for the submission of budget in two or more parts, each part to be dealt with in the same manner as if it were a budget. The Railway Budget precedes the GeneralBudget.

Parliamentary Provisions

The powers of Parliament in respect of the enactment of the budget are enshrined in the Constitution itself. The relevant Articles are 112 to117 of the Constitution. The following provisions in this respect may beworth noting:

(i) No demand for a grant shall be made except on the recommendation of the President.

(ii) No proposal relating to expenditure can be brought withoutthe recommendation of the President.

(iii) Parliament cannot increase a tax though it is empowered toreduce or abolish it.

(iv) 'Charged' expenditure upon the Consolidated Fund of Indiashall not be submitted to the vote Parliament, though it is subject to discussion.

(v) Parliament cannot amend the Appropriation Bill in a way asto have the effect of varying the amount, or altering the destination, of any grant or of varying the amount of any 'charged' expenditure.

(vi) Powers of the Rajya Sabha are quite restricted in financial matters. Voting of demands for grants is the exclusive privilege of the Lok Sabha. In the passing of the Finance Billas well, the Rajya Sabha has severely limited powers in that it must give its concurrence, with or without any recommendation, within fourteen days. The Lok Sabha mayaccept or reject any or all of these recommendations. TheFinance Bill, however, does not go again to the Upper House;it is submitted to the President for assent. For the first time,in 1977, the Rajya Sabha made some changes in the Finance Bill. But the Lok Sabha reasserted its supremacy by rejecting these changes and adopting the Finances Billin its original form.

The Budget – a statement of the estimated receipts and expendituresof the Government of India' for the financial year – distinguishes the estimates of expenditure dodged upon the Consolidated Fund of India from those made from the Consolidated Fund of India. The 'charged' expenditure includes the salaries and allowances of certain high officials,debt charges, certain pensions, sums required to satisfy any judgment,decree or award of any court or arbitral tribunals, etc. This part of thetotal (i.e., the charged expenditure) is not subjected to the vote of Parliament, though it can be discussed. The underlying idea of keepingaway the salaries and allowances of the President, Judges of the Supreme Court, Speaker, Deputy Speaker, Chairman and Deputy Chairman of the Upper House of Parliament, Comptroller and Auditor General of India, from the influence of the vote is to reinforce their independence and remove them from the sphere of party politics. Debtcharges, certain pensions, sums required to satisfy any judgment, etc.,of a court or arbitral tribunal are, inevitably, of fixed nature, and can, accordingly, suffer no reduction or alteration.

Budget Speech

The Finance Minister presents the budget to the Lok Sabha on the lastworking day of February. This he does with the speech known as theBudget speech. The budget is laid before the Rajya Sabha at the end ofthe Budget speech in the Lower House. After the presentation of budgetin Parliament, the latter passes vote-on-account, excess demands forgrants. Vote-on-account varies from two to more months for the new financial year. Along with the annual financial statement (namely the budget) to Parliament, the Finance Minister submits the following five documents-

 (i) Key to Budget Documents,

 (ii) Budget at a Glance,

(iii) Receipts Budget,

(iv) Expenditure Budget,

 (v) Memorandum explaining the processes in the Finance Bill.

General Discussion of the Budget

A discussion does not immediately follow the presentation of the budget.This occasion comes after a few days when a general discussion of the budget takes place. At this stage, which usually lasts for two or three days, the Lok Sabha discusses the budget as a whole on any question of principle involved therein. Details of the budget are, however,not discussed. There is no voting, nor are cut motions allowed. Generaldiscussion of the budget is a hang-over of the past when Indian Legislature could just air its grievances without any right of voting. Underthe new dispensation, it serves some purposes – the members have an opportunity to discuss revenue estimates, the ways and means ofprogramme of the government, and what is perhaps the most important purpose, the 'charged' expenditure. To the government, this stage provides a foretaste of the feelings of the House on budget proposalsfor taxes as well as expenditure. At the end of the debate, the Finance Minister makes a general reply, rebutting, as is to be expected, the various charges made by the members.

Parts of Budget Session

For convenience, the budget session has being broken down into twoparts. The first part begins with the presentation of the railway and thegeneral budget. The General Budget is presented on

the last workingday of February. March 21 is the last day for the first part of the budgetsession. Both Houses then adjourn for a month's recess to allow departmentally related standing committees to discuss demand of grants of individual ministers. The House meets again to pass the Budget.

After the approval of demands for grants by the Lok Sabha, a Bill isintroduced to provide for the appropriation of money required to meetthe grants. This is Appropriation Bill. A debate precedes the passing ofthe Appropriation Bill. The enactment of the Appropriation Bill completes the parliamentary authorization of the government expenditure.

Having authorized expenditure, Parliament must then approve theraising of the required revenue. This is done through the parliamentary approval of the Finance Bill. There is a discussion on the Finance Bill,and even at this stage, the Finance Minister may announce certain concessions. The budget is approved with the passing of the FinanceBill. One must thus note that the entire initiative in 'financial matters' rests with the Executive.

Demands for Grants

It is pertinent to repeat here that no demand for a grant shall be made except on the recommendation of the President, and, further, the LokSabha shall have power to assent, or to refuse to assent, to any demand,or to assent to any demand subjected to a reduction of the amount specified therein. This means that the honorable members can only reduce or reject the proposed items of expenditure. In practice, they may not do even this because of the majority behind the Cabinet. Cutmotions are, accordingly, symbolic; they just provide the honorable members with a stick with which to 'beat' the government. A criticism ofthe government is the main plank of the discussion, at the end of whichMinister in charge of the subject makes a general reply to the criticismrebutting the charges and assuming the removal of the grievances pointed out by the members. At the end, the demand is put to vote. Ademand becomes a grant after it has been duly voted.

A somewhat longer discussion of several demands for grants hasbeen made possible since the introduction of a vote on account. The financial year begins on April 1, but Parliament continues discussing the budget even after the inauguration of the new financial year. Will not, therefore, the new year open without any financial provisions for it?

It is precisely this contingency which the device of the vote on account wards off. A vote-on-account is an advance. Grant made by Parliamentin respect of the estimated expenditure for a part of the ensuing financialyear, pending the regular passage of the budget.

Execution of the Budget

The execution of the Budget is the responsibility of the executive government, and therefore, the distribution of power within the executive government determines the procedure for the execution of the Budget.Efficient execution depends upon the extent to which financial control combines operational freedom and flexibility with accountability for performance.

Role of Ministry of Finance

Traditionally, Indian financial system has been highly centralized. The overall control for financial management has been exercised by the Ministry of Finance. As an instrument for carrying out the financial policiesof the government, the Ministry of Finance used to supervise

the spending authorities by checking over their expenditure at three stages:
(a) approval of programmes or policies in principle; (b) acceptance of provision in the budget estimates; (c) prior concurrence to incurring of expenditure subject to such powers as may have been delegated to the administrative Ministries/Departments. At present, under the system of Integrated Financial Advisor, most of these responsibilities devolve on the spending authorities.

Composition of Executive Government for Discharging its Responsibility in Execution of Budget

The machinery which the executive government has devised for discharging its responsibility is composed of: (i) existence of controlling officers; (ii) a system of competent authorities who issue financial sanctions; (iii) a system of drawing and disbursing officers; and (iv) a system of payments, receipts and accounts. Ordinarily, the head of the Ministry/Department acts as the controlling officer in respect of that part of the Budget with which the Ministry/Department is concerned. When the Appropriation Act is passed, the Ministry of Finance advises spending Ministries/Departments about their respective allocation of funds. The controlling officers then distribute and advice about the money sanctioned to the various disbursing officers, restricting the expenditure of the latter to the amount advised by the former. It is the duty of the controlling officers to exercise continuous vigilance over recurrent and anticipated expenditure with a view to ensuring that the amounts so placed at their disposal are sent on the specified purposes and are not exceeded without additional funds being obtained in time.

Until recently, payments were made through the treasury system which also had the responsibility to compile primary accounts which were collected and adjusted by the various Accountants General. The

departmental accounts were periodically reconciled with that of the AG. Banks are also being increasingly used for payments. At the centre, Pay and Accounts offices have been created in various departments to make payments and compile accounts.

The controlling officers keep track of the progress of expenditure in their respective Ministry/Department. The monthly reports of the various spending departments are compiled by the Ministry of Finance to assess the ways and means. The progress of expenditure is periodically reviewed. The first review is made sometime in September based upon four months' actuals. The second and third are made in December and January. The latter is based upon of expenditure nine month's actuals. These are done to approach the Parliament for Supplementaries/Departments. The overall responsibility regarding the execution of the Budget as an exercise of overall control of the Budget performance rests with the Ministry of Finance.

The Factors which Influence the Execution of Budget

Execution of the Budget rests on the (i) proper collection revenues; (ii) proper distribution of funds. The Department of Revenue in the Ministry of Finance has an overall control and supervision over the machinery charged with the collection of direct and indirect taxes. Such control is exercised through the Boards of Taxes, namely, Central Board of Excise and Customs (CBEC) and the Central Board of Direct Taxes (CBDT). These Boards exercise supervision and control over the various administrative authorities who exercise powers conferred upon them to implement different taxation laws. The network of treasuries and nationalized banks are engaged in the collection (receipt), custody and disbursement of funds.

ZERO-BASED BUDGET

ZBB is a recent development in the area of management control system and is steadily gaining importance in the business world. Before preparing a budget, a base is determined from which the budget process begins. Quite often current year's budget is taken as the base or the starting point for preparing the next year's budget. The figures in the base are changed as per the plan for the next year. This approach of preparing a budget is called incremental budgeting since the budget process is concerned mainly with the increases or changes in operations that are likely to occur during the budget period. For example, sales of the current year's budget may be taken as the base and next year's budget for sales will be current year's sales plus an allowance for price increases and expected changes in sales volumes. The main drawback of this approach is that it perpetuates the past inefficiencies.

Zero Base Budgeting or Zero-based Budgeting (ZBB) is an alternative to incremental budgeting. ZBB was introduced at Texas Instruments in USA in 1969, by Peter Phyrr, who is known as the father of ZBB. It is not based on incremental approach and previous year's figures are not taken as the base for preparing next year's budget. Instead, the budget figures are developed with zero as the base, which means that a budget will be prepared as if it is being prepared for a new company for the first time.

Peter Phyrr has defined ZBB as *'a planning and budgeting process which requires each manager to justify his entire budget request in detail from scratch (hence zero base). Each manager states why he should spend any money at all. This approach requires that all activities be identified as decision packages which will be evaluated by systematic analysis ranked in order of importance.'*

According to CIMA, London, ZBB is defined as *'a method of budgeting whereby all activities are revaluated each time a budget is set. Discrete levels of each activity are valued and a combination chosen to match funds available.'*

In simple words, ZBB is a system whereby each budget item, regardless of whether it is new or existing, must be justified in its entirety each time a new budget is prepared. It is a formalized system of budgeting for the activities of an enterprise as if each activity were being performed for the first time, *i.e.,* from zero base.

The novel part of the ZBB is the requirement that the budgeting process starts at zero with all expenditures to be completely justified. This contrasts with the usual approach in which a certain level of expenditure is allowed as a starting point and the budgeting process focuses on requests for incremental expenditures.

In ZBB, budget requests for appropriation are accepted on the basis of cost/benefit approach which ensures value for money. It questions long standing assumptions and systematically examines and perhaps abandons any unproductive projects. This means that those of the activities which are of no value find no place in the forthcoming budget even though these might have been an integral part of the past budget prepared under the traditional approach. ZBB in a way tries to locate those activities which are not essential.

Main Features of Zero-Base Budgeting (ZBB)

The main features of ZBB are as under:

1. All budget items, both old and newly proposed, are considered totally afresh
2. Amount to be spent on each budget item is to be totally justified
3. A detailed cost benefit analysis of each budget programme is undertaken and each programme has to compete for scarce resources
4. Departmental objectives are linked to corporate goals
5. The main stress in not on *'how much'* a department will spend but on *'why'* it needs to spend
6. Managers at all levels participate in ZBB process and they have corresponding accountabilities.

ZBB is now-a-days widely used. In fact, when Jimmy Carter became the President of USA, he directed that all federal government agencies adopt ZBB. On a review of literature on the use of ZBB, it is found that in many organizations, ZBB has led to a considerable improvement in the budget process. But at the same time, in many organizations it has not proved successful.

Advantages: The main advantages of ZBB are:

1. In ZBB, all activities included in the budget are justified on cost benefit considerations which promote more effective allocation of resources.
2. ZBB discards the attitude of accepting the current position in favour of an attitude of questioning and challenging each item of budget.
3. In the course of ZBB process, inefficient and loss-making operations are identified and may be removed.
4. It adds psychological push to employees to avoid wasteful expenditure.
5. It is an educational process and can promote a management team of talented and skillful people who tend to promptly respond to changes in the business environments.
6. Cost behaviour patterns are more closely examined through ZBB.
7. Deliberately inflated budget requests get automatically weeded out in the ZBB process.

Disadvantages: Despite being a useful technique, ZBB suffers from the following disadvantages:

1. ZBB leads to an enormous increase in paperwork and results in high cost of preparing budgets every year.
2. Managers may resist new ideas and changes. They may feel threatened by ZBB because all expenditures are questioned and need to be justified.
3. In ZBB, there is danger of emphasising short-term gains at the expense of long-term benefits.
4. It has a tendency to regard any activity not foreseen and sanctioned in the most recent ZBB as illegitimate.
5. For introducing ZBB, managers need to be given proper training and education regarding this new concept, its pros and cons and implementation.
6. It may not always be easy to properly rank decision packages and this may give rise to conflicts.

SUMMARY

- Beginning in 1930, the revolution of privatization spread rapidly around the world. Privatization came to be associated with a feeling of liberalization, less control and regulations by the state in matters related to financial activities.
- Budget is a detail of estimated revenues and expenditures- a comparative chart of revenues and expenditures- and over and above this is an authority and direction of the competent authority given for collection of revenues and expenditure of public money.

KEY TERMS

- **Total denationalization:** Implies 100 per cent transfer of ownership of a public enterprise to private sector
- **Joint venture:** Implies partial transfer of a public enterprise to the private sector
- **Liquidation:** Implies sale of assets to a person who may use them for the same purpose or some other purpose

QUESTIONS AND EXERCISES

1. Give a short note on the main characteristics of public corporations.
2. What are the advantages and limitations of public corporations?
3. What is meant by financial restructuring?
4. Enlist different types of budgets.
5. What is the difference between single and plural budgets?

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UNIT-11: Audit and Accounts

Structure:

- Introduction
- Unit Objectives
- Audit and Accounts
  - Audit
  - Accounting
- Summary
- Key Terms
- Questions and Exercises
- Further Reading

INTRODUCTION

Audit and accounts are integral components of financial management that play a critical role in ensuring transparency, accountability, and the integrity of financial information within organizations. Auditing is a systematic examination of financial records, transactions, and processes to verify their accuracy and compliance, while accounts encompass the systematic recording, classification, and reporting of financial transactions. Together, audit and accounts contribute to the reliability of financial information, compliance with regulations, and the overall financial health of an organization.

Audit is a systematic and independent examination of financial information, operations, or processes to provide an objective assessment of their accuracy, fairness, and compliance with established standards. Auditors, who may be internal or external to the organization, conduct audits to ensure that financial records are free from material misstatements and that internal controls are effective. Audits play a crucial role in instilling confidence among stakeholders, including investors, regulators, and the public, by providing assurance on the reliability of financial reporting.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Know the fine nuances of audits and accounts
- Evaluate the significance of the role of Comptroller and AuditorGeneral
- Verify the accuracy and reliability of financial statements and other financial information.
- Identify and assess financial and operational risks that may impact the organization.

AUDIT AND ACCOUNTS

Audit

The government commercial concerns, the accounts of which are subject to the audit of the Comptroller and Auditor General, fall under three categories: departmental enterprises, government companies and public corporations.

The annual budgets of government companies are not subject to vote by the Parliament; only the total grants in respect of their capital investment programmes contributed by the government in the form of either the purchase of share capital or grant of loans are subject to parliamentary vote. It appears that two parallel sets of auditors conduct the audit of the account of these companies, namely, the statutory auditors of the companies who audit the accounts according to the principles of commercial audit and the Comptroller and Auditor General who conducts the audit of the same accounts more or less on the principles of financial audit applicable to government departments. Under the Indian Companies Act, these professional auditors (usually private firms of chartered accountants) are appointed by the union government on the advice of the Comptroller and Auditor General who can also direct the manner in which the company accounts are to be audited. He can also conduct test or supplementary audit if not satisfied with the audit of professional auditors. The observations of supplementary audit are incorporated in the annual audit report submitted by him to the Parliament. The Act provides that the professional auditors of the company shall submit a copy of their audit report to the CAG who has the right to comment upon or supplement the audit report in any manner he deems fit.

Public corporations are mostly free from regulatory and prohibitory statutes applicable to the expenditure of public funds and are not ordinarily subjected to budgeting and audit procedures applicable to ministries, departments or other governmental agencies. The budgets of such corporations are not voted by the Parliament; only the total grants in respect of their capital investment programmes financed by the government are voted. The accountability of such autonomous statutory corporations is, therefore, assured by their relevant statues providing for the maintenance of accounts as prescribed of audit these corporations fall under three categories:

(i) There are corporations like Air India, Damodar Valley Corporation and Indian Airlines Corporation in respect of which the responsibility of audit has been entrusted entirely to the CAG.

(ii) There are corporations like the Industrial Finance Corporation and the Central Warehousing Corporation whose audit is done by professional auditors, i.e., private

firms of chartered accountants. These auditors are appointed by the central government in consultation with the CAG, who also retains the right to undertake such supplementary audit as he may consider necessary either on his own motion or on a request from the government.

(iii) There are still other corporations like the Reserve Bank of India, Life Insurance Corporation of India and Food Corporation of India for which the audit is done exclusively by the private firms of chartered accountants and the CAG does not come into the picture at all. Such corporations are required to submit their annual reports and

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accounts directlyto the Parliament.

Accounting

The process of accounting is a pretty complex one if one looks from the perspective of a layman. So what is accounting? In simple terms, itis a procedure through which financial information regarding businessor organization is communicated to its managers and shareholders.

The American Institute of Certified Public Accountants also knownas AICPA has defined accounting as,

> The art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the results thereof

History of Accounting

Accounting is not a modern concept as some might think, of course methods we use today are contemporary, but the process of accountingwas existent even thousands of years back. Some discoveries have pointed out that the system of accounting was prevalent in Middle Eastsome seven thousand years back.

The Vedas

Vedas, which are considered to be the oldest of the Sanskrit books andregarded worldwide as one of the oldest texts available, also have mention of the accounting system, which gives us a proof that some form of accounting procedure was present during the Vedic period. Some of the terms relating to accounting which were used in the Vedicperiod are:

- *Vikarya* and *Nirukta*- from the Atharvaveda, which denotes tax
- *Shulka*- from the Rigveda and the Dharmasutras denoting priceand tax.

In the Mesopotamian culture

The system of accounting was also prevalent in the Mesopotamian culture as has been found from the ruins of Assyria, Babylon and Sumeria. These were the most primitive methods of accounting whichwere ever used. They used these methods to keep a record of their growth in crops and animals. They used clay tokens for their accountingpurposes.

In the Islamic culture

Accounting has also been mentioned in the holy Quran but not in thesystem of books but rather in a more generic sense. However, Qurandoes mention and approve of keeping a record of transactions.

Modern Day Accounting

In contemporary times, accounting is termed as 'the language of business' as it acts as a vehicle for the transportation of financial information regarding business among a variety of individuals and groups. It also provides concrete information of the health of the business.

Commercial Accounting/ Government Accounting

If we go by the economic definition, them 'Commercial accounting concerns a firm which also is a production unit.' A firm can be any oneof the following;

- A proprietorship
- A partnership
- A joint stock company

In India, firm is usually associated with a partnership whereas a company is usually denoted with a corporate body. The ultimate aim ofall these bodies is profit maximization. It is also their chief motivating factor for growth. So financial management, in private firms, enterprisesand corporations deals with the earning of maximum profit.

On the contrary, the government has to be concerned with the general welfare of the citizens of the country. The very basic fundamentalof its existence lies in doing good work for its citizens. Like corporations,it also has to raise money as it cannot function without a medium of money. This brings government accounting into picture as the complexsystems of financial administration cannot be carried out without a proper system of accounting.

Significance of Government Accounting

In a democratic nation such as India, government accounting becomesall the more significant as people have the right to know the ways government financial operations are being carried out. This further restores their faith in the government representatives. The governmentneeds to provide the following types of financial information:
- Information about revenue and expenditure
- Information about loans and deposits
- Information about cash availability

Information regarding Revenue

Revenue of the government is collected from the citizens of that particular nation. So, it is essential for the people to know whether therevenue collected from them is being used for the country's welfare. Byanalyzing the accounts this objective can be achieved. Revenues collected by the government are thus classified into two parts:
- Tax revenues
- Non-tax revenues

Not only the people, but even the government has to have informationregarding accounts as it helps them to analyze the types of taxes to beapplied, depending on the requirements. The government, however cannot be authoritative in imposing taxes and collecting revenues. So providing correct and precise information regarding revenue collectionis part of the government's duty.

Information regarding expenditure

Just like revenue, the government also has a responsibility of providinginformation regarding expenditures. Authorities such as the legislaturewhich are expenditure sanctioning bodies have the right to know whetherthe sanctioned funds are being spent in a fair manner.

Information regarding loans and deposits

Public money comprises deposits, loans, tax and revenues. Just as governments collect money from the public in the form of revenues and taxes, they also provide loans to the general public, industries, etc.There should be a detailed account maintained for these loans whichare provided

by the government, so that a transparent picture is presented before the legislature.

Information regarding cash availability

The collection of taxes and other borrowing as well as the expendituresare continuous processes that carry on throughout the year. There mighthence be a situation where a gap might exist between the receipts ofcash and actual availability of cash. The system of accounting thus helps in closing this gap. Bank Reconciliation Statement is part of thisprocedure.

Terms and Expressions

These are some familiar terms and expressions regarding governmentaccounting, some of which are explained later on:

- Treasury
- Demand for grant
- Supplementary grant
- Voteable items
- Non-voteable items
- Comptroller and Auditor General of India
- Public Accounts Committee

Treasury

The term treasury has been taken from the financial systems of the British. In simple terms, treasury is seen as a place where all the revenues of the government are kept. The Prime Minister of Britain actsas the Lord of Treasury. In India, there is no such thing as a central treasury. Rather there are district treasuries for the states.

Demand for grant

There is a fundamental principle regarding government finance whichstates that there can be no expenditure made by a public authority without a sanction from the Parliament. This is termed Demand for grant. The demands thus made can be:

- Granted
- Refused
- Reduced

Public Accounts Committee

The Public Accounts Committee set up by the parliament or by the state legislature has the job of scrutinizing expenditures regarding publicmoney. Ministers of our country are not allowed to be a part of this committee. Basically, it consists of the members of the opposition.

Government Accounting Standards Advisory Board (GASAB)Formation

Article 150 of the Indian constitution states that, 'The accounts of the
Union and of the States shall be kept in such form as the President may, on the advice of the Comptroller and Auditor General of India, prescribe'. Accordingly, with the support of the Government of India, theGovernment Accounting Standards Advisory Board (GASAB) was

constituted by the Comptroller & Auditor General of India on August 12,2002 for the Union and States.

Composition

- Deputy Comptroller and Auditor General - Chairperson
- Controller General of Accounts, Ministry of Finance, Governmentof India
- Financial Commissioner, Railways, Ministry of Railways,Government of India
- Controller General of Defence Accounts, Ministry of Defence,Government of India
- Additional Secretary (Budget), Ministry of Finance, Governmentof India
- Deputy Governor, Reserve Bank of India or his/ her nominee
- Director General, National Council of Applied Economic Research(NCAER), New Delhi
- President, Institute of Chartered Accountants of India (ICAI), orhis/her nominee
- Principal Secretary (Finance)/ Secretary (Finance) of four Statesby annual rotation

Director General (Accounts)/ Principal Director, Office of theComptroller and Auditor General of India, as Member SecretaryDefinitions- Indian Government Accounting Standard (IGAS)

Accounting Authority is the authority which prepares the Financial Statements of the Governments

Cash Basis of accounting is that wherein accounting transactionsof an entity represent the actual cash receipts and disbursements duringa financial year as distinguished from the amount due to or by the entityduring the same period

Accounting Period means the period covered by the Financial Statements

Consolidated Fund of India is the fund referred to in clause (1) Article 266 of the Constitution of India.

Debt is the amount owed by Government for borrowed funds.

Financial Statements means the Annual Finance Statements of the Governments.

Government means the Union Government or any State Government or Government of any Union Territory with Legislature.

Sector consists of a grouping of specific functions or services as per the 'List of Major and Minor Heads of Account of Union and States'.

Budget refers to the 'Annual Financial Statement' of the State Government in terms of the provisions of the Article 202 of the Constitution.

Accounts of the State Government refer to the annual and the periodical accounts as prepared by the accounting authority. They include the Monthly Civil Accounts, Finance Accounts, etc

SUMMARY

- The Finance Ministry is endowed with control over the estimateof the spending ministries. Two reasons may be given for this. Inthe first place, the Finance Ministry is not itself a spending ministry and can, therefore, act as the disinterested guardian of the tax-payers' interests.

- Beginning in 1930, the revolution of privatization spread rapidlyaround the world. Privatization came to be associated with a feeling of liberalization, less control and regulations by the statein matters related to financial activities.

KEY TERMS

- **Financial restructuring:** Implies the writing off of accumulatedlosses and rationalization of capital composition in respect of debt-equity ratio
- **Budget:** A financial statement prepared in advance of the openingof a fiscal year, of the estimated revenues and proposed expenditure of the given organization for the ensuing fiscal year

QUESTIONS AND EXERCISES

1. Discuss various functions of public corporations. Also mentionthe problems faced by them.
2. Evaluate the ownership measures of privatization.
3. Describe the organizational measures of privatization.
4. Explain the process of long-term budgeting.
5. Discuss different types of budgets.

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UNIT-12: Comptroller and Auditor General

Structure:

- Introduction
- Unit Objectives
- Comptroller and Auditor General
    - Conditions of Service
    - Duties and Powers of the Comptroller and Auditor General
    - Office of CAG– A Comparative Study
    - The Functions of the Comptroller and Auditor General
- Public Policy: Formulation and Implementation
- Summary
- Key Terms
- Questions and Exercises
- Further Reading

INTRODUCTION

The Comptroller and Auditor General (CAG) is a crucial constitutional office in many countries, responsible for overseeing the government's financial management and ensuring accountability and transparency in the use of public funds. The CAG plays a pivotal role in auditing government accounts, evaluating financial transactions, and providing independent assessments to the legislature. This office holds a position of significance in upholding the principles of good governance and fiscal responsibility.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Explore the historical development and evolution of the CAG's office in different countries.
- Understand the factors that led to the establishment of an independent auditor overseeing government expenditures.
- Examine the types of audits conducted by the CAG, including financial audits, performance audits, compliance audits, and value for money audits.
- Understand the methodologies and standards employed in these audits.

COMPTROLLER AND AUDITOR GENERAL

The Comptroller and Auditor General is a pivotal office in the Government of India who controls the entire financial system of the country [Art. 148]-at the Union as well as the State levels.

As observed by Ambedkar, the Comptroller and Auditor General of India shall be the most important officer under the Constitution of India For, he is to be the guardian of the public purse and it is his duty to seethat not a farthing is spent out of the Consolidated Fund of India or of a State without the authority of the appropriate Legislature. In short, heshall be the impartial head of the audit and account system of India. Inorder to discharge this duty properly, it is highly essential that this officeshould be independent of any control of the Executive.

The foundation of parliamentary system of Government, as has been already seen, is the responsibility of the Executive to the Legislatureand the essence of such control lies in the system of financial controlby the Legislature. In order to enable the Legislature to discharge this function properly, it is essential that this Legislature should be aided by an agency, fully independent of the Executive, who would scrutinize thefinancial transactions of the Government and bring the results of suchscrutiny before the Legislature. There was an Auditor-General of Indiaeven under the Government of India Act, 1935, and that Act secured theindependence of the Auditor General by making him irremovable except'in like manner and on the like grounds as a Judge of the Federal Court'.The office of the Comptroller and Auditor General, in the Constitution, issubstantially modeled upon that of the Auditor General under the Government of India Act, 1935.

Conditions of Service

The independence of the Comptroller and Auditor General has been sought to be secured by the following provisions of the Constitution:

(a) Though appointed by the President, the Comptroller and Auditor- General may be removed only on an address from both the Houses of Parliament, on the grounds of (i) 'proved misbehaviors',or (ii) 'incapacity'. He is, thus, an exception from the general rule that all civil servants of the Union hold their office at the pleasureof the President [Cf. Art. 310(1)].

(b) His salary and conditions of service shall be statutory (i.e. as laiddown by Parliament by law) and shall not be liable to variation tohis disadvantages during his term of office. Under this power, Parliament has enacted the Comptroller and Auditor-General's (Conditions of Service) Act, 1971 which, as amended, providesas follows:

  (i) The term of office of the Comptroller and Auditor General shall be 6 years from the date on which he assumes office.But-

- He shall vacate office on attaining the age of 65 years,if earlier than the expiry of the 6-year term;
- He may, at any time, resign his office, by writing underhis hand, addressed to the President of India.
- He may be removed by impeachment [Arts. 148(1);124(4)].

  (ii) His salary shall be equal to that of a Judge of the SupremeCourt (which is now ` 9,000).

  (iii) On retirement, he shall be eligible to an annual pension of ` 15,000.

  (iv) In other matters, his conditions of service shall be determined by the Rules applicable to a member of the IASholding the rank of a Secretary to the Government

of India.

   (v) He shall be disqualified for any further Government 'office'after retirement – so that he shall have no inducement to please the Executive of the Union or of any State.

  (vi) The salaries, etc., of the Comptroller and Auditor General and his staff and the administrative expenses of his office shall be charged upon the Consolidated Fund of India andshall thus be non-votable [Art. 148].

On the above points, thus, the position of the Comptroller and Auditor-General shall be similar to that of a Judge of the Supreme Court.

The Comptroller and Auditor General shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States as may be prescribed by Parliament. In exercise of this power, Parliament has enacted the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, which, as amended in 176, relieves him of his pre-Constitution duty to compile the accountsof the Union; and the States may enact similar legislation with the priorapproval of the President, - to separate accounts from audit also at the State level, and to relive the Comptroller and Auditor General of his responsibility in the matter of preparation of accounts, either of the Statesor of the Union.

Duties and Powers of the Comptroller and AuditorGeneral

The material provisions of this Act relating to the duties of the Comptrollerand Auditor General are:

  (a) To audit and report on all expenditure from the Consolidated Fundof India and of each State and each Union Territory having a Legislative Assembly as to whether such expenditure has beenin accordance with the law;

  (b) Similarly, to audit and report on all expenditures from the Contingency Funds and Public Accounts of the Union and of theStates;

  (c) To audit and report on all trading, manufacturing, profit and lossaccounts, etc., kept by any Department of the Union or a State;

  (d) To audit the receipts and expenditures of the Union and of eachState to satisfy himself that the rules and procedure in that behalfare designed to secure an effective check on the assessment,

  (e) collection and proper allocation of revenue; To audit and report on the receipts and expenditure of (i) all bodiesand authorities 'substantially financed' from the Union or State revenues; (ii) Government companies; (iii) other corporations orbodies, when so required by the laws relating to such corporationsor bodies.

Office of CAG– A Comparative Study

As has been just stated, the duty of preparing the accounts was a relicof the Government of India Act, 1935, which has no precedent in the British system, under which the accounts are prepared, not by the Comptroller and Auditor General, but by the respective Department. The legislation to separate the function of preparation of accounts fromthe Comptroller and Auditor General of India, thus, brings this office atpar with that of its British counterpart in one respect.

But there still remains another fundamental point of difference. Though the designation of this office indicates that he is to function both as Comptroller and Auditor, our Comptroller and Auditor-Generalis so far exercising the functions only of an Auditor. In the exercise ofhis

functions as Comptroller, the English Comptroller and Auditor General controls the receipt and issue of public money and his duty is to see that the whole of the public revenue is lodged in the account of the Exchequer at the Bank of England and that nothing is paid out of that account without any legal authority. The Treasury cannot, accordingly, obtain any money from the public exchequer without a specific authority from the Comptroller, and, this he issues on being satisfied that there is a proper legal authority for the expenditure. This system of control over issues of the public money not only prevents withdrawal for an unauthorized purpose but also prevents any expenditure in excess of the grants made by parliament.

In India, the Comptroller and Auditor General has no such control over the issue of money from the consolidated fund and many departments are authorized to draw money by issuing cheques without any specific authority from the Comptroller and Auditor General, who is concerned only at the audit stage when the expenditure has already taken place. This system is a relic of the past, for, under the Government of India Acts, even the designation 'Comptroller' was not there and the functions of the Auditor General were ostensibly confined to audit. After the commencement of the Constitution, it was through out desirable that our Comptroller and Auditor-General should also have the control over issues as in England, particularly for ensuring that 'the grants voted and appropriations made by Parliament are not exceeded'. But no action has as yet been taken to introduce the system of exchequer control over issues as it has been found that the entire system of accounts and financial control shall have to be overhauled before the control can be centralized at the hands of the Comptroller and Auditor General.

The Functions of the Comptroller and Auditor General

The functions of the Comptroller and Auditor General have recently been the subject of controversy, in regard to two questions:

(i) The first is, whether in exercising his function of audit, the Comptroller and Auditor General has the jurisdiction to comment on extravagance and suggest economy, apart from the legal authority for a particular expenditure. The orthodox view is that when a statute confers power or discretion upon an authority to sanction expenditure, the function of audit comprehends a scrutiny of the propriety of the exercise of such power in particular cases, having regard to the interests of economy, besides its legality. But the Government Departments resent this on the ground that such interference is incompatible with their responsibility for the administration. In this view, the Departments are supported by academicians such as Applyby, according to whom the question of economy is inseparably connected with the efficiency of the administration and that, having no responsibility for the administration the Comptroller and Auditor General or his staff had no competence on the question of economy:

'Auditors do not know and cannot be expected to know very much about good administration; their prestige is highest with others who do not know much about administration…. Auditing is a necessary but highly pedestrian function with a narrow perspective and very limited usefulness.'

Another question is whether the audit of the Comptroller and Auditor-General should be extended to industrial and commercial undertakings carried on by the Government through private limited companies, who are governed by the Articles of their Association, or to statutory public corporations or undertakings which are governed by statute. It was rightly contended by a former Comptroller and Auditor General that as money is issued

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out ofthe Consolidated Fund of India to invest in these companies andcorporations on behalf of the Government, the audit of such companies must necessarily be a right and responsibility of theComptroller andAuditor General, while, at present, the Comptrollerand Auditor General can have no such power unless the Articlesof Association of such companies or the governing statutes provide for audit by the Comptroller and Auditor General. The resultis that the report of the Comptroller andAuditor General does notinclude the results of the scrutiny of the accounts of these corporations and the Public Accounts Committee or Parliamenthas little material for controlling these important bodies spending public money. On behalf of the Government, however, this extension of the function of the Comptroller and Auditor Generalhas been resisted on the ground that the Comptroller and Auditor General lacks the business or industrial experience which is essential for examining the accounts of these enterprises and that the application of the conventional machinery of the Comptroller and Auditor General is likely to paralyze these enterprises which are indispensable for national development.

As has just been stated, this defect has been partially remedied by theAct of 1971 which enjoins the Comptroller and Auditor General to auditand report on the receipts and expenditure of 'Government companies'and other bodies which are 'substantially financed' from the Union or State revenues, irrespective of any specific legislation in this behalf.

PUBLIC POLICY: FORMULATION ANDIMPLEMENTATION

Confronted with the obvious concern of public administration with publicpolicy making the textbooks revised their definitions to reflect the public-policy orientation. Public administration consists of all those operationshaving for their purpose the fulfilment or enforcement of public policy.Public administration may be defined as the coordination of individualand group efforts to carry out public policy. As a study, public administration examines every aspect of government's efforts to discharge the laws and to give effect to public policy.

In this regard systems model for policy analysis, institutional approach to policy analysis, rational policy making model and simoonmodels have already been discussed in Unit 2 (Section 2.7, Public PolicyApproaches).

SUMMARY

- A 'Public Corporation' is a form of public enterprise which is outside the framework of government departments and companylaws and which is especially designed to meet the specific needof a government enterprise. Apublic corporation seeks to combinethe flexibility of private enterprise with public ownership and accountability

- Privatization is the process of involving the private sector in theownership or operation of a state owned or public sector undertaking. It can take three forms: (i) Ownership measures; (ii) Organizational measures; and (iii) Operational measures.

KEY TERMS

- **Joint venture:** Implies partial transfer of a public enterprise to the private sector
- **Liquidation:** Implies sale of assets to a person who may use them for the same purpose or some other purpose
- **Workers' co-operative**: A special form of denationalization wherein ownership of the enterprises is transferred to workers who may from a cooperative to run the enterprise
- **Financial restructuring:** Implies the writing off of accumulated losses and rationalization of capital composition in respect of debt-equity ratio

QUESTIONS AND EXERCISES

1. Give a short note on the main characteristics of public corporations.
2. What are the advantages and limitations of public corporations?
3. What is meant by financial restructuring?
4. Enlist different types of budgets.
5. What is the difference between single and plural budgets?

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Block-4

Legislature, Executive and Good Governance

Unit-13: Delegated Legislation and Administrative Adjudication

Unit-14: Generalist and Specialist in Administration

Unit-15: Political Corruption

Unit-16: Administrative Reforms

Delegated Legislation and Administrative Adjudication

Structure:

- Introduction
- Unit Objectives
- Delegated Legislation and Administrative Adjudication
    - Delegated Legislation
    - Administrative Adjudication
- Summary
- Key Terms
- Questions and Exercises
- Further Reading

INTRODUCTION

Delegated legislation and administrative adjudication are two essential components of administrative law that play a significant role in the functioning of modern governments. These mechanisms empower administrative agencies and authorities to make rules, regulations, and decisions that facilitate the implementation of laws passed by legislatures. Delegated legislation involves the transfer of lawmaking authority from the legislature to administrative bodies, while administrative adjudication encompasses the process through which administrative agencies resolve disputes and make decisions in specific cases.

Delegated legislation, also known as subordinate or secondary legislation, refers to rules, regulations, and laws created by administrative bodies or authorities under the authority granted to them by the primary legislation enacted by the legislature. This delegation of legislative power allows administrative agencies to address the details, practicalities, and specificities required for the effective implementation of broad legislative frameworks. Delegated legislation is crucial for adapting to changing circumstances and ensuring that laws remain relevant and functional over time.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Understand the relative functional positions of legislature and executive in the country
- Discuss the meaning and purpose of delegated legislation and administrative adjudication

DELEGATED LEGISLATION AND ADMINISTRATIVE ADJUDICATION

Delegated Legislation
Delegated legislation stands for a quasi-legislative function performed by the civil service. Because of lack of time, pressure of work and increased complexities of legislation, the legislature formulates laws in skeleton form and afterwards delegates power to the executive to fill in the details

or do the remaining task to complete the task. Following thesame, the civil servants make the sub-laws, rules and regulations within the limits and confines of the parent law enacted by the legislature. Delegated legislation is also termed as executive legislation or subordinate legislation. Delegated legislation is defined 'as the exercise of minor legislativepower by subordinate authorities and bodies in pursuance of statutoryauthority given by the Parliament itself'. So it is the law-making powerconferred by the Parliament on the executive. However, the executivedoes not enjoy any original law-making power. Further, the delegatedlegislation is strictly subordinate to the terms of the statutes under whichit has been originally created. The responsibility of delegated legislationis given to highly responsible and competent authorities. The same cannot be further sub-delegated to other subordinates. Like any otherlegislation, the delegated legislation is subject to judicial review, i.e., itcan be declared as void if it is found inconsistent with the statute or exceeds the power granted by the Parliament.

The Need for Delegated Legislation

Under the present scenario, the practice of delegating legislative powerto bureaucracy is on the increase. We have a variety of factors responsible for this trend. The following reasons have popularized thistrend:

Increase in the volume of work: With emerging situations, the legislative work has grown to an extent that it has become almost unmanageable and impossible for the legislature to formulate laws oneach and every aspect of the work falling in its widespread domain. Further, the tasks and functions confronting the legislature have acquireda varied and technical nature. So the legislature is found to lack the necessary skills and aptitude to carry them out. Hence the need for specialized expertise of bureaucracy is being constantly felt.

Lack of time: It has been seen that ever-increasing functions of thelegislature do not leave sufficient time for formulating laws on varied problems and issues. The huge volume of legislative business makesit essential that the Parliament should enact laws that embody broad principles, leaving the details to be furnished by the executive.

Scientific and technical character of the subject matter: It has beenobserved that the political executive include laypersons who do not possess the experience to formulate laws in the areas that need technical and scientific knowledge and skills. So they have to consultthe bureaucracy.

Need to provide for unforeseen contingencies: It is a common factthat delay can be very dangerous in coping with emergency situationslike war, economic crises, etc. Hence, the political executive requires the help of bureaucracy to formulate policies without unnecessary delay and waste of precious time.

Types of Delegated Legislation

Delegated legislation can be categorized into three types: contingent, supplementary and interpretative.

Contingent delegated legislation: Such type of delegation occurswhere the legislature makes the application of the main or the enabling Act bound by the existence of specific facts or circumstances and, therefore, authorizes the administrative agency, i.e., the bureaucracy. In practice it means that the bureaucracy is required to formulate policy,taking into consideration the facts and conditions notified by the legislature.

Supplementary delegated legislation: At times the legislature formulates laws in just a skeleton form. It means that it just lays downcertain basic principles or standards under which the laws need to beframed; everything else is left for the bureaucracy to actualize. The bureaucracy then

works out the details by collecting relevant information and builds up final legislation upon the foundations of skeleton laws. Municipal Acts fall into this category in our country.

Interpretative delegated legislation: After formulating the laws, the bureaucracy is authorized to explain and clarify the provisions of the law. The bureaucratic power to interpret the law makes legislation explicit and clear.

Administrative Adjudication

It is a quasi-judicial function performed by the civil service. Under this right, the civil servants settle disputes between the state and citizens. To meet this end, the Administrative Tribunals with judges are set up, e.g., The Income Tax Appellate Tribunal, Industrial Tribunals, Rent Tribunals and Railway Rates Tribunals in India. Such tribunals operate outside the normal court system.

On the practical level, administrative adjudication means the resolution of quasi-judicial matters by administrative agencies or commissions established for this objective. It has been observed that various technical issues and disputes emerge in the day-to-day administration. The ordinary courts do possess the technical expertise and it becomes quite dilatory and costly to dispense with cases of administrative nature. The administrative agencies are capable of looking into the matters of administrative exigencies and requirements. Such administrative agencies having the power to adjudicate the disputes born of administrative action or inaction are termed as administrative tribunals.

However, it can also not be denied that administrative adjudication suffers from many shortcomings. Still, like delegated legislation, it is an unavoidable necessity for a modem sophisticated society. So, to remove the shortcomings, various safeguards have been suggested to make administrative adjudication impartial and efficient. Such safeguards comprise:

(1) Administrative tribunals need to be manned by individuals having legal training and experience. To boost public confidence, the appointment of members must be made after due consultation with the Supreme Court.

(2) A code of judicial procedure for administrative tribunals needs to be devised and enforced. It is necessary in view of the pervasiveness of varying procedures of administrative adjudication in the country.

(3) The tribunals' decisions must be accompanied by suitable reasons. 'Good Laws', Jeremy Bentham observed, 'are such laws for which good reasons can be given'. A reasoned decision convinces the persons who are affected by it. These individuals have to be aware of its innate fairness and in this manner it works as a check against the misuse of power.

The Supreme Court's jurisdiction (as well as the High Courts) should not be curtailed. In other words, the right to judicial review on points of law must remain unimpaired. Some of the administrative tribunals permit appeal to the court of law. However, some of them seek to ban judicial review altogether by making their decisions final. According to M.C. Setalvad, former Attorney General of India, 'The need for judicial review is greater in a nascent democracy like India.'

SUMMARY

- Corruption is the behaviour of public officials which deviates from accepted norms in order to serve private ends.

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- Corruption is a form of behaviour which deviates from the formal duties of a public role. Corruption is a political problem.
- Corruption in political life in India has assumed almost criminal proportion and has ceased to provoke that amount of shock and disgust as it would have three decades ago. Corruption exists not only in the ruling party alone but, has infected the opposition and all other political parties in equal measures.
- The high level corruption in administration was supposed to be tackled by an Independent Central Vigilance Commission (CVC).
- Chief Vigilance Commissioner, N. Vittal adopted a three-point plan to check corruption simplification of rules and procedures, empowering the public and bringing greater transparency in publishing the names of those officials who misuse their authority and act against public interest, and the strategy of effective punishment.

KEY TERMS

- **Political corruption:** The misuse of political power for private profits; in this type of corruption, money enters as a secondary factor in the anatomy of corruption Beyond Good Governance
- **Money laundering:** The act of disguising illegally obtained money
- **Micro-level reforms:** The reforms in the working of individual offices; public offices in India are in need of drastic renovation
- **Meso-level reforms:** These are mainly connected with reforms in organization, procedure and methods of work, administration, delegation, programme planning and monitoring, enforcement and management of personnel and public services

QUESTIONS AND EXERCISES

1. What is good governance?
2. What has been the impact of New Public Management on good governance?
3. What is governance?
4. What is good governance related to?
5. Enlist the basic characteristics of good governance.

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UNIT-14: Generalist and Specialist in Administration

Structure:

- Introduction
o Unit Objectives
o Generalist and Specialist in Administration
    - Generalist: Meaning
    - Specialists: Meaning
    - Generalist vs. Specialist Debate in India
    - A Suitable Way Out
o Political vs. Permanent Executive
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INTRODUCTION

In the field of administration, individuals often fall into two broad categories based on their expertise and focus: generalists and specialists. These distinctions highlight different approaches to the acquisition of knowledge and the application of skills within administrative roles. While generalists possess a broad range of skills and knowledge applicable across various functions, specialists focus on a specific area, acquiring in-depth expertise to address specialized tasks and challenges. Both generalists and specialists contribute uniquely to the efficiency and effectiveness of administrative processes.

Generalists are administrative professionals who possess a broad set of skills and knowledge applicable across diverse functions and areas within an organization. They are often involved in general management, overseeing multiple aspects of an organization's operations, and may play roles in human resources, finance, project management, or strategic planning. Generalists are valued for their versatility, adaptability, and the ability to navigate different facets of an organization's functioning.

UNIT OBJECTIVES

After going through this unit, you will be able to:
- Describe the role and importance of generalists and specialists in administration
- Evaluate the relative importance of political and permanent executives
- Develop a versatile skill set to handle various administrative tasks and challenges.

GENERALIST AND SPECIALIST IN ADMINISTRATION

Basically there are two broad functional categories in the government: generalists and specialists. They have to play a very critical role in giving advice to the political executives, help in policy making and in implementing these policies. Presently, administration has become more specialized in nature. So it needs various types of personnel with essential skills, knowledge and qualities to fulfill challenging and complex functions. The debate between these two sets of functionaries, both of whom are irreplaceable in modem organizations, is very old. It is still one of the intensely fought-out issues in the domain of Public Administration. In 1958, James Fesler recorded the revival of this controversy in the UK. In 1968, the Fulton Report on Civil Services reopened the issue and provoked further debate. In India, following the tradition of the British-era Indian Civil Service (ICS), initially the preeminence of the generalists was more or less accepted and hence it was not challenged very seriously. The successor to the ICS, the Indian Administrative Service (IAS), gained prominence with its personnel usually occupying the top posts both at the central as well as state levels besides the positions of heads of various departments. However, this dominance of the generalists in administration bred discontent which has been gaining momentum during the recent decades.

Generalist: Meaning

Leonard White observes, 'General administration is understood to mean those duties which are concerned with the formulation of policy; with the coordination and improvement of government machinery and with general management and control of the departments.' So a generalist administrator basically deals with all types of administrative processes indicated by the expression 'POSDCORB', i.e., 'planning, organizing, staffing, directing, coordinating, reporting and budgeting'. The generalists enter administration on the basis of a university degree, irrespective of the subjects involved. This certain level of education indicates the indispensable minimum requirements of intellectual and mental status.

Further, the posting of a generalist civil servant in various government departments has nothing to do with his/her education or any administrative experience or skills. As per this approach, a generalist entrant having commerce background may be posted in irrigation department. From a purely negative point of view, a generalist is an individual who is not an expert or a scientist in a particular field. However, in a positive sense, the concept of a generalist is applicable to a person who is called a professional administrator, if administration is taken as a field and a profession like law, engineering, medicine, etc. In their professional capacities, the generalists possess the techniques and skills of a manager as well as politician. Functioning as a manager, the generalist is given the responsibility of getting things done. Further, as a 'politician' he/she is made responsible for interpreting public opinion in the context of the multifaceted social, economic and even political problems of the times.

Role of Generalists

The descent of the generalist dominating the administrative machinery at the top is traced to the administrative philosophy of nineteenth-century England where generalism was made an absolute administrative principle. Northcote Treveleyan Report on the Organization of Permanent Civil Service (1854) and the Macaulay Report on the Indian Civil Service (1854) were the two authorities which helped in the build-up of a generalist image. These reports lent solid support for the recognition of generalist supremacy. Their emphasis was on young graduates, who with no particular education or technical background, could form the elitist administrative part. In India as well, like in England, this administrative arrangement came to be accepted as the

logical extension of the same philosophy. The ICS during the British era dominated the administrative scenario. Its members were deployed invarious governmental positions. During those days, the experts and specialists were smaller in number and the Indian Civil Service was groomed as an elitist service.

Specialists: Meaning

A specialist possesses special knowledge of some specific field. Therefore, specialists in government are those who are recruited to theposts for which professional, scientific, technical or other specialist qualifications are necessary. It includes engineers, doctors, scientists, lawyers, statisticians, economists and other technical people. In orderto qualify as a specialist, the basic requirement is an institutional specialty, i.e., one must possess a pre-employment spell of either techno-professional academic education and/or pre-entry vocational or occupational training. Hence, the hallmark of a specialist is devotion to the discipline, unwavering commitment to the professional cause and practice and unflinching pursuit of a specialty. Critics usually viewspecialists as narrow, uni-disciplinary professionals who handle all issues from a very limited vision or angle. They also hold the opinion that they are incapable of comprehending in a holistic manner the complexities of live administrative and management problems and hence are not suitable for holding top policy positions.

Role of Specialists

Undoubtedly, the present day administration has become technical, professional and specialized in nature. The concept of 'development' isviewed as a dynamic process aimed at transforming the whole societyincluding socio-political and economic aspects. It has a major impact on the bureaucratic functioning. In the process of modernization, if thestate is taken as the economic and social diagnostician, as well as the regulator, mediator and provider of services, the bureaucracy must offer the basic support to the states playing this role. To accomplish this, thebureaucracy must be professionally equipped. It does not matter whether it is an administration dominated by generalists or specialists;the fact remains that all must be professional in the role because withoutprofessionalism the chances of success get diminished.

The postulation that the technical element in the administration isa negligible factor or that the experts do possess holistic and comprehensive approach is not totally valid. One of the basic reasonsresponsible for the narrow outlook of the specialists is the system of education and training. Similarly, it may not be appropriate to believethat generalists possess all the necessary specialized elements or cancompletely comprehend and judge in conflicting circumstances. So, the services of both these groups are valuable in administration.

Generalist vs. Specialist Debate in India

In India, the origin of the 'generalist vs. specialist' debate can largely bedrawn to the concept of 'nearness' or 'remoteness' from the top policy-making spot. It is more post-centred than person-oriented. In fact, thetussle between the two is for holding certain positions. Nonetheless, the actual debate must be centred on formulating an acceptable and adequate staffing policy or evolving a progressive, constructive and goal-oriented, egalitarian personnel philosophy.

There are historical reasons for establishing the supremacy of the 'generalist' in Indian administration. These factors further accentuatedthe dichotomy between these two categories of personnel. During theBritish period, the public service in India was more or less a closed

system having no lateral entry. It included young individuals who on the basis of a competitive examination got entry into it. From the structural point of view, it was a hierarchical career pattern from the district to the central level. In this system, majority of posts were reserved for the Indian Civil Service members. In the constitution of the generalist services, the 'intelligent amateur theory' reigned supreme. It continued even after Independence since it was felt that the old frame of public services was still useful to provide stability to the government. It was also found effective in tackling the problems of law and order, integration of princely states, etc. So the concept of All-India Services evolved with the Indian Administrative Service replacing the earlier Indian Civil Service. In this way, the preeminence of the generalist civil service was established in India. We can clearly see that it was the result of certain historical circumstances. It bred resentment in the technical and functional services which also desired to be entrusted with policy-making functions.

A Suitable Way Out

One way to handle this problem is to experiment with integrated hierarchy in place of present 'separate' and 'parallel' hierarchies. In case of separate hierarchies, policy is decided by the generalists and the specialists then execute it. On the other hand, in a parallel hierarchy each class has its own parallel sub-hierarchy and the work between the two is coordinated by frequent cooperation and interaction. The organization of specialists and generalists in distinct hierarchies, with the policy and financial aspects of the work exclusively reserved for generalist administrators, has some disadvantages like slowing down the decision-making process. Critics point out that it might also generate inefficiency and prevent the specialists from exercising the full range of responsibilities usually associated with their professions.

To overcome these problems and also to remove the hindrances which presently stop the specialists from reaching the top management levels, wider outlets are required through suitably modifying the prevailing concept of 'monopoly of generalism'. All this can be accomplished by facilitating liberal entry of specialists as administrative and policy functionaries at key positions. Further, the specialists should be integrated into the main hierarchy, and accompany other generalist administrators in sharing equal responsibilities for management and policy formulation. They should be given identical status, executive responsibility and authority. It would help in preserving their morale and confidence. Such integration schemes enable the technical experts to enter the 'central pipeline' to ensure that technical advice and policy structures are not separated into water-tight compartments. In fact, a complete distinction between policy making and executive functioning is neither possible nor desirable since policy usually flows out of the executive experience. Integrated hierarchy can be set up by constituting a unified civil service comprising both generalists and specialists having uniform emoluments and other service conditions. In India, no steps have been taken in this direction, while Pakistan has already created a unified civil service in 1973 in which all the services and cadres in their civil service were merged in one service.

POLITICAL VS. PERMANENT EXECUTIVE

Relationship between Political and Permanent Executives

The political executive derives authority from the people while the permanent executive derives strength from its administrative positions and technical know-how. The permanent executive is

subordinated to the political executive because the latter represents the people. The unambiguous separation of powers between the three wings of government—legislature, judiciary and executive—marks a noteworthybeginning of a new system of power distribution. The exclusive goal inthis system is to enforce proper checks on each branch of the government and more so upon the executive branch. The government'sexecutive branch comprises two wings: a) political executive, b) permanent executive. As far as the political executive is concerned, it exercises power by virtue of its elections and the constitutional status. Hypothetically, it derives power from the people themselves. On the other hand, the permanent executive draws its strength and status partially from its administrative positions but mainly from its technical know-how and proficiency. Since the political executive represents thepeople and modern governments are based on the concept of popularsovereignty, the permanent executive is subordinated to the political executive on the practical level. In the parliamentary form of government,the political executive is responsible to the legislature which in turn isaccountable to the people.

The political executives use their time and resources for the politicalmobilization of the masses and also for their political education. Apartfrom mobilizing the masses, they can judge the value preferences bycomprehending popular moods and changing views and aspirations among different sections of society. In addition, they also discuss a variety of alternatives at a fairly high level. The permanent executive, on the other hand, can constantly evaluate its own field experience and draw meaningful lessons for subsequent programmes and plans. It can also supervise various schemes at day-to-day or step level to betterunderstand the position. It can further devote more time to enhance itsown managerial and technical skills for better and effective realizationof the objectives. So this separation of functions and powers leads todivision of labour which in turn contributes to a higher level of efficiencyin the administration and society. There are various reasons for cooperation between these two executives becoming weaker during the recent decades. The following are some of the significant reasonsfor this worsening situation.

(1) Firstly, the cooperation between the political and permanent executive is dependent upon the societal consensus on the goalsthat are being pursued. Some of the Western capitalist societiespossess this advantage. They have a substantial consensus ondevelopmental goals. Further, there is a certain degree of homogeneity in the societal formations. It provides an additionaladvantage to these systems. We can also say that the conditions prevailing in the society provide the basis for a better relationshippattern between the political and permanent executives. In Third-World societies such as India, where the consensus on development objectives has not yet emerged, certain problemsare bound to exist. Both the political and the permanent executivesshare the heterogeneity of the society. In the absence of consensus on development and socio-political homogeneity, the political executives are subjected to political uncertainty. In the absence of long-range view of the society, the ideological basegets weakened, which in turn leads to a lot of ambiguity in policypreferences and choices. It leads to what has come to be popularlytermed as adhocism. Adhocism is not a suitable condition to provide direction to the permanent executive. On the other hand,political processes are prone to occupy even the technical and managerial space under such circumstances. It results in narrowing down of the distinction between the political and permanent executives. It can definitely strain the relationship.

(2) Secondly, the conflict between these two categories of executives partially originates from the historical processes and in part from the socio-economic developments. Historically, during the British period the permanent executive not only performed the administrative role but political as well. During the colonial phase, these two functions converged to a degree that to make a distinction between the two became almost impossible. The anti-colonial movement, aimed at political power for the elected representatives, led to the demarcation of separate roles. The freedom movement represented people's aspirations, whereas the bureaucracy emerged as a counterforce. So the political elite had their own suspicions and doubts. On the other hand, the bureaucratic elite—deeply rooted in the colonial administrative culture—had an exaggerated view of their image and status. They suffered from the elements of ego and arrogance in their professional behaviour. With the attainment of freedom, we should have redesigned the whole bureaucratic system to make it fit to perform the new tasks and challenges. However, the political elite hesitated to recast the system. As a result the bureaucracy, which was used by the Britishers against the freedom fighters, remained the very same instrument of the elite of Independent India. The differences having roots in historical process made the task of achieving cordiality between the two branches very difficult.

(3) Thirdly, one more dimension leads to conflict. There is a difference in the social origins of the political and administrative elites in India. It is a fact that both the elites do not come from the large masses. However, they differ in their middle class origins. The political elite are relatively more heterogeneous than the middle-and higher-level administrative functionaries. Most of the members of the political executive, particularly at the state level, are drawn from the rural and agricultural background. On the other hand, the top and middle level administrators draw roots from the urban middle and upper-middle classes. One can easily spot these differences in their living styles, communication modes, ways of looking at things, behaviour and mannerisms. So the differences get preserved and accentuated over a period of time. Although the character of bureaucracy is changing, but the rate of change has been very slow. The nature of political elite is also undergoing a change. Still, one cannot say that they are comparable or identical. In other words, the urban, industrial middle class on the one hand and rural agrarian upper or middle strata on the other dominate the permanent and political executives, respectively. The relationships are also partly decided by these basic factors.

(4) Fourthly, several institutional mechanisms also heighten or widen the areas of conflict. Normally, the political institutions are empowered with more discretion and flexibility. They are also supposed to be comparatively more responsive because they are in regular contact with the social system. In the parliamentary system of government, the political executive takes even the legislature for granted. In various cases, they take the decisions to the legislature or Parliament just for ratification. Under such circumstances, the initiative does not lie with the legislature. In fact, the whole process gets reduced to either the ratification or rejection of what has been brought before the legislative houses. So the political executive has become quite strong.

Over a period of time, it is observed that parliamentary governments have become the cabinet system of governments. These, in turn, are turning into prime ministerial governments. Hence the executive branch has appropriated the powers of the legislative

organs and grown quite powerful as a consequence. Equipped with this substantial power, they just want the matters to move faster. They also feel no constraints in exercising power. The permanent executive has also gained greater power for being an integral part of the executive branch of the government. Nonetheless, due to long colonial background and the rules, regulations and established procedures, the permanent executive is inclined to be less flexible. They also do not appreciate the political expediency. From their viewpoint, precedent is very important. In fact, the very nature of the institution is such that their authority is positioned in the law. Consequently, they are not enthusiastic about experiments and innovations. The political executive does try to change these institutions through administrative reforms. There have been a number of instances to prove that the permanent executives do not welcome the reforms. In fact, at the first instance they try to hold back the reform measures. The earnest habit of clinging to the rules and regulations continues to influence their approach and viewpoints. Hence, conflict arises between flexibility and rigidity, expediency and experience, and purpose and the process.

(5) Lastly, in developing countries like India, where there is lack of resources and severe competition for the limited resources, the political executive is subjected to tremendous pressure. The political executive in turn puts pressure on the bureaucracy. In various cases, the inclination is to violate the norms that they have themselves formulated. The norms become essential for lawful governance, but pressures are built in scarce situations. Consequently, the permanent executive is pressurized to violate the norms and other rules and procedures. They resist these trends as they are rooted in the rigid rules and regulations. It gives rise to tensions and clashes. A section of them may make compromises. This process may end up in public offices being used for private purposes. It sometimes lands these officers in controversies and enquiries, etc.

SUMMARY

- The question of administrative reform has engaged the attention of the Government of India since independence. Various attempts at reforming the administrative system have been made since the attainment of independence, but in spite of the measures taken to remedy the defects in the administration of the country, the problem of reforms has become increasingly complicated and difficult.

- The most important weakness of our administrative system is its inability to carry out the social and economic policies of the Government Administrative organization is a tool for conducting the economic and political affairs of the society in a disciplined and orderly manner and for effectively achieving social and economic progress.

- The most glaring defects of the existing administrative system are Faults in administrative organization and structure are delay in the dispatch of business, Inefficiency and lack of integrity or corruption. The weakest point in the reform cycle is not diagnosis or formulation, but implementation. To improve their effectiveness, a reform programme requires an institutional base preferably at the centre of government; ongoing persistent, patient efforts; and constant reappraisal and modification geared to improved public sector performance.

KEY TERMS

- **Macro-level reforms:** These are the basic administrative reformsclosely connected with the reforms in the economic, political, electoral and constitutional system
- **Market model of governance:** This model relies on markets as the efficient way of public service provision
- **Participatory model of governance:** This model focusses on the participation of the lower echelons of administration, grass roots workers and citizens in the decision-making process

QUESTIONS AND EXERCISES

1. What is the main focus of governance?
2. Why is there a need for the Citizens' Charter?
3. Provide a short note on the evolution of Citizens' Charter in India.
4. How effective is the Citizens' Charter in removing the grievances of common man?
5. Enlist those companies where industrial licensing is required inIndia.

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UNIT-15: Political Corruption

Structure:

INTRODUCTION

Political corruption refers to the abuse of political power for personal gain or to benefit a specific group, often at the expense of the public good. It undermines the principles of transparency, accountability, and integrity in the political process, eroding public trust in governmental institutions. Political corruption can manifest in various forms, including bribery, embezzlement, nepotism, cronyism, and electoral fraud. The consequences of political corruption are far-reaching, impacting economic development, social justice, and the overall well-being of societies.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Explore the underlying causes and motivations behind political corruption, including economic, cultural, and institutional factors.

- Examine how political corruption hampers good governance, transparency, and accountability within governmental institutions.

POLITICAL CORRUPTION

Corruption in all societies is as old as the power itself. However, the forms and manifestation of corruption have been continually changing. Almost all countries in the world today are plagued with the cancer of corruption irrespective of their stages of development. Corruption is not merely a distinguishing feature of developing countries; it is common even in the developed societies. However, its nature, volume and dimensions differ largely from country to country and from one environment to another.

Although the incidence of corruption in public life is a worldwide phenomenon, but in recent years it has assumed frightening proportions in India, the largest democracy in the world. It has not only spread to every part of the governmental machinery, but has had a more rapid growth among the professional politicians, the party men at all levels and even in the highest echelons of political leadership both at the State and the central levels.

The record of no political party in India is better than that of any other on that score. The existence of a colossal public cynicism towards it, people's acceptance of corruption in public life and the feeling that those indicted of political corruption invariably go scot-free and in the process amass more power, status and wealth have led to a situation, where even the most determined efforts to fight the evil have failed miserably. It has given credence to Voltaire's notion that, corruption is an evil that grows respectable with age. It has almost become a national pastime in India to talk about corruption, condemn others of corruption, but there is precious little that is done in practical pragmatic terms to curb the incidence which is having a cancerous growth in all sectors of the body politic. The government seems to be aware of the existence of the evil all-round, and is also aware of the possible ways to check its monstrous growth, but seems to be lacking in will to enforce such measures effectively.

India inherited a legacy of corruption from its ancient rulers who always expected some gifts (in the form the nazarana) from their subject. One of the important aspects of the employee's function in those days was to milch the common folk to enrich the treasury of the rulers. Appointments to the key positions were made on family considerations. Most often, a prime minister's son-succeeded his father, a governor's son-governor, a judge's son-a judge, a village headman's son-headman. Replacing relatives in good positions, irrespective of merit, gained merit in the eyes of the people. Thus, nepotism as an evil was an alien concept in those days and the vocabulary had no proper word for it. Bureaucratic and political corruption in India is also a legacy of the colonial system. As colonial governments were generally regarded as alien and hence illegitimate, consequently, cheating and deceiving such an alien power was considered a fair game. The roots of political corruption in developing States thus lie in the colonial order or native tyrannical rule from which they have emerged as independent democratic States. In colonial times, the government was carried on by the aliens, and the citizens developed an attitude of irresponsibility and felt obliged to thwart the government in every possible way, including cheating and other corrupt methods. The cheating of foreign devils in government came to be admired as a patriotic virtue.

Before Independence from their colonial tyrannical rulers, corruption was nourished in a number of developing countries by the colonial officials themselves, who encouraged corruption by accepting expensive gifts, jewels, money, favours and undue hospitality from the influential elite

native groups to grant there undue favours either against other similar groups or to individuals for their own private gains. Examples abound in the Colonial Administration in India during the 18th–20th century, where the incumbent officials (whether British, French or the Portuguese) amassed huge wealth during their tenure in India and had become the White Nabobs or Maharajas before leaving the country. Some of them had to even face trials in their own countries after their return for such misdemeanour conduct. But when that colonial system was replaced by an independent democratic system, the former attitude did not disappear at all, but had percolated down to the post- independence period with greater vengeance, and thus today cheating government is not generally considered by many as any immoral act. The value system of people in modern times has now declined to such lowest ebb that any exceptionally honest official behaviour comes as a pleasant surprise.

Consequently, in India, corruption has become a social phenomenon. It is widespread and is found increasing at a fantastic pace. There is hardly any area of activity that has remained wholly free from the impact of corruption. In fact, corruption has now been institutionalized and has become a commonly accepted the way of life. In India, acceptance of bribes, commissions, under-the-table payments, and gifts, by the politicians or the bureaucrats are no longer frowned upon, and even subtle ways have been discovered to legitimize them as a part of normal life activities. In short, such an ethos has beer created in the society that corruption has ceased to be regarded as a crime any longer.

A large majority of people believe that political corruption, distinct from administrative one, cannot be so easily observed. But on the dimensions of political corruption in India people are quite familiar with the following issues:

- The acquisition (through fraudulent and illegal means) of large areas of farmland by the senior officials and political leaders
- The abuse and exploitation of official position to enrich themselves directly or indirectly by using their relations as proxies
- Grant of favour to members belonging to their caste by overriding the due procedure, and overlooking the claim of others by using favoured officials as instruments
- The use of political position to defeat the purpose of judicial process
  Retention of corrupted but well-entrenched political bosses in order to prevent loss of power in relation to a political party
- Abuse of governmental machinery for party purposes
- Launching enterprises with government support and then enriching themselves
- Doing business with government in the name of firms owned by them but nominally managed by their wives
- Use of public funds held in by statutory bodies to bolster up business concerns who act as financiers of public parties
- Misappropriation of public funds or the inability of governments to render accounts for public expenditure

Political corruption is thus, one of the species of wide range, multi-dimensional nature of corruption but it can however, be distinguished from other types of corruptions. Broadly speaking, political corruption is the misuse of political power for private profits. In political corruption, money enters as a secondary factor in the anatomy of corruption. Here, political

influence is pressed into service in order to please the politicalbosses or earning promotions. Political corruption implies corrupting the political life of a nation at all levels. In its broader aspect, it seeks topoliticize all walks of life and in its narrower sense, legitimizes unholypolitical actions for benefiting vested interests whether personalized or institutional.

Features of Political Corruption in India

An analysis of political corruption in India reveals some theoretical constructs and important characteristics which may be identified as under:

- Political corruption affects individual groups, institutions or politicalprocess
- Political corruption implies exercising more of pressures and influence than the use of money power
- Political corruption becomes widespread when an unethical political man assumes supremacy in decision-making
- Political corruption makes easy headway in a lane of economic inequalities, social backwardness and moral decline
- Major manifestations of political corruption are defection, factionalism, and political bargaining
- Political corruption uproots all political systems but, its off-shoots particularly destroy democracies in developing societies
- Political corruption differs from other types of corruption because its unethical effect demoralizes the entire fabric of the society doomed in poverty illiteracy and backwardness
- Political corruption in India has its roots in the colonial and feudalorder, which is reflected even today in the functioning of the Indianpolitical system. It has maintained a continuum despite changein political elites and leadership
- Political corruption in India has promoted political patronage asagainst establishment of social and economic norms. Consequently, the successive elections, parliaments and legislation have failed to checkmate its ugly effects. The problemseems to have become monolithic beyond easy repairs
- In India, the continued existence of practically one party rule foralmost four decades, the unconvincing opposition and political apathy of the common man have provided unintended support tothe phenomenon of political corruption

Political corruption has specific norms and goals; owns its structure, and manifests particular pattern of behaviour, which is much different from other types of corruption, such as bureaucratic, corporate, social,economic, legal, etc., though it may look identical with them in some ofits aspects and ramifications. The study of political corruption is of utmostvalue in the Indian context, as other types of corruptions have emanatedfrom it. Politics being the seat of power, the manifestations of corruptpolitics are observable at all levels of power hierarchy. Political corruption becomes paramount evil in developing societies because masses in general are illiterate and poverty stricken. Political corruption may notprove so damaging in developed societies, but its offshoots may destroy the very fabric of a nation in a developing society. Thus, political corruption has made easy headway in such societies, which became suddenly democratic from a feudal authoritarian background without imbibing moral, social and economic values, which could have worked as a bulwark against political deprivations.

Various Forms of Political Corruption

In simple terms, corruption is defined as the behaviour of public officials who deviate from accepted norms, in order to serve private ends. In more sophisticated terms, corruption is a form of behaviour which deviates from the formal duties of a public role; however, as interpreted by Joseph LaPalombara, there are three critical elements necessary to the concept:

1. There must be a separation of private and public spheres and an understanding that specific rights, duties and responsibilities pertain to the latter.

2. Political corruption does not exist apart from political institutions and roles and the specific individuals who occupy them. Unless one element in a transaction is in the public as opposed to the private sphere we cannot have political corruption.

3. The public official involved must behave in a way that violates a duty and/or responsibility and this behaviour must serve private (i.e., non-public) ends. These ends may be directly associated with the public official or indirectly with his family, relatives, friends or organizations with which he has dealings. Behaviour may be active or passive. Inaction where the situation may call for action may also be a form of corruption.

Minoru O'uchi suggested a four-fold typology of corruption.

1. Administrative Malfeasance
2. Political Scandal
3. Institutionalized Corruption
4. Foreign Sponsored Corruption

All four types of corruption can exist side by side and there is a close inter-relationship between the four types of corruption. Although it has been argued that corruption is economically wasteful, politically de- stabilizing, and destructive of governmental capacity, 10 yet there are scholars who hold that corruption can have positive effects too like reducing uncertainty and increasing investment, enabling an economic innovator to introduce his innovations, bringing an element of competition and efficiency into the economic system etc. yet, its negative effects far outweigh its so-called positive impact. Thus, as Hilton Root has put it, Corruption is a political problem that has far-reaching economic consequences opportunities are lost, innovation is deferred, entrepreneurialism and investment are aborted. When citizens perceive that government cannot credibly commit to the implementation of policy designed to increase economic growth, government loses support, re- election becomes improbable and questions may even arise concerning the durability of the liberalization process and prevents the establishment of a credible policy environment crucial to the success of the economic reforms.

The entire infrastructure in modern Indian society is built on the edifice of corruption. It has percolated down from top to the bottom. Very often political corruption in India takes place in collusion with the bureaucracy in the shape of huge kick backs in big national and international deals which go undetected and unpunished for obvious reasons. In India, the connection between corruption and the steady deterioration of the basic administrative system has not been adequately understood and focused upon.

Apart from the open acceptance of money or things in kind or favours rendered, political corruption in India has manifested in various ways. Prominent amongst these are:

- **Exercise of Extra Constitutional Authority**

Political corruption can take many forms, levels, magnitudes and frequencies. The most important arenas for political corruption are legislature, elections and the administration. Apart from the traditionallyaccepted parameters of political corruption in these arenas, it has at least assumed two new directions in India.

The first is the emergence of extra constitutional centres of powerwho exercise enormous influence and authority on behalf of the legitimately constituted institutions and authorities. The irony in such situations is that while the conduct of legitimate authority in many cases had ostensibly remained above board, the sons and daughters or closerelations of the constitutional authority amassed huge wealth, power and status by resorting to the exercise of undue influence. There are instances of proxy rules by the spouse of the Chief Minister of a State,who has been alleged of corruption in a public deal. Invariably, in all cases, there has been a tendency on the part of the constitutional authority to protect their relations and portages, to pretend ignorance oftheir alleged corrupt deeds and even to resort to their defence in public whenever allegations of this kind had been made in the press or by theopposition.

Since, the very first decade of Independence, many top political leaders including some chief ministers, central ministers and even thehighest office of the prime minister have been indicted by the inquiry commissions on such matters. Whether it relates to the activities of Surender Singh Kairon, Suresh Ram, Sanjay Gandhi, Kantlilal Desai,or Gayatri Devi, or Laloo Prasad Yadav, the issue of those aspiring for and wielding extra-constitutional authority; interfering with the process

of governance and taking undue advantage of the positions of the high office held by the parents or spouses has come to the fore recently andin fairly quick interchange. The role of ambitious wives, husbands andother kinsmen contributing new elements of unsavouriness to the process of administration has come under severe criticism. The practice, however, still persists. The most significant question here isnot one that concerns just personalities or individuals but the danger that emanates from the development of a political culture that will be detrimental ultimately to the welfare of the people.

- **Raising of Political Funds by Professional Politicians**

The other new direction in which political corruption has spread into thebody politic in India has been the emergence of a new breed of politicians, who have become synonymous with what in Indian politicshas recently been termed as the Antulites. Politics in India has come toacquire the character of a big business, in which the fundraising qualitiesof a professional politician attract the largest premium. Elections havingbecome an expensive proposition, the emphasis in each party seemsto have shifted from honesty to capacity to raise funds through any manner and by any means. In the pre-and-post 1975 emergency era,the erstwhile, Congress party was accused of raising a large amount of funds through donations in the shape of advertisements to a party souvenir, the costs of which were highly disproportionate to the amount of advertisement space bought by the big businessmen. Even in normaltimes, the leaders who are able fundraisers have generally come to theforefront. If a party is elected to office, it is these clever and energeticfund raisers, who are often given, charge of the economic ministries, which issue the largest and most important licenses and permits. It isclear that such fund raising activities consist largely of collecting substantial contribution from proprietors or directors of large commercialor industrial firms. These firms, before parting with the funds, naturallywant to make sure that there will be a satisfactory quid pro quo. The neteffect of this process, as an

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ex-civil servant puts it, can only be to mortgage much of the political system to money power. Thus, the present procedure of raising election funds can be the biggest single source of corruption.

Writing about the corruption in public life with respect to the risingof funds during elections, Arun Shourie, a well-known commentator of politics did after quoting original documents, shown that, large funds were collected by the professional politicians and that even though prima facie cases had been established against them for illegally collecting large sums of money, the persons responsible have all been rewardedwith high offices and the only person to pay the penalty was the personwho investigated and wrote the document specifying the amounts and the account numbers with several banks. In disgust Shourie asks—

> When the people have no choice but to reinstate those who defalcatedwith a thousand millions in the last round will the latter not be emboldened to defalcate with a few thousand crores in the current one? Can intelligence agencies that swear one thing today and its opposite tomorrow, serve even the rulers, to say nothing of their doingany good to the country?

> Do we not minimize the problem when we look upon the politician asthe corrupter of public life? What about the 1,151 enterprises that donated the 1128 millions? Is the businessman less corrupt? Is the average citizen less?

These are indeed very pertinent and formidable questions whichseem to defy any answer today.

- **Kickbacks**

Perhaps the most celebrated case of political corruption, which has assumed international dimensions, has been the alleged kickbacks inthe purchase of Bofors 155m FH-778 guns. The Swedish Radio had in1987 charged that a commission worth 33 million Swedish Kroners (about ` 0.65 millions) was made to an Indian firm in respect of a dealworth billions of rupees for the supply of the Bofors guns. It was allegedthat, the commission was paid in foreign exchange to the persons andfriends nearest to the then Prime Minister Rajiv Gandhi. The Joint Parliamentary Committee which inquired into the deal found nothing wrong, and absolved the Prime Minister Rajiv Gandhi. But the Government was indicted by the Comptroller and Auditor General of India for improprieties in the entire negotiations and the deal. There was such a public outcry against it that it became a major issue in theGeneral Elections of 1989, which led to the defeat of Rajiv Gandhi's Government.

The Central Bureau of Investigations is still pursuing the case to unravel the mystery of political kickbacks alleged to have been paid inthe deal, but according to latest indications, the issue seems to how been pushed under the carpet even by the then Vajpayee Government (1998). The issue is again in the news as Hindujas of UK are being questioned about their role by the CBI (December 2010–January 2011),and the allegation of corruption against Vajpayee Government by Tehelka.com, known as Defence gate scandal (March 2001).

- **Bribing MPs to Save Government Accusation against thePrime Minister and some Cabinet Members**

One of the major political falls out of the Bank Securities scam of 1991 has been the accusation of bribe against the Prime Minister himself. In 1993, Harshad Mehta, the main accused in the present securities scam has alleged in a crowded press conference that he had personally handed over a suitcase containing `6.7 million to PrimeMinister Narasimha Rao at his official

residence at New Delhi's Racecourse road. Later another `3.3 millions were delivered to the Prime Minister's men. Although people were sceptic about Rao's involvementin the Scandal, but the opposition made it an issue for *a no-confidence*

motion against the Government. The hasty no-confidence motion brought out by the opposition parties, the Bharatiya janata party (BJP)and the Communist party (Marxist) (CPM) in the Parliament was ignominiously defeated through clever manipulation of the managers of the Congress Party in power when they bought out a dozen of voteenough to defeat the motion. Even if one believed that Prime MinisterNarasimha Rao had not accepted any money and even if one reckonedthat the ruling regime was not corrupt, there was no way in which onecould deny that the cynical act of buying over a dozen MPs representedcorruption of a far greater magnitude than the kind of simple bribery that Harshad Mehta had accused Rao when, MPs went into vote on the no-confidence motion, at least twelve were not voting on the basis of what they regarded as being the right decision for India. Theyvoted because they have been bought. The success of the commercialtransaction insured the defeat of the motion and survival of the Narasimha Rao government. As reported in the press, at least one of the affected MPs appeared drunk on the floor of the Lok Sabha and others pleased and prosperous. The Congress said that, the result ofthe motion proved that the people were not willing to believe that the government was corrupt. Nobody in the congress seemed to realize just how ironic it was.

- **Council of ministers**

Another aspect of bribing the MPs/MLAs is through the inducement togive the legislators berths in the Council of Ministers or give them lureof public offices to enable a party in minority or a particular political leader to continue in power resulting in the formation of jumbo sized governments. In the last ten years this has become a common feature of practically all governments both at the Centre and in many States having coalition governments. An extreme example is the constitutionof Government under the leadership Chief Minister Rabri Devi in the State of Bihar after the Assembly elections (March 2000), wherein almostall the 66 members of the Congress party, who lent support to Rabri Government in the coalition have been given berths in the Council of Ministers. One could argue that this is strictly a legitimate offshoot of the phenomenon of coalition governments, but in practical terms it amounts to a subtle aspect of political corruption, for it puts a huge enormous unnecessary burden on public exchequer, and the use of government money for keeping the legislators in one's flock against allnorms of public morality and propriety, and further opens more opportunities for corruption by the incumbent ministers. Almost all political parties have been guilty of this practice in the formation of governments. Over bloated cabinets impair efficient functioning and set a bad example for all levels of bureaucracy. An administration steadilysapped in this manner is bound to collapse. State cabinets of 60 and 90ministers send a clear message to the bureaucracy that politicians areout to loot and not administer. Such politicians, in turn, nurture and promote sycophantic bureaucrats who help them in their loots. A bureaucracy steeped in such parasitic culture is not likely to be able tomeet the challenges of modern governance.

- **Money Laundering**

In February 1996, former Prime Minister Rao and some of his CabinetMinisters, and about 60 otherpoliticiansbelonging to the different politicalparties and bureaucrats were implicated in an $ 18 millions Jain HawalaCase (money laundering scandal). It has been alleged that many political

leaders including the then Prime Minister Rao, many cabinet colleagues and leaders in opposition like L.K. Advani were guilty of violation of the Foreign Exchange Regulation Act (FERA) and were receiving money in foreign countries by means of Hawala transactionsthrough some businessmen like N.K. Jain and his brothers. Rao was also accused of his involvement in St. Kitts's case and indicated in a vote buying bribery case involving some members of the Parliament (referred to above). At the same time, allegations for taking bribes weremade against him in a Delhi court by a British businessman, Pathak.

Cases of Political Corruption

There have been a number of other financial scams and political scandals which had been reported in the press from time to time duringthe last few years.

- Recovery of ` 3.66 crores from the residence of the former Minister of Communication Mr. Sukh Ram through signing of dubious telecom contract involving also his secretary Mrs. Ghosh.

- About ` 139 crores worth urea import scam-due to a fraudulentcontract signed in 1995 between a national fertilizer company with a Turkish company Karsan (in no country in the world, ` 139crores would be paid in advance to any business firm to get anycommodity, yet the officials in India paid that amount without getting an ounce of the urea, a fittest case of the misuse of officeand outright dismissal from service, but no action taken againstthe guilty)

- ` 5.25 crores New Delhi Municipal Committee scam, relating toirregularities in billing collection of electrical changes

- Petrol pump allotment case in which former Petroleum MinisterSatish Sharma allocated 15 pumps from his discretionary quota

   Housing allotment case, involving former Urban Affairs MinisterMrs. Sheila Kaul and P.K. Thungan)

- The Common Wealth Games financial bungling

- At the States level, the numbers of such cases are too many.

The most important is the Fodder Scandal case and the purchase scamin Health Department of the State of Bihar involving many hundred croresof rupees which brought the down fall of the then Chief Minister Laloo Prasad Yadav who was indicted of involvement in those cases. The other well-known cases have been the allegation against the Chief Minister of Assam, Mr. P.K. Mahanta in public security scandal, allegationagainst Ms Jaylalitha, a former Chief Minister of Tamilnadu in severalcorruption cases involving 15 millions of rupees and 3 lakh dollars forher personal gains, allegations against M. Karunanidhi, Chief Ministerof Tamilnadu accused of links with LTTE involved in the assassinationof the former Prime Minister Rajiv Gandhi, which ultimately brought downthe downfall of Gujral government at the Center in 1996. It is interestingto note than none of the accused persons in all these cases have beenconvicted. One of the consequences of the widespread corruption andunaccountability in our political system has been that amongst the othernations of the world, *India stands high in the list of the most corrupt nations* and virtually at the bottom in the international assessments ofhuman development.

   Apart from the various forms of political corruption, India suffers from a combined process of politicization and criminalization of politics.Combined with other factors like politicization of

the police, it certainly poses a real threat to democracy. The most pernicious methods have been the use by politicians of the services of the anti-social elements at the time elections. One of the most disturbing feature of the post- dependence era has been the trend towards the uninhibited exercise of muscle-power by the political parties in winning the elections, As muscle-power is mostly provided by criminal elements and mafia leaders, a close nexus came to exist between the politicians and the criminals. An impression also prevails that the greater a person was a goonda (a ruffian), the higher as his rating as a useful element in the electoral malpractices, like booth-capturing, violence, intimidation and victimization of voters. The weaker sections of our electorate are mainly hit by these practices.

Criminalization of politics has also wrought havoc on the administration of criminal justice and the situation today is that it has become most difficult, If not, well nigh impossible, to secure conviction of major culprits guilty of offenses like murder, grievous hurt, intimidation and rape because of the political interference in the police investigation of the crime and the consequent inability of the police to procure credible incriminating evidence as may warrant conviction of the culprit in a court of law. In many States, the former history shatters against whom criminal cases are still pending in the courts of law have turned law-makers and ministers after winning elections, which has not only seriously jeopardized the legal process, but has also posed far-reaching ethical dilemmas and concerns.

Bureaucratic Corruption

Forms of what may be called bureaucratic behaviour differ from society to society. What may be publicly considered as the most reprehensible act in one society may not be given similar treatment in another society. Consequently, the preparation of a list which includes all forms of bureaucratic corruption is difficult and may be dangerously misleading. However, following are the examples of activities, which are generally considered corrupt practices and unethical behaviour on the part of bureaucracy in many countries:

- Bribery, graft, patronage, nepotism, and influence peddling
- Conflict of interest (including such activities as financial transactions to gain personal advantage, accepting outside employment during the tenure in government)
- Misuse of inside knowledge—for example, through acceptance of business employment after retirement or resignation, favouring relatives and friends in awarding contracts or arranging loans and subsidies, and accepting improper gifts and entertainment
- Protecting incompetents
- Regulating trade practices or lowering standards in such a manner as to give advantage to oneself or to the family members
- Use and abuse of official and confidential information for private purposes

Such activities may produce many such costs for a society as inefficiency, mistrust of government and its employee's distortion of programme achievements, waste of public resources, encouragement of black market operations, and eventual national instability. A situation called les chiffres dores is thus created which tolerates white-collar crimes against the nation by those who are its employees. Such costs may or may not be acceptable by a State, but at least a society should be aware that it is incurring them, and public officials should be sensitised for their existence.

Thus, the must invidious form of immoral behaviour on the part of bureaucracy in India is the

phenomenon corruption. The all-pervasive incidence of corruption in Indian administrative system presents a picture of corrupt officials wheeling and dealing in bribery, extortion, nepotism and misuse of official position. It has given rise to a public misperception that unless proven otherwise a government servant in all probability is a corrupt official.

It must be noted however, that bureaucratic corruption in the *Third World* tends to differ from that of the industrialized countries in its Scope and intensity. Where goods and service; provided by the public authorities are far below the great demand for them, as in India, it is not uncommon to see people paying a small sum to a minor official for reserving a seat in public transportation, for being admitted in a hospital, for getting a telephone connection or license, or for meeting any other administrative need. Here, scarcity of public resource; and almost unlimited demand by the community give rise to such corrupt and unethical practices. As the craving for material goods and benefits continues to increase, prices for such goods and services rise. Public officials who are in charge of the provision or regulation of such services will continue to face temptation, and some may try to avail themselves of whatever opportunities their position provides them. Their actions, in turn, tend to conform the prevailing public view that officials are generally corrupt and of course, nothing is so corrupting as a suspicion of corruption.

Other factors causing corruption and unethical conduct among public servants are job scarcity, insufficient salary, and he ever-increasing powers being given to them by the State to regulate its economy and social affairs.

The evolution of civil societies was marked by the regulation of human conduct and interpersonal and inter-institutional dealings within a framework of civil, criminal and other laws and the society at large was expected to conform to given value systems and codes of conduct. But the regulations and systems which were evolved to impart objectivity and fairness to the mechanisms of governance did not invariably achieve this objective. This increased regulatory authority creates various opportunities for money-making, as for instance in connection with development planning, permits, contracts for construction, granting import export licenses, collecting customs and other duties and strict accounting for foreign exchange. Experience has shown that the exercise of regulatory authority has actually contributed to an increase in corruption in various spheres of administrative control and enforcement. Administrative corruption in India has also been encouraged by the pervasive spread of the soft-state syndrome, a rigid bureaucracy, exclusivist process of decision-making in an over- centralised government, abysmally low pay of civil servants and lack of stringent and effective internal control mechanism.

According to N. Vittal, corruption flourishes in our system because of five basic reasons:

1. Scarcity of goods and services
2. Red tape and complicated rules and procedures
3. Lack of transparency in decision-making
4. Legal cushions of safety we have built for the corrupt people under the very healthy principle that everybody is innocent till proved guilty
5. Tribalism or biradari among the corrupt who protect each other.

We say, *thick as thieves* not thick as honest people. Corruption is a low risk, high profit activity. He identifies five major players in corruption: the neta, babu, lala, jhola and dada; the corrupt politician, the corrupt bureaucrat, the businessman, the corrupt NGO and the criminal.

A consequence of a valueless polity governing the country has been the continuing erosion of the integrity of the civil services. To achieve

their short-term objectives, the political executive has been deploying pliant functionaries, handpicked on considerations of their caste, community or political affiliations, to man key assignments. This has resulted in the cadres of various civil services, including the police and judicial services, being demoralised and their functioning adversely effected. There are no more any role models unknown persons of dubious distinction can get appointments to the highest posts in the country.

Confronting Bureaucratic Corruption

Being aware of the problem of corruption, administrative system, the Government in India has from time to time adopted various means to check it. In the pre-independence days, during the World War II, the then British Government in India had in 1941 set up a special police force at the Central level, known as The Delhi Special Police Establishment (DPSE), in order to check the war time corruption confined to lower or middle level functionaries of certain departments actively involved in War supplies and contracts. This was given statutory status by enacting the DSPE Act, 1946. With the creation of the Central Bureau of Investigation (CBI) in April 1963, the DPSE became a part of this larger anticorruption police organization. Meanwhile, more legal powers to punish corrupt public servants were secured by the government with the enactment of *Prevention of Corruption Act, 1947*. These two instruments coupled with *Commission of Inquiry Act of 1952* were by and large considered adequate to cope up with the degree and level of corruption prevalent at that time. However, over the years there has been a sharp decline in the efficiency and efficacy of the CBI and question have been raised about its impartiality and competence as an investigating and a prosecuting agency. The Report of the Santhanam Committee (1964) and the Administrative Reforms Commission (1967) recommended the creation of the institution of Lok Pal at the Centre and the Lokayuktas in the States to investigate alleged cases of corruption against ministers. While the various State Governments in the last three decades have experimented with the constitution, abolition, and reconstitution of Lokayuktas, the Centre has yet to establish the institution of Lok Pal.

The high level corruption in administration was supposed to be tackled by an Independent Central Vigilance Commission (CVC), created through a Government resolution of 11 February 1964, whose tenure was kept on changing from an initial 6 years to 3 years (1977) and again to 5 years (1990), making it weaker and more vulnerable. The jurisdiction of the CVC was extended in 1986 to cover the staff and officers of the Public sector undertakings. Various ministries and government offices also established individual vigilance departments to keep a track on the complaints of corruption emanating in their offices. However, despite a large number of cases of alleged corruption investigated and reports submitted to the legislature, only a small percentage of cases have been recommended for prosecution.

In addition to the above mentioned efforts and simultaneous use of the various Inquiry Commissions appointed by the Government during the last fifty years of the Republic, there has not been any concerted, coordinated, effective and continuous fight to prevent corruption or prosecute and punish the corrupt-a miniscule of successful cases of prosecution and punishment notwithstanding. In 1997, on the 50th anniversary of India's Independence then, the Prime Minister I.K. Gujral made an earnest call from the ramparts of the *Red Fort* to root out corruption and followed it up by the formation of a special cell in the Prime Minister's Office

(PMO), which was to play the role of watchdog over the investigating agencies. However, it did not have much impact in bringing the black sheep in the bureaucracy to book. In a survey carried out by The Hindustan Times in certain key States like Tamil Nadu, Assam, Punjab, Bihar, Uttar Pradesh, Jammu & Kashmir, Haryana, Maharasthra, and Andhra Pradesh, reports revealed that although an increasing number of Indian Administrative Service (IAS) and Indian Police Service (IPS) officers figured in corruption cases, the wheels of justice were not moving fast enough to punish the guilty. Procedural delays, politics patronage and resistance from within the bureaucracy appeared to be helping corrupt officials evade the long arm of the law.

The CVC Website

Chief Vigilance Commissioner, N. Vittal adopted a three-point plan to check corruption simplification of rules and procedures, empowering the public and bringing greater transparency in publishing the names of those officials who misuse their authority and act against public interest, and the strategy of effective punishment. In his zeal to fight corruption, he took the advantage of modern information technology and has created a website for the CVC and started by posting the names of 85 IAS and 22 IPS officers against whom the CVC had, since January 1, 1990 sought criminal/departmental proceedings for major penalties. Although the blackened faces on the Net sent shivers down the bureaucratic spines, few had the gumption to stand up and protest.

The two associations of IAS and IPS officers sat tight lipped. On 10 February 2000, the Punjab State Officers' Association passed a unanimous resolution condemning the CVC's action and demanding an apology from him for the *serious misdemeanour*, but no other State association responded to the lead. Meanwhile Vittal further escalated the battle by posting the names of another 78 Central Service Officers of Questionable integrity, in the two revenue wings of Income tax and Central Excise and Customs. Added to the list were a gaggle of officers belonging to the Indian Forest Service. Rubbing salt into the wound, Vittal also sent a circular to each of the 35 Central ministries and each Central Public Sector Unit, Nationalised Bank and Insurance company asking for suggestions on how to develop a system of ranking them on a *Corruption Perception Index* as a result of the World Bank's observation that the Delhi Development Authority is the most corrupt organization in India. Every year this list can be published, which would possibly help bring down the level of corruption. Although investigations against politicians are presently beyond the jurisdiction of the CVC, but Vittal had begun a crusade against tainted politicians too by asking the Income Tax Department to open tax-related allegations against them. This has made many politicians in all political parties jittery who condemned Vittal's references and observed that the sanctity of the CVC will get diminished by such actions.

However, the CVC is feeling quite satisfied with his decision of the website. For in it he sees a psychological impact on those who have committed any financial irregularity in their official dealings. It has created public opinion against extraordinary delays in initiating action against corrupt officials.

The Government is not reluctant to keep these tainted civil servants in sensitive positions as was being done till now. Finally, those who are on the right side of the Laxman Rekha of corruption will not cross it because they are afraid that they will also be caught on the web. Encouraged with the success, the CVC is now contemplating launch of a new programme to identify the 10 most corrupt officials every year with a view to keeping a watch on the conduct of those whose integrity is suspect. Although through this exercise, it is hoped that the corrupt will

know that they are being exposed and watched. This is expected to have a healthy deterrent effect. However, it remains to be seen as to what extent these initial steps are sustained in future and produce thedesired results, as it is argued that the over zealousness on the part ofthe CVC might group together bureaucrats and politicians again and entangle the institution into a variety of legal and political controversieswhich would lead to his diminished role.

It is evident from the above account that combating bureaucraticcorruption calls for

- Reducing opportunities and incentives for corrupt behaviourand increasing the sense of accountability on the part of publicofficials
- Effective implementation of anti-corruption measures, whichwould imply that measures should be logically consistent withregard to the phasing of a time table for speedy investigationand conviction; a strong political commitment to implement the strategies and enforcing anti-corruption measures and people's active participation from below in the enforcement ofadministrative, legal and judicial measures, thus mobilizing the public against corruption in public life

Corruption in India has passed through three different stages:

1. Gaining legitimacy
2. Widespread indulgence
3. Shameless defence

Apart from other social and economic compulsions, it has grown due to steep fall in the standards of political leadership and an overall declinein the moral and ethical standards in the society. Corruption in India hasbecome a way of life in all fields of activities: more so in the field of politics. It has not only gained a widespread legitimacy and indulgence, but is now being defended shamelessly. Prime Minister Indira Gandhi'sstatement on corruption in the late 1960s that it was a worldwide phenomenon heralded that dawn of the first stage of indulgence. It coincided with the enormous growth of black money (according to oneestimate it accounts for 50 percent of the reported national income) and the emergence of money politics as a major factor in public life. When in the past, a scandal like Mundhra deal appeared in the press,prompt action was taken by the Parliament. The Finance Minister, theFinance Secretary and the Chairman of the Life Insurance Corporationwere all made to resign. In the new era (in late 1960s) when Tulmohanscandal case erupted in Parliament, no action was taken. Similarly, inthe Nagarwala case (1970), no action could be taken, as neither Nagarwala nor the police officer investigating the case, lived to tell thetale.

The next stage was one of widespread indulgence. Corruption now became the hallmark of Indian politics and administration. Its tentacles spread everywhere and tainted the reputation of even the Heads of the Government. The Westland Helicopter deal, the HDW submarine deal, the Bofors deal and the suitcase allegations are well known examples. The recent corruption cases against Mr. B.P. Verma, Chairman of the Central Board of Excise and Customs, March 2001, has completely shaken the government. The last few years have seen the emergence of shameless defence of corruption, when attempts are being made to cover it up. Examples abound, the Foreign Minister of India delivers a note to his counterpart in Switzerland asking him to hush up the Bofors case. When this gets known, he states in Parliament that he was not aware of the contents of the note nor did he remember who had given him that note. A judge of the Supreme Court is indicted for blatant corruption after the judicial security at the apex court but is bailed out

from the impeachment in Parliament by the ruling party. In the securities scandal, a scamaster makes serious allegations against the Prime Minister which are of course denied but no criminal action for defamation is taken against the former. The Law Minister lends some credences to the scamaster's allegation by saying that, he had been frequently visiting his cabinet colleagues with suit cases. A Governor is found involved in another St. Kitts type forgery implicating a senior opposition leader, but the whole matter is soft-peddled. And when the opposition parties combine to table a motion of no-confidence in Parliament, making corruption the prime issue, the Prime Minister's reply to the motion is totally silent about corruption. Suitcase was the immediate provocation for the no-confidence motion. It also became the weapon for defending the motion.

Thus, corruption in political life in India has assumed almost criminal proportion and has ceased to provoke that amount of shock and disgust as it would have three decades ago. Corruption exists not only in the ruling party alone but, has infected the opposition and all other political parties in equal measures. Not even the Left ensconced in it's closely, guarded precincts can claim to be immune to it. Some of the popular parties of the regional level seem to be wallowing in corruption totally unashamed and uninhibited. Inevitably, the administrative machinery including the top bureaucrats in many places have practically adjusted themselves to a corruption laden regime. In fact corruption at the political level is entwined with corruption at the bureaucratic level.

Political corruption has invariably resulted into a sustained and systematic politicization of the bureaucratic structure and has liquidated the command and control structures of the services, leading to indiscipline, inefficiency and unaccountability among the ranks. Being used as tools for executing unlawful orders and as agents to collect funds for their political masters, a progressively growing number of employees in every sphere of functioning have amassed fortunes through corruption. As a result of the politicization of the administrative machinery, the law-enforcing agencies have got mixed up with the very elements whose unlawful activities they are expected to check and control. As the latter enjoy the patronage and protection of politicians a frightening triangular nexus has evolved between criminals, government functionaries and politicians.

In addition, political instability and the progressive decline in the values of the polity has over the years seen the degradation of the Parliamentary system, damage to the functioning of the Cabinet, disregard of the Constitution and the rule of law, and a continuing erosion of the integrity of the civil services.

Corruption-Free Governance

It is obvious that the government in India has failed miserably to make even a small dent or an iota of success in checking, leave alone eliminating the menace of corruption from public life. The various instruments used by the Government from time to time since Independence, like the Prevention of Corruption Act, 1947 (later modified in 1988), Commissions of Inquiries under the Commission of Inquiry Act, 1952,55 appointment of Santhanam Committee to recommend measures for combating corruption, recommendations of the Administrative Reform Commission, Shah Commission appointed by Janata Government after Emergency, establishment of the institution of Lokayuktas in various States, constitution of the Central Vigilance Commission, investigations by the Central Bureau of Investigation (CBI), under the Delhi Special Police Establishment Act, 1946, the system of Judicial Review of Political Corruption and the recent phenomenon of Public Interest Litigation (PIL), The Anti-Defection Law, The

Foreign Exchange Regulation Act (FERA), Election ExpenditureCeilings have all failed to make the slightest deterrent for people resortingto corrupt practices. It is time that some radical measures are adoptedto check this ever growing menace.

What then should be done to control corruption, what kind of strategies are necessary to curb it, and what kind of reform measuresbe given priorities to reduce its incidence have been the most recurringtheme for debate and discussion amongst the Indian academics, scholars, policy-makers, journalists, political leaders, commissions ofinquiries et. al.

The strategies frequently suggested at various foras of academicand political discussions, and in various thought provoking and scholarlywritings fall into a number of areas for action:

- Reform of the political process
- Restructuring and reorienting the government machinery
- Empowerment of citizens and mobilizing the public against corruption
- Creating sustained public pressure for change
- Comprehensiveness of the anti-corruption strategies to attackthe causes of corruption
- Political will to implement the strategies
- Redefining the role of the State-removal of the State ownershipand State discretionary controls
- Recrafting of the electoral process to include regulation of legitimate sources of funding of elections, which is one of thebasic sources of corruption
- Better institutional framework to deal with corruption and to bring about an effective detective and investigative machineryto bring the errant to book 57
- Revitalising and strengthening the existing anti-corruption lawsand agencies (e.g., the existing Prevention of Corruption Act,1947, Commissions of Inquiry Act, 1952, Delhi Special PoliceEstablishment Act; strengthening it by a separate and comprehensive CBI Act to vest it with legal powers to investigate corruption cases of higher level politicians and officials throughout the country without the requirement of priorconsent of the State Governments, etc.)
- Strengthening and de politicising the existing offices of the Lokayuktas in many States, creating new institutional framework like the Lok Pal at the Centre

  Strengthening the autonomy of the Chief Vigilance Commissioner and giving it the power and status of an independent autonomous authority to conduct investigations, and constitution of an Accountability Commission freed frompolitical control
- Simplifying administrative procedures and enactment of Freedom of Information Act
- Deregulation of monopolies
- Speedy judicial trial in cases of corruption and effective enforcement of punitive judgements
- Establishing an anti-corruption cell in the Prime Minister's Office to be staffed by officials, who have the guts, the courage of conviction, with a missionary zeal to eradicate corruption,an impeccable integrity and personal honesty, who would havethe time bound mandate to get after the most corrupt

Besides these concrete actions, there are scholars, who are optimisticabout tackling corruption

through the initiatives of civil society institutions.For instance, Samuel Paul argues that successes of initiatives by the civil society to challenge corruption are brighter than the chances of government initiating action on its own. Although he does not see theimmediate possibility of the eruption of a mass movement to fight corruption, yet he thinks that there are other types of initiatives and actions that could exert increasing pressure for change. He gives threereasons in support of his argument: First of all, there are several people'sinitiatives already at work, challenging corrupt practices and other abusesof power. Public Interest Litigation (PIL) is, perhaps, the most visible manifestation of such initiatives. Judicial response to PIL has on the whole been positive. Other local movements challenging abuses andseeking access to information are in evidence in different parts of thecountry. There are sporadic protests and demands for reforms even from civil service associations in some States. The media have been active in highlighting these developments and helping with the dissemination of their progress and outcomes. The gain of such experience, expertise and confidence through a cumulative process and access through modern information technology will strengthen andaccelerate people's initiative and will have a positive impact on the society, and the government will be forced to respond and to reform, even reluctantly. Admittedly, the process has its own limitations and even some harmful consequences, but things have come to such a low level that it has become necessary to take some such unconventional steps to start cleansing the system.

SUMMARY

- Reforms can be effected by developing sufficient administrativecapacity, infrastructure and technology to support an ongoing reform programme, Cultivating continuous political, professionaland public interest in improving public sector performance, Encouraging public administrators to be their own innovators, changeagents, and reformers, Institutionalizing a reform programme, treating administrative reform as an interdisciplinaryaffair, etc.

- Structural reform refers to institutional changes while behaviouralreform refers to changes in attitudes, outlooks and ways of thinking. The nature of reforms may be comprehensive, incremental or limited, and optimum. The scope of the reform has to be expanded to include not only structural reform but alsobehavioural reform.

- The social values of the country are an essential component ofthe reform process. These values may include equity, welfare, justice, ethics, modernisation, respect for elders, and preservingfamily life. The next compelling need for reform is the existing circumstances or conditions whether social, economic, politicalor historical.

- Organization development programmes have made use of applied behavioural science. Their application to public administration poses some genuine difficulties.

KEY TERMS

- **Flexible model of governance:** This model offers alternative structural arrangements within the government through availingthe services of part-time employees and temporary workers instead of permanent civil servants and employees
- **Deregulated model of governance:** This model propagates deregulating the government

sector to enable it to undertake newactivities aimed at the welfare of society.

- **Citizen's Charter:** Initially implemented in the United Kingdomby the Conservative Government of John Major in 1991; was launched as a national programme with the simple objective to incessantly improve the quality of public services for the people

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QUESTIONS AND EXERCISES

1. Is administrative corruption a stimulating bloc to goodgovernance? Explain.
2. Enunciate political and bureaucratic corruption as rampant in theIndian society.
3. What are the administrative reforms? Explain the need ofadministrative reforms in India?
4. Discuss the various guidelines for administrative reforms.
5. Explain the need for good governance during the contemporarytimes.

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UNIT-16: Administrative Reforms

Structure:

- Introduction
- Unit Objectives
- Administrative Reforms
    - Administrative Reforms, Change and Re-organization
    - Levels of Reforms
    - Impacts of Reforms
    - Administrative Approaches
    - Types of Reform Proposal
    - Committees and Commissions on Administrative Reforms
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INTRODUCTION

Administrative reforms refer to the systematic and purposeful changes made to improve the efficiency, effectiveness, transparency, and responsiveness of government administration. These reforms are often driven by the need to adapt to changing societal, economic, and technological conditions, as well as to address shortcomings in the existing administrative structures and processes. Administrative reforms aim to enhance the overall quality of governance, streamline bureaucratic procedures, and foster better public service delivery.

UNIT OBJECTIVES

After going through this unit, you will be able to:

- Reorienting administrative structures to prioritize and improve services for citizens.
- Fostering a customer-oriented approach to public service delivery.
- Ensuring that administrative structures are flexible and adaptable to changing social, economic, and technological trends.

ADMINISTRATIVE REFORMS

The question of administrative reform has engaged the attention of the Government of India, since independence. Various attempts at reforming the administrative system have been made since the attainment of independence, but in spite of the measures taken to remedy the defects in the administration of the country, the problem of reforms has become increasingly complicated and difficult. The patterns of administration were designed when government's main business was to keep law and order, so they were not adequate for the current challenges the country was facing. The problems of administrative improvement in India are larger and more complex than in any other country in the world.There is the matter of sheer size and diversity of population. Indians speak many different languages, they are separated by great distancesand inadequate transportation links; they hold many different religiousbeliefs; many of them suffer from undernutrition, high mortality rates and the strong forces of tradition and habits enforce the continuation ofpractice which is no longer pertinent to contemporary realities.

To the above we may add two other factors which are responsiblefor making the problem of administrative reform extremely complicatedand difficult:

- We have to get away from the heritage of pre-independenceadministration which was authoritarian, unresponsive and unaccountable to the public
- The government has adopted the goal of a Welfare State

The most important weakness of our administrative system is its inability to carry out the social and economic policies of the Government.In economic development as in other fields of national activity there is adisconcerting gap between intention and action. Naturally, therefore, the national tasks of reconstruction and development facing the administration in India are stupendous.

Administrative organization is a tool for conducting the economicand political affairs of the society in a disciplined and orderly manner,and for effectively achieving social and economic progress. Like all toolsit has to be shaped to suit the environment in which it operates, and the nature of the material which it has to handle. The environment and thematerial are continuously changing, and if administration is to serve itspurpose it has to continuously adapt itself to these changes. Moreover,it is not feasible to lay down a blueprint for a perfect administrative system. Nor is such perfection achievable pragmatically. But what is practicable is to improve on the quality of an existing administration byexercising a constant and vigilant watch over the areas of deficiency,and effecting a timely change whenever necessary. There is thus a need and scope for reforms in any administration.

The nature and scope of reforms vary depending on the magnitudeof the problems. Reforms can be conceived very narrowly as has beendone in the past, both at the Centre and in the States, in the form of procedural improvements, such as the single-file system, the officer oriented pattern and increases in financial and administrative delegations. Otherwise, they can take a wide perspective and be drasticto the extent of replacing outmoded, worn-out career services and systems and replacing them by something entirely new and better suited to meet new needs.

In another way, broadly speaking, there are *two* kinds of problems:

- The overall problems, which affect the working of all government organizations, like

personnel administration, the staffing pattern of ministries and departments, the need for reviewing financial administration in all its aspects, etc.,

- There are other problems of a local character which concern only particular areas of administration or particular ministries. Allied with them are the problems of State Government and local administration, in which the Central Government is vitally interested, because of the essential unity of the administration of the country under a federal constitution.

The problem of administrative reforms in India is obviously a very difficult one. Some of the most glaring defects of the existing administrative system are:

- Faults in administrative organization and structure
- Delay in the dispatch of business
- Inefficiency
- Lack of integrity or corruption

Paul H. Appleby, an American expert on public administration, it is highlighted another chronic and persistent shortcoming of our administration. This is diffusion of responsibility and the plethora of consultation before a decision is reached accompanied by a general lack of follow-up and implementation. According to S.G. Barve, another outstanding deficiency is failure to locate definite, responsibility at different points and levels of the administrative hierarchy. This location of responsibility is to be finally carried down to the level of the individual functionary.

Administrative Reforms, Change and Re-organization

The terms administrative reforms, administrative change and administrative reorganization are used synonymously, although by strict definitions, reform would stand for eradication of abuses in the existing system change would mean modifications to suit ideological or socio-economic environment and re-organization would be re-constructing the existing system to suit current needs and new demands. In India, today, Administrative Reforms signify all these three aspects. Remodelling to suit political changes since Independence, change in character and behaviour to cope with new socio-economic environment and programmes for removal of evils that have crept into the system, all became urgent since Independence.

Professor Caiden has defined, administrative reforms as the artificial inducement of administrative transformation against resistance. Another definition is that it is an effort to apply new ideas or combinations of ideas to an administrative system with a conscious view to improving

the system for positive goals of national development. It also means the directed change of main features of an administrative system. It concerns with effectiveness and efficiency of administration. Backoff defines administrative reforms as improving performance by identifying the attributes and rates of bureaucratic adaptability.

When underdeveloped countries emerged to freedom in the fifties, those at the helm of authority wanted that administration which was an instrument of maintenance of law and order should be transformed into an instrument of *development*. Administrative reforms agencies were set up to bring about administrative transformation. Soon the dominant model of development came to be questioned. The top-down approach to development was criticized and bottom-up approach to development was proposed. The best approach to development was one which viewed the people themselves as the main resource of development efforts, but at

their own pace and largely on their own initiative.

There was a shift from the dominant role of democracy to one working with the people's organizations. There was a shift away frombureaucratization and centralization and towards an administrative system based on partnership between the bureaucrat and the citizen.

Paul Appleby suggested two basic types of changes in administration: constant and episodic. The first type stands for incremental change that occurs in course of spontaneous adjustments to changing situations. New filing system, alterations in procedures of work, reshuffling of posts are examples of this type. Episodic change is called *re-organization* by Appleby. It is much more wide-ranging in scope and content involving a major shape up in government.

Viewed thus, administrative reform is a process that can be brokendown into distinct phases from the perception of problems to their implementation and evaluation.

Effective awareness of need for change starts when problems areaired and proposals to solve these suggested. Administrative reform becomes necessary when the administration:

- Is unable to cope with rising demands coming from clients
- Is unable to anticipate future demands, likely to be put on it
- Is lacking in effective methods to cope with its ongoing and projective activities

The second stage is concerned with proper formulation of goals and remedial action. Once a problem has been identified (e.g., low productivity, high turnover of personnel, etc.,) one has to go deep intoits causes and formulate concrete suggestions for reform.

Both relevant knowledge and creative thought are necessary to propose workable remedies. Goals and objectives of reform are to beclearly stated, and strategy and tactics to push through reform in the face of opposition has to be worked out. While analyzing implementationof reforms Caiden refers to four methods of implementation, which are as follows:

- Reforms imposed through political revolution
- Reforms introduced to remedy organizational rigidity
- Reforms through the legal system
- Reforms through changes in attitude

Administration being constantly involved in practical action situationscannot afford to remain static. It has necessarily to change for the sake of sheer survival. Four principal goals of reorganization identified by Mosher are—changing policy and programmes, improving administrative effectiveness, solving personnel problems, and countering pressures and threats from outside organization. Of these,improving organizational effectiveness seems a more generic objective.Administrative reforms can be considered as a process in the sequentialsense. The circumstances in which the demands for reform are articulated, the need for such reform as acknowledged by the reformers,

The methods adopted to frame and examine reform proposals, and their acceptance and implementation form discrete phases of continuous Process Reforms, when accepted and implemented, shouldbe monitored and evaluated. In course of the implementation process,many problems and difficulties are likely to arise. The organization mustbe prepared to receive them and make necessary adjustments to the original proposals. This presupposes a plan of

implementation in a phased manner. At each stage the expected result should be predetermined, and as the implementation process gets going the actual results should be compared with the expected ones.

Levels of Reforms

The subject of administrative reforms has to be considered at various levels.

At the highest level, we have the macro-level. Here the basic administrative reforms are closely connected with the reforms in the economic, political, electoral and constitutional system.

The second sets of reforms are concerned with the reforms in the administrative system proper. These are mainly connected with reforms in organization, procedure and methods of work, administration, delegation, programme planning and monitoring, enforcement and management of personnel and public services. These are known as meso-level reforms.

Micro-level reforms are the reforms in the working of individual offices. Public offices in India are in need of drastic renovation. The success of any strategy—depends on the manner in which it is followed up and carried through. Administrative reform has to be a continuous process.

When Science and Technology are advancing so fast, it is said that Administration tends to lag behind and on account of this, mankind is not able to reap the full benefits of the tremendous progress in Science and Technology. Perhaps one reason for this state of affairs is our not giving so much importance to advance in the field of administration. The ability of modern technology to produce abundant public goods and services at reasonably affordable costs has far outstripped the capacity of administrative systems to deliver them efficiently, equitably and humanely. It is not for lack of knowledge that preventable disasters occur. On the other hand, it may be on account of the failure of the special systems and the failure of humans who compose the administrative systems. Mankind can reach great heights when knowledge, technology and administrative know how combine. Within a century, the administrative state has helped to double the average expectancy of life, eradicate preventable diseases, diminish hunger, sickness, ignorance and poverty and generally give hope to the underprivileged in society. There is misery and frustration when administration is filled with insensitive, uncaring and incompetent bureaucrats. Administrative Reforms bridges the gap between the vision that could be reached and the reality of the State where we are.

Administrative reforms are based on certain premises rarely articulated by administrative reforms.

The first is the imperfectability of human institutions. No matter how much mankind improves itself, it can always do better. Nothing is yet perfect. In truth, human institutions are far from perfect. There are glaring imperfections that cry out for improvement and drastic change. Progress is painfully slow. All administrative systems are capable of improvement, no matter how well they may be performing.

The second premise behind administrative reforms is that large organizations, particularly large public organizations tend to become conservative, if not complacent. Success breeds fixation rather than flexibility. Organizations stick to well-proved formula. They prefer administrative systems that work reasonably well rather than risk all on unproven innovations or uncertain changes. Public organizations are prone to greater caution and narrower vision because inherently they are dependent on the will, or lack of will, of their political overseers, because they are so regulated and cumbrous in operation that they cannot take high risks, or

indeed any risks, and more questionably, because the people attracted to serve them are less entrepreneurial orbecause their administrative systems handicap the unusual, the dynamic, and the change agents.

A third premise is that, given the highly-conservative disposition of most public organizations, innovation permeates slowly. Even when abetter way of doing things has been found, there is reluctance to try it.Somebody else has to demonstrate the effectiveness of innovation. Ittakes considerable time, effort, energy and conviction to incorporate innovations. Meanwhile, the outmoded and outdated system and processes persist and they are perpetuated unless firm and drastic action are taken all the way down the line to see that things are changed.

There is also a considerable gap between research and application.Results of research may be suppressed by those who are too weddedto their status quo to change their ways or they may be discounted by those who are too lazy to question what they do and what they could do differently. On account of these premises, there is a permanent placefor administrative reforms in the study and practice of public administration. The growing literature on administrative reforms re- emphasizes certain fundamentals. Administrative reforms will not be effective unless there is strong political and public support, for it, unlessthe public administrations are willing participants, and unless a capacityfor administrative reform exists.

The weakest point in the reform cycle is not diagnosis or formulation, but implementation. To improve their effectiveness, a reformprogramme requires an institutional base preferably at the centre of government; ongoing persistent, patient efforts; and constant reappraisal and modification geared to improved public sector performance. Thiswould involve a need in terms of a country's ability to define problems,determine policies and programmes, assign priorities among competingdemands, allocate resources, use science and technology, mobilize talent, and provide public goods and services in an effective, responsible,efficient, productive, equitable and economic manner. They also needto be combined with administrative revitalization that is more integrallyevaluative, self critically experimental, and reflexively corrective modeof public administration.

Impacts of Reforms

The impact of reforms are as follows:
1. Develop sufficient administrative capacity, infrastructure andtechnology to support an ongoing reform programme.
2. Cultivate continuous political, professional and public interest inimproving public sector performance.
3. Encourage public administrators to be their own innovators,change-agents, and reformers.
4. Institutionalize a reform programme.
5. Insist that reform implementation be a collaborative effort.
6. Treat administrative reform as an interdisciplinary affair.
7. Devise appropriate monitoring and evaluation instruments.
8. Demonstrate the benefits derived from reforms and improvepublic sector performance.

9. Demand the highest possible standards of public professionalismand public ethics.
10. Be practical at all times.

Every generation confronts some unique problems in publicadministration. The narrow perspective of administrative reform concentrates on the internal management of public organizations whilethe broad perspective looks at the administrative state as a whole. Five top issues in public management may be stated as follows:

1. Public agencies are not so much instrumental as institutional. Whenever their interests are threatened, they make coalitions toprotect themselves. The danger is that eventually they exist onlyto serve their own interests. Reforms are concerned how to getsuch institutional bureaucracies to consider the public interest and to serve the public as well as themselves, and how to restorethe notion of public responsibility.

2. Public Organizations are keen to prove that they perform well and that they do add to the Gross National Product. The searchis for positive proofs that not only are they productive but that their productivity is increasing. Reformers are out to prove that government services can be measured and rated high.

3. Productivity studies are part of a larger concern with the effectiveuse of public money. Whereas traditional theories of public budgeting assumed that public resources were infinite and publicprojects finite, the administrative state demonstrates the opposite;that public resources are finite while public projects are infinite.The search is for budget systems that promote savings and penalise waste.

4. Parallel to the search for budget saving incentives is the searchfor incentive schemes for public servants who perform consistently well. Publicservants do not give of their best because,often the administrative systems in which they work do not enablethem to work as well as they could and actually discourage meritorious performance. In such systems, work incentives arebadly needed and means have to be found rewarding consistentlygood and exceptional performance. At the same time, public organizations are taking a much stricter line toward lax, inadequate and poor performers and the whole concept of tenure is being questioned.

5. The question of individual performance is related to who is attracted and retained in the public service. Reformers are concerned that public service should retain its fair portion of society's talent and that the good people, who do enter and stay.

Basically public administration needs that administrative reforms mustaim at reforming the following aspects of administration and for whichthe state is directly concerned:

- To administrative reformers, the administrative state goes beyondpublic organizations to include the whole reach of public policy,public law and public monies. They now insist on the protectionof privacy, the institution of appeal systems where these are lacking and the strengthening of grievance and complaint mechanisms, such as law courts, administrative law courts, andombudsman offices.

- Consideration of the administrative state naturally leads to the issue of the relations between public and private sectors, government and business, and the emergence of a so-called thirdsector of mixed organizations. Public and private sectors are nolonger mutually exclusive but joined together in a complicated fashion. Reformers are searching for ways in which to get the public sector to act in the public interest and be more businesslike.

- In making the public sector act more businesslike, reformers arelooking at the neglect of

marketing concepts by public organizations. Whereas the private entrepreneurs invest in marketing and advertising, in finding out what consumers want and in sensitising themselves to changes in public mood, manypublic entrepreneurs adopt a take it or leave it attitude. Reformers are currently testing marketing concepts for public goods and services.

- Public agencies overlap one another in what they do and the clientsthey serve. From a public policy perspective, their insistence onautonomy complicates matters. The pressing need is for mechanism that ensures greater co-ordination, co-operation andmutual interaction and for considerably more informal networkingat all levels of government.

- Administrative reformers are dealing with the persistence of bureau pathologies, the pathologies that particularly afflict large public organizations-excessive rigidity, insensitivity, circumlocution, red tape, deceit, fraud, waste, abuse, corruption,inertia, and other forms of public malpractice.

- The administrative technology already exists to transform administrative practices in the public sector. What is needed is the will to employ them, for which both administrative reformerspursuing faulty strategies and public administrators acting unprofessionally are at fault. Once that will exists, the reform willbe automatic.

- Most forms of bureau pathology could be traced to the inability ofadministrators to control the specialists who work under their control. The administrators lack the specialised competence which alone can provide a satisfactory basis for decision-making.

- The converse of bureau pathology is technocracy. It is wise to seek an appropriate balance between the narrow but deep andbroad but shallow type of expert contributions.

  A potent type of technocracy can result from the executive powerof a group of experts. The cohesion and morale of such groupsare likely to be highest when esprit de corps is combined with esprit de service. A frequent form of technocracy is the exaltation of technical factors at the expense of broader economic consideration. Economic and social appraisal is more value- oriented and more closely linked to political decisions than are technical judgements.

- Our lives are continually being changed by technological innovations. However, unless one adopts a viewpoint of technological determinism, the development and uses of theseinventions must logically depend upon the appraisal of their socialbenefits. Not only do the effects of innovation have to be tracedand assessed, but the possibilities of guiding innovation so as toachieve more beneficial or acceptable results have continuouslyto be explored.

Administrative Approaches

Developing countries have recognised the urgent need for administrativereform to increase the capabilities of their administrative systems in carrying out goals for economic and social development. Administrativereform involves the conscious intervention in the bureaucracy to introduce change, infuse dynamism and motivation, and redefine authority and functional relationships of the people, as well as structural units in the bureaucracy. The two main approaches to effect administrative reforms are as follows:

- **Structural change:** Changes leading to systematic departmentalization based on homogeneity of function, clear delineation of authority and responsibility,

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simplification of processes and procedures, and adequate arrangements for reporting and co-ordination and a clearer definition of the role of government.

- **Behavioural change:** Putting emphasis on the human element in administration. This approach emphasizes the need to have administrators who are development-oriented and goal-oriented, creative, innovative and responsive to clientele demands, and the environment that would conduce to individual initiative and creativity. The main purpose in administrative reform is to institute changes in the structures, policies, and functions of the bureaucracy and in the behaviour and attitude of its personnel to achieve maximum efficiency and organizational effectiveness and responsiveness in the delivery of services to the people.

The social values of the country are an essential component of the reform process. These values may include equity, welfare, justice, ethics, modernization, respect for elders, and preserving family life. The next compelling need for reform is the existing circumstances or conditions whether social, economic, political or historical. Having identified the conditions in a given environment, the goals may be enunciated in order to overcome negative conditions and to realise positive aspirations. The goals reflect the dominant values of the society or community. In planning for the administrative reform process, the goals are made explicit and consistent with other goals and the values

and ethos of the people. This process is an ideal one. The cycle for administrative reform consists of the following stages:

- Review of organizational goals; the analysis of the existing or new goals of the organization
- Management audit; the conduct of a performance and resource appraisal to know its capability, limitations and deficiencies.
- Preparation and review of recommendations; the plan to include the forecast of future needs and resources required and a provisional strategy for implementation
- Approval of the reform plan; by the executive or legislative branches
- Development of an implementation strategy; the strategy is elaborated, refined or expanded
- Implementation; the reform plan is executed either by an interagency task force, the organization itself, or a special reform commission
- Evaluation and monitoring; the process is evaluated on the basis of goals achieved. Monitoring is regularly made to ensure implementation of the plan. Changes or modifications required are identified

The power to initiate administrative reform is usually vested in the legislative branch of the government, as it has the authority to pass laws and the power to create and abolish offices. The executive is vested with the power to implement the laws passed by the legislative including those which seek to achieve administrative reform. Often legislative power is delegated to the Executive to recognize government offices.

Strategies and measures for planning and implementing reforms depend on the reform agent, reform agency, objectives, scope, nature, training, duration and funding. The objectives of most administrative reformers among developing countries are aimed towards the

strengthening or maintenance of the existing system or the status quo(system maintenance), rather than a deliberate attempt to radically change the structure of their government and society (system change).The scope of the reform may either be structural, behavioural, or a combination of both. Structural reform refers to institutional changes while behavioural reform refers to changes in attitudes, outlooks and ways of thinking. The nature of reforms may be comprehensive, incremental or limited, and optimum.

The minimum requirements for an effective reform organization are the political support, and proper linkages with the academic institutions, concerned agencies, the budget office, the central personnel agency, the central auditing agency, the national planning agency, a support staff, and the private sector. At the same time, mobilizing and managing technology, financial, and other physical inputs to support administrative reform is an essential task.

There seems to be a need to change some of the prevailing strategies in the planning and implementation of reform. The strategy of system maintenance has to give way to system change. The scope of the reform has to be expanded to include not only structural reform but also behavioural reform. Another strategy that needs to be changed is the adoption of a comprehensive reform strategy in lieu of incremental or limited reform. The reexamination of organizational goals and policies is also a crucial need. The bureaucracy may become efficient and effective in pursuing policies that do not lead to reduced inequity in society and improved quality of life of the people.

Types of Reform Proposal

Reform proposals vary in their sweep and depth. Their significance also varies depending on what aspects of administration becomes the target of change. Some proposals may attract the attention of the press and the public. There are usually many others that rarely create any commotion. One way of classifying the reform proposals is to refer to the extent of administrative space affected by them. A proposal may have far reaching consequences for the administration as a whole or for a large segment of it. It may have entire administration wide significance.

By contrast, another proposal may be directed toward one specific aspect or a single department and would thus be of much narrower scope. Creation of vigilance cells in every ministry or the setting up of the Department of Administrative Reforms at the Centre in 1964 falls in the first group. Another way of classifying the reform proposals is to refer to their substantive contents. If the first classificatory scheme is concerned with how much of administration is being affected, the second is concerned with what is being affected. Substantively, administrative organizations are composed of three interrelated elements, structure, process and behaviour. Administrative reform is often directed toward these three elements either separately or jointly.

Structural reform is very common in public administration. The basic concern here is with division of work, delegation and decentralization, creation of autonomous agencies, and setting up of coordinating mechanisms to harmonise the actions of interdependent units. Most reform proposals concentrate on these themes.

Procedural reform is also frequently suggested and pursued in government organizations. This may involve changes in financial rules, alteration of work procedures (e.g., changes in filing methods, forms, etc.,), and general attempts to avoid red tape. Much of the work done by the

Staff Inspection Unit in the Union Ministry of Finance would fall inthis category. Application of a battery of management techniques to different administrative situations also belongs to this class of reform.

Behavioural reform is a relatively new thing so far as governmentorganizations are concerned. Bureaucracy has often been criticized for its impersonal character and dehumanising consequences. Behavioural changes have therefore been suggested to improveinterpersonal and intergroup relationships within the bureaucracy. Alsosuch changes are advocated to make the administration serve the publicbetter.

Participative management and sensitivity training have gained widecurrency in recent times in public administration. The former is aimedat creating an atmosphere of togetherness by offering opportunities ofparticipation to different grades of employees. Sensitivity training is directly oriented toward attitudinal change and has now become quitefashionable in government training institutions. It remains however, adebatable question how far behavioural changes can be really producedby one-shot and individual-centred training programmes.

Special importance is attached to organization development or organization development as a technique to bring about planned organizational change. Originally started in business organizations, organization development programmes are being tried out in public organizations also conceived basically as an ongoing educational process,

Organization development aims at optimum utilization of human resources for organizational renewal by laying emphasis on interpersonalprocesses rather than on structure, procedure, or technology. Major emphasis in organization development is on team-building, communication and collaborative problem-solving.

Organization development programmes have made use of appliedbehavioural science. Their application to public administration poses some genuine difficulties. As Golembiewski points out, government organizations have special features like openness to many kinds of influences, greater variety of interests, reward structures and values atsubgroup levels, absence of a clear cut management group, and weak linkages between executives and operating managers

Also the habit background of public agencies is unique. Reluctanceto delegate, legalism, emphasis on security, stress on caution and procedure, and less strongly developed concept of professional management deserve special mention in this context. Organization development programmes have to face these challenges and constraints in public administration. The different types of reforms, asdescribed above, are usually considered separately. Structural reformmay ignore behavioural implications, and procedural changes are oftensuggested without examining their wider import for the organization asa whole. The full benefits of reform are thus rarely reaped in the absenceof a coherent reform perspective.

Reforms, when accepted and implemented, should be monitoredand evaluated. In course of the implementation process, many problemsand difficulties are likely to arise. The organization must be prepared to receive these signals of dysfunctional and make necessary adjustmentsto the original proposals. This presupposes a plan of implementation ina phased manner. At each stage the expected result should be predetermined, and as the implementation process gets going the actualresults should be compared with the expected ones.

Evaluation is concerned with the examination of the final outcomeof implementation. The objectives of reforms, as originally conceived,need to be specified and concretized, as far as

possible. For example,an original proposal to improve environmental standard has to be made more specific for evaluation purposes. How much reduction in atmospheric pollution is attempted? How many parks and open spaceshave to be created or renovated? How many trees have to be planted?What kinds of checks should be imposed on automobiles?

These and many other questions should be raised and answered at the outset to operationalize the concept of improving environmentalstandard. Without such specification, the organizational and procedural changes that would be effected to bring about improvement cannot beevaluated scientifically.

Admittedly, there are many methodological problems involved in the evaluation of administrative reforms. Success measured merely in terms of contribution to the ultimate objectives of administrative performance may be illusory. Even if performance meets the standard,this may not have contributed to social efficiency or the public interest.The end results of reform may not have been due solely to its implementation. Government operations can rarely be attributed to theperformance of a single agency. The interactions with the environment (client, politician, business, etc.,) and the sister agencies are not easyto separate from the single-handed working of a particular agency. Nevertheless, evaluation of reforms should be an integral part of a reformprocess. These difficulties are no doubt genuine, and to circumvent these more rigorous methods of evaluation need to be evolved. Unless it can be proved objectively that reforms lead to definite improvementand produce concrete results, further reforms may not be easy to propose and pursue.

Committees and Commissions on AdministrativeReforms

Since Independence, there have been a large number of changes in the administrative organization work method and procedures of the Central Government in India. Some of the important reports and surveyof various experts on Central Administration in India are:

The Secretariat Re-organization Committee 1947

The first of the reform measures undertaken on the eve of Independence,in July 1947, was the appointment of a six-member Committee, headedby Girija Shanker Bajpai to investigate the question of personnel shortages, better utilization of the available manpower, and improvementof methods of work in the Central Secretariat in the wake of problemsarising out of the partition. In its report published in August 1947, the Committee recommended the appointment of the provincial civil serviceofficers to posts in the Central Secretariat, re-employment of suitable retired officers, and a re-organization of the method of work in the Secretariat. Such measures were able to solve some of the urgent problems of the time.

The Economy Committee 1948

This Committee set up under the chairmanship of Kasturbhai Lalbhai,a prominent industrialist, warned the Government against making attractive plans and schemes without taking into account the availablematerial and personnel resources. It emphasized the need for training.It made many recommendations for economy in Central administration.No immediate action was taken to implement its recommendations.

Ayyangar Committee 1949

The first comprehensive review of the working of the machinery of theCentral Government was

undertaken by N. Gopalaswamy Ayyangar, the Minister without Portfolio. In his report, Gopalaswamy Ayyangar highlighted the need for Organizational Administrative Reforms; To Suit the Ideals of the Constitution and procedural changes in the prevalent set-up of the machinery of government since there was insufficient co-ordination in the framing of policies and plans and inadequate speed and efficiency in their execution.

Gorwala Report 1951

A.D. Gorwala submitted his report in the first quarter of 1951. He made the following main recommendations:

- Parliamentary government with a cabinet system on the British model cannot be effective, unless the standard of morality of those who work it is high and the general public believes it to be so. Gorwala insists on the maintenance of moral standards among ministers, legislators and administrators and ascribes the fall in standards of public administration to corruption, patronage and influence. It vitiates policy, weakens administration and undermines public confidence.

- He suggested proper relationship between Administrative Ministries and the Finance Ministry. Financial control is desirable but financial interference should be avoided.

- The Minister should confine himself to matters of policy and leave the initiative to the Secretary.

- There should be created an O and M Branch in the Government
  and a Board of two members should be set up to provide necessary drive and direction to administration.

- Parliamentary control over the working of Ministries and more especially over expenditure is most desirable.

- More junior officers and less clerks should be appointed.

- Discipline in government offices has been the first victim of independence. To bolster discipline, he recommended promotion on the basis of good work.

- Whitley Councils on the pattern of U.K. should be established.

- Training, besides aiming at precision and clarity in the conduct of business and improvement of staff morale, must also encourage the civil servant to see his work in its widest context and to pursue with his own educational development. It must prepare him for higher work and greater responsibilities and attune his outlook and methods to the needs of changing times.

- The Principal of the IAS Training School should be absolved of other departmental responsibilities.

- Director of Training and Organization and Methods with requisite staff and office should be immediately appointed.

- Recruitment to all grades of government service should be conducted in a manner which eliminates scope for patronage and suspicion of patronage. All posts, whether temporary or permanent, should be filled up by the Public Service Commission.

The Government of India accepted Gorwala's recommendation to setup an O and M branch in the Government and allowed the rest of the report to lie on the shelf.

Appleby Report

Appleby was appointed to enquire into the administrative machinery and make his recommendations thereupon by the Government of Indiain September, 1952. He submitted his Report in January, 1953. He has summarised his chief recommendations as follows:

- An Organization and Management or Public administration officedirectly under a minister of the Government should be set up.

- It should focus attention and study on proposals concerning the improvement of governmental structure and procedures

- An Institute of Public administration for India should be established. It should serve as a nucleus of a professional journal, expansion of studies and development of literature towards advancement of administrative knowledge

- An academic graduate programme in public administration shouldbe evolved for young persons in association with this institute

- Procedures at different levels of government should be simplifiedand expedited in all developmental and social action fields

- The administrative hierarchy should take a more truly pyramidalform with more executives at most levels. The number of levelsshould be increased

- More flexibility and discretion should be allowed to administrativeagencies in co-operation with the P. S. C. in regard to recruitmentof personnel

- Extensive and sustained Personnel Developmental Programmes to maximize the potentialities of public personnel should be undertaken

Appleby produced his second report in 1956. The main recommendations are as follows:

- New levels of co-ordination below the level of cabinet and below the level of Minister should be provided structurally

- Provision should be made for recruitment and training of generalist administrator and technical administrator

- Structural and Procedural arrangements should be made for the growing size of administration

- An official called Programme Expenditure or Plan Expeditershould be appointed in the Central Secretariat who will be responsible for overcoming all hurdles, viz., red tape, inadequate staff, and for overseeing the fulfilment of the Plan

- There should be appointed a Finance Officer with the parentministries to develop financial and budgetary competence

- There should also be appointed an Expenditure Secretary inthe Finance Ministry to accelerate decision-making. None ofthe three officers should be deemed permanent additions tothe administrative structure but should be set up as temporaryexpedients to hasten reviewing and decision making functionsand to provide speed to governmental processes by eliminatingreviewing agencies at all stages

- The Reports of the Comptroller and Auditor General containtoo many trivial matters. These ought to be shorter and moreselective

- The principle of delegation should be applied to the field of administration. The Parliament should not go into petty details in the name of parliamentary control and public accountability. It should raise itself to the appropriate high level of direction. Its role should be a positive one where it would stop looking for things to criticise and begin looking for things to praise

- Board of Directors for companies and corporations should work on the principle of delegation. The Board should have two functions, one of evaluation and the other co-ordination

- Central Purchase and Central Construction retard operation of large undertakings

- The Comptroller and Auditor General should be relieved of the responsibility of audit. The auditors should not assume the role of judges of administrative policy judgement in public interest

- The layout, the hierarchical structure and the location of plant of the public undertaking should be determined with a view to future growth and enlargement

- The public employees should be paid adequate salaries. Since future prosperity of the country is dependent on the success of the Indian Government, people must be willing to pay what adequate and successful government will cost

Only a few of Appleby's recommendations have been accepted by the Government and action taken thereupon.

Subsequently there have been a few more studies as listed below:

- The Public Services (Qualifications for recruitment) Committee, 1956
- The Second Pay Commission Report, 1959
- Krishnamachari Report, 1962
- Committee on the Prevention of Corruption, 1964
- Pillai Committee on the Indian Foreign Service, 1966

Report of the Committee on Prevention of Corruption

The Santhanam Committee, which went in detail into the question of corruption, gave a report called The Report of the Committee on Prevention of Corruption. The Santhanam Committee has identified the causes of corruption as:

- Historical: The evil of bribery being passed on from age to age
- Environmental: Contributed by the systems of permits, licences, allocation of transport routes, quotas, etc.,
- Economic-Temptation to earn large amounts by easy means, wasteful living of Government servants, etc.,
- Procedural-Public being forced to pay speed money to get things done, which otherwise get delayed by the maze of rules and regulations and apathy of the administrative machinery
- Special Causes: Contributed by the political systems, spoils required by the elected representatives, etc.

Corruption in public service has become a big problem with all advanced nations and in India. To cope with the problem, the Government constituted in 1941, a special police establishment for

investigating thecauses of bribery and corruption. In Article 111, 1953, the Enforcementwing was added to the Delhi special police establishment, created underthe Act of 1946. In April 1963, the Central Bureau of Investigation wascreated and the special police establishment was made one of its divisions. The Santhanam committee, which submitted its report to thegovernment in March 1964, has made important suggestions for prevention of corruption. Some of these are:

- An amendment to Article 311 of the Constitution so as to makethe judicial process in corruption cases easy and speedy
- Setting up of a Central Vigilance Commission with autonomouspowers
- Restriction on Government servants from accepting private employment after retirement under the control of private businessmen

As a result of the Santhanam Committee recommendations, the Enforcement Wing of the special police establishments and the vigilance machinery were strengthened. Based on the Committee's recommendation, two institutions, the Lok Pal and the Lok Ayukta areproposed to be created. The Lok Pal will have jurisdiction over actiontaken by or with general or specific approval of a Minister or a Secretaryor by any other public servant. The Lok Pal will have no jurisdiction toinvestigate any action taken by or with the approval of any Judge, anyofficer or servant of any court in India, the Controller and Auditor Generalof India, the Chairman and the Members of the UPSC, the Chief ElectionCommissioner, Election Commissioners and Regional Commissioners.The Lok Pal can initiate investigations on receipt of an complaint properlyfiled before him or on his own motion. The investigation is to be conducted in private and for the purpose of investigation; the Lok Palwill have the powers of a civil court to:

- Summon and enforce attendance of any person and toexamine him on oath
- Require discovery and production of any document
- Receive evidence
- Requisition any public record from any court or office
- Issue commissions for examination of witnesses/documents

The proceedings of the Lok Pal will be deemed to be judicial proceedingswithin the meaning of Section 193 of the IPC. After investigation, the Lok Pal sends a report of his findings and recommendations to the competent authority, who is required to initiate further action within three months. The Lok Ayukta will have jurisdiction over action of public servants other than those within the purview of the Lok Pal. While forthe purpose of his recommendations the competent authority is the Prime Minister for the Lok Pal, the competent authority for the Lok Ayuktawill be such, as may be notified from time to time. In other respects, theLok Ayukta is expected to function on the same lines as the Lok Pal.

Report of Administrative Reforms Commission

The Administrative Reforms Commission was appointed on 5 January1965 to examine the public administration in this country and to make recommendations for reforms and reorganization with a view to ensuringthe highest standards of efficiency and integrity in the Public Services,and for making public administration a fit instrument for carrying out thesocial and economic policies of the Government'.

The following were the major areas allotted for the consideration ofthe Commission:

- The machinery of the Government of India and its proceduresof work

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- The machinery for Planning at all levels
- Centre-State relationships
- Financial Administration
- Personnel Administration
- Economic Administration
- Administration at the State level
- District Administration
- Agricultural Administration
- Problems of redress of citizens grievances

Shri Morarji Desai was appointed the Chairman of the Commission, but on March 13, 1967 he became the Deputy Prime Minister and hisplace was taken up by Shri K. Hanumanthaiah and submitted 20 Reports.

Study Teams, Working Groups and Task Forces

The Commission investigated the vast field of India's administration with the help of a number of Study Teams, Working Groups and TaskForces which were constituted by the Commission from time to time from amongst experts and public men with specialized experience. Inall, the Commission appointed 20 Study Teams, 13 Working groups and one Task force to make detailed studies of specific agencies andorganizations, such as, Customs and central excise, P&T, Life Insurance, etc., and to investigate administrative problems, such as finance, audit, treasury work, etc., Over the 206 distinguished personsdrawn from varied walks of life served as members of these bodies. Some amongst them had been Chief Ministers, Central and State Ministers, Justices of High Courts, Attorney General, Vice-Chancellorsof Universities and so on.

Besides, the Commission also received the research assistance of certain professional research organizations, such as the Indian Institute of Public administration, the National Council of Applied Economic Research, and Universities.

Staff: The Commission was assisted by a staff of 169 officers andemployees. Of these one was Secretary, one Joint Secretary, 9 DeputySecretaries, one Under Secretary, 42 Research Personnel and the rest
office personnel.

Cost: The work of the Commission cost the Government a total sum of `66,59,213. `2,28,610 of this was incurred on the travelling andother allowances of the Chairman and Members; `5,18,711 on TA/DA of non-officials other than members of the Commission, `42,66,912 onthe salaries and allowances of the staff; and `15,44,998 on furniture, staff car, books, telephones and other contingencies.

Periodicity and Work: Although the Commission had been setupin January, 1966, actually it started functioning only in June, 1966. It'sfirst report was presented to the Government on 20 October 1966. It was supposed to be only an interim report. But later on, the Commissionadvised that it may be taken as its final report on Problem of Redress ofCitizens Grievances. Its last report was presented towards the end ofMay, 1970.

On 30 June 1970, the Chairman presented the final review of its work which is entitled, *The Administrative Reforms Commission and its Work: A Brief Survey,* to the Government.

In making its recommendations and the Administrative reforms commission claimed to have been constantly guided by certain basicconsiderations: such as, the intensity or magnitude of the administrative deficiency or inadequacy; the requirements of adapting the administrative system or procedure to the demands of developmental functions andtasks; the viability of the proposed reforms in terms of administrative,social and political challenge; the need for improving efficiency, effecting economy and raising administrative innovation and change and administrative stability; the need for proving the responsiveness of theadministration to the people; the urgency for reform; and finally the demands of the present and the needs of the future.

Administrative Reforms Summarized and Categorized

Briefly this can be done as follows:

5.3.7.1 Machinery of Government

It is important that the government machinery as a whole at various levels functions effectively. For this to happen the inter-relationship between governments at various levels should be smooth and mutuallyreinforcing.

In India, there are at least three levels of government: central government, State government and local government. The Central andState governments are both the constituents of the federal policy. Wehave the concept of cooperative federalism which implies that there issmooth conjoint functioning of Federal and State governments and theydo not work at cross purposes. The Constitution lays down the Centrallist of functions, the State list of functions and the Concurrent list. Normally, the Centre and the States could be expected to function in their respective areas without staff on each others toes. However, such has been the logic of imperative needs of the fulfilment of the nationalpurpose that even in respect of State list of functions like agriculture, rural development, education, industry and health, there has been a strong central participation and intervention.

Appleby said that the Centre is all staff and no line and has to relyon the State for line administration and felt that this weakened the Centre.He was rather in favour of the American system where the federal departments have their own line organization. Here the Central Government depends on the State administration for implementation of several Central programmes like IRDP, NREP and 20 Point Programme.

This means that there has to be a close and continuous collaborationbetween the Central and State Governments, in the administration ofdevelopment and other programmes. This could be comparatively easywhen the same party would be in power at the Centre and the Statesbut where this is not so and where, as is the case today, strong regionalparties are in power in some of the States, it becomes an important matter for the functioning of administration as how to ensure smooth and collaborative relationship between the Central and State Governments.

If conflicts were to arise between the two, there has to be machineryfor ironing out differences without leading to confrontation or a point ofno return. It is with the possibility of such a situation in mind that the ARC recommended the constitution of an inter-State council. However,this important recommendation supported on several occasions by some of the State governments has not yet been implemented. This isan administrative reform of a fundamental importance which needs consideration.

The State-local relationship is of course on different footing becausethe local government, whether urban or rural, has no constitutional existence. It is a creation of the State statute. The emergence of Panchayati Raj following the recommendations of the Balwant Rai MehtaCommittee lead to a strong thinking in favour of devolution of functionsto the Panchayati Raj institutions. Decentralization, to be effective, it was felt, should be real and substantial. Several States like Maharashtra, Gujarat went in for a large measure of decentralization to the Panchayati Raj institutions at the district level. Several committees on administrativereforms at the State level made recommendations for the strengtheningof Panchayati Raj institutions and for linking the district and block administration with the Panchayati Raj institutions.

However, after initial euphoria, Panchayati Raj institutions fell in the State of suspended animation because no elections were held forseveral years and the political leadership at the State level did not likethe emergence of a vital centre of power at the local government level.As a result of such an attitude Panchayati Raj institutions were bypassed in the implementation of several development programmes like IRDP,NREP or in the formulation of district plans. Asoka Mehta Committeemade a strong case for implementation of local government development plans and programmes through Panchayati Raj institutionsbut in the absence of either effective district planning or strong local government institutions, this continues to be an area where administrative reforms are needed. The position of urban-local government institutions, both corporations and municipal councils hasalso deteriorated. \\

A point which is common to decentralization of administration bothin the State and local level is the paucity of resources. The State complains against the Centre for inadequate devolution of financial resources but they themselves are negligent of the requirements of financial resources of the local government institutions.

Structure of Administration

Both at the Central and State levels, the reforms could be consideredunder the following headings:

- Structure and functioning of the Cabinet
- Allocation of work between ministries and departments
- Minister-Secretary, Relationship
- Relationship between Secretariat and field agencies
- Delegation of powers

Cabinet's Structure and Functions

ARC recommended a compact cabinet. The have recommended eventhe precise number of ministers as equivalent to 10 per cent of the number of

MLAs/MPs. The strength of a Cabinet has necessarily to be left tothe PM/CM and many political considerations may enter into the picture.However, the Cabinet cannot be unwieldy. The question is also raisedas to the levels of ministers. A distinction exists between a cabinet minister, minister of the State, deputy minister and parliament secretaries. It is suggested that so many levels need not exist. In additionto the Cabinet, there are cabinet committees and much work is done in the committees rather than in the Cabinet as a whole. The device of cabinet committees was introduced as an innovation in our system of administration on the

recommendations of the Gopalaswamy Ayyengar Committee Report (1949). The device has obviously worked well.

Allocation of Work between Ministries and Departments

Rational allocation of work between ministries and departments is necessary for orderly administration. The basis of rationality is homogeneity and manageability. While a ministry is the charge of a minister, the department is the charge of the secretary. A ministry may consist of two or three departments. The distinction between ministry and department was introduced on the basis of the recommendations of the Gopalaswamy Committee Report Every time a Cabinet is constituted, fresh exercises are made regarding the allocation of work to make it more rational. Moreover, such are the political expediencies that some ministers are left with charge of more than one ministry making their burden excessively heavy. On the other hand, unconnected subjects are often combined. For example once Civil Supplies and Civil Aviation were combined in a single Ministry.

Minister-Secretary Relationship

Under the Cabinet's overall authority and the authority of the Prime Minister, every minister has the final responsibility for the work of his ministry. While the minister is the political executive, the secretary to government is his principal adviser and helps in carrying out the business of administration.

It is of paramount importance that the relationship between the minister and the secretary is one of mutual confidence and trust and that the secretary is able to carry on smoothly with the minister under whom he functions, while the minister should provide the overall leadership and direction, he should delegate enough authority to the secretary and other senior officers below him to carry out the work of his department. These conditions, however, do not often obtain and there are frictions. The problems had arisen from the earliest years of administration in independent India. The question of relationship between the minister and the secretary was discussed in one of the earliest of reports on administrative reforms, namely, the Gorwala Report. Gorwala pointed out that secretary should not be an amicable yes-man carrying out the wishes of the minister. He should be able to provide free and frank advice on policy formulation based on an objective examination of administrative issues involved.

While the ultimate decision may be taken by the minister or the Cabinet, the secretary and his senior officers have a right to express their views fully and frankly. Also, much of the day-to-day work should be left to the Secretariat. If the minister interferes in small matters like deciding junior appointments, etc., he may be encroaching on the legitimate work of the secretary and his subordinates and may not find enough time and energy to concentrate on the essential work of the minister, namely, enunciation of objectives, establishment of priorities, and formulation of policies. This is the main work of every ministry and this has to be properly performed. Objectives and priorities must be properly determined and once the priorities are fixed, the resources and personnel should be concentrated on the realization of the main objectives and the fulfilment of tasks required for the priority needs. Gorwala laid great stress on this in his report. Unfortunately, *management by objectives* does not always find a place in the functioning of the Secretariat. Also, policies are ad hoc and fragmented and based on expediencies rather than on comprehensive examination of the issues involved and rarely embody long-term measures required for the fulfilment of the overall national objectives. The ARC felt that the policy-making must be based on comprehensive policy papers which must be produced by various ministries

in a professional and competent manner.

In order that the Secretariat functions in a professional manner for discharging the task of policy formulation, and monitoring and implementation of policies, plans and programmes, it has to be properly manned. Unfortunately, the Secretariat is clerically oriented. Even the earlier reports like those of Tottenham have complained of the lack of quality in the secretariat staff; more quantity than quality, more clerks doing routine work rather than well-trained officers who can contribute to policy making. There is a need for qualitative change in the staff in the Secretariat with more competence in policy analysis and statistical review and monitoring.

Relationship between the Secretariat and the Field Agencies

While the Secretariat is responsible for the formulation of legislation, policies, plans and programmes, it is for the field agencies to implement them. The field agencies consist of departments and directorates. Several administrative reforms reports have noticed and deplored the tendency for the Secretariat to arm itself more and more with executive functions. It is necessary for good administration that the Secretariat confines itself to policy-making, direction and review but leaves implementation to the departments and directorates.

All the load of work and structure and staff that is accumulated in the Secretariat for discharging what are essentially executive functions, should be hived off. The ministry and the secretary are compelled to look into executive matters very frequently and almost on day-to-day basis; since the ultimate accountability lies with the minister. However, good administration requires that the distinction between policy making and execution is made and the executive authorities are given the necessary freedom for discharging their tasks. This is one of the important conditions for good administration. If the two are mixed, both policy formulation and execution will suffer. The Secretariat or the minister will get entangled in day-today matters and would not have the time for reflection or for taking an overall perspective. On the other hand, backseat driving from the ministry or the Secretariat will deprive the departments and directorates of the sense of confidence which is required for effective execution.

Delegation of Powers

What has been said above regarding the relationship between the minister and the secretary and the Secretariat and the whole organization brings out an important point regarding the delegation of functions. Good administration requires liberal delegation of powers and functions. Unfortunately, while the size of government and government expenditure is expanding and the responsibilities are increasing, the schemes of delegation often continue to remain the same as in the past. Such conservative scheme of delegation is often behind the requirements of time. Moreover, because of inflation, the real value of expenditure for whose sanction power is delegated is increasing. The old scheme of delegation persists which often proves inadequate for faster administration. The scheme of both administrative and financial delegation needs to be reviewed from time to time and updated for the sake of effective administrative operations.

A special case of decentralization and delegation is the management of public enterprises. While public enterprises are accountable in the ultimate analysis to Parliament and therefore to the minister and the ministerial department, every public enterprise must have the necessary managerial autonomy without which it cannot work as a sound commercial organization, with freedom and flexibility required for quick decision-making.

Financial Procedures

Finance has often been mentioned as bugbear in speedy and effective implementation. Administrative ministries often complain of delay in financial sanctions. A number of suggestions have been made to expedite the financial clearance to various proposals. The recent report on administrative reforms of West Bengal Government has recommended that there should be exhaustive pre-budget scrutiny before a scheme is included in the budget so that time is not lost on post budget scrutiny. Proposals made in the past to do away with itemised post budget financial scrutiny was favourably received by the then Finance Minister C. D. Deshmukh. A reform which was introduced in subsequent years was that of internal finance under which the officer of the Finance Ministry sits as a member of the administrative department responsible to the secretary of the administrative department concerned.

The system of internal financial advisers is intended to remove the distance between the administration and finance and make the financial officer better aware and have greater appreciation of the administrative requirements. The internal financial adviser does not have the ultimate vote. The secretary of the department can overrule his financial adviser. This has been an important reform in financial administration.

Another reform is in the form of departmentalization of accounts and the separation of audits from accounts. This has been a major administrative reform, which has not only made possible up-to-date maintenance and availability of accounts to the department concerned but has also opened out the possibilities of accounts being used as an instrument of administrative management.

A third reform in financial administration is that of performance budgeting. This was recommended by the ARC and has been introduced at the Central level though not at State level. Performance budgeting is to ensure that budget is presented not according to old items like salary, TA, etc., but in relation to projects and programmes and their progress.

Machinery of Planning

Since we have accepted the system of planned economy, it is necessary that we have an effective planning machinery. It has often been said that while our plans are excellent, implementation of plans is often defective because of poor administration. Another way of saying the same would be that while plans provide for ambitious targets in various sectors, adequate attention has not been paid to the implementation of plans. One weakness in plan implementation is the lack of proper project formulation which leads to time and cost overruns. Chapters on administration in successive Five-Year Plans have underlined the importance of establishing effective machinery for organization of sound project plans with full details not only about the engineering, technological, economic and financial aspects but also organizational and managerial aspects, in order to ensure that there are no times or cost overruns.

Our plans have to reach down to the State level and ultimately the district level. Ours is a system of multilevel planning. It is, therefore, not enough to have an expert planning machinery at the national level; it should also exist at the State and district level. But this is not the case. The chapters of administration in the several plans documents have deplored the lack of expertise in planning at the State and district level.

A competent planning organization is required at the State level. The Dantawala Committee recommended expert staff at the block level for effective planning. However, while some steps

have been taken tostrengthen the State machinery of planning, it continues to be weak atdistrict and block levels. Often the overall responsibility for district planning is entrusted to the Collector or Deputy Commissioner who isso busy with his day-to-day work that he does not find adequate timefor planning at district and block level. It is necessary to relieve the Collector of his routine functions if he is to devote adequate time andattention to district planning.

Deficiencies in Administration

Finally, administrative reforms have concentrated on some of the maindeficiencies in administration which are as follows:

- Delay in decision making
- Lack of integrity and corruption
- Waste of expenditure
- Neglect of public grievances
- Bad maintenance of offices

As regards delay, the reforms suggested are: substantial delegation offunctions combined with effective monitoring, supervision and inspection. Something has already been said about the greater delegation but it isalso necessary to lay emphasis on alert inspections and regular reviews which are often neglected. As for waste, more negative measures of economy in expenditure would not do because it would hit performanceof legitimate functions or programmes of essential nature and may provecounterproductive. For example, if hospitals and dispensaries are deprived of essential equipment and medicine in the name of economy, it may prove only counter-productive.

As regard corruption, there is obviously a need for tightening thevigilance machinery. Often, the issue of corruption and redressal of public grievances are combined and the solution is that of an Ombudsman or Lok Pal or Lokayukta. On this point, important recommendations were made by the ARC to establish the office of LokPal and Lokayukta. However, the Centre has not yet established the office of Lok Pal or Lokayukta but at the States these appointments have been made. A study by Prof. Rowat has shown that the machineryhas not been of much use in enabling the public to get its grievancesproperly dealt with.

He has suggested that such machinery should exist even at the district level. On the other hand, the public offices themselves may givegreater attention to dealing with grievances of the public.

This brings us to the point that the maintenance of public offices inIndia and their relationship with public leaves much to be desired. In this connection, the effort made at Ahmednagar to improve the districtoffice through measures such as the reception office for the public, issue of tokens, time-bound discharge of services, internal training tothe staff, etc., are all very useful reforms which should be introduced inall public offices. It has been realised that in the ultimate analysis the efficiency and service of administration depends on the calibre, capabilityand the morale and motivation of the staff. This makes it important thatpersonnel management should be of the highest order with the greatest attention paid to the recruitment, performance appraisal, career management and development and training, all of which were neglected. Several studies have brought out and experience has shown how lowis the morale and motivation of the public servant, particularly at the middle and lower level. Extensive attempts have, therefore, to be made to improve the personnel management system to create a sense of confidence amongst public

servants. There should be appreciation of good work done, through a proper system of reward and punishment and systematic programme of training at periodical interval which aims at both the introduction of better techniques and change in the behaviour pattern. In the ultimate analysis, administration can perform as well as the quality of the personnel allows it to be.

The pace of implementation of some of the vital reforms has been very slow as we see that Lok Pal bill has not been passed by the Parliament even today. There is another dimension to the system of administrative reforms which is of a controversial nature. The establishment of the Administrative Reforms Commission in India was motivated by the fact that a total overhaul of the administrative system was perhaps deemed essential at that juncture though the overhaul didnot prove to be successful as we have observed earlier. This has led many critics to argue that there is less of a need for a total overhaul of the administration as is often demanded and more of a need to re- orient the existing machinery for the performance of new tasks and to inform, it with new concepts of public management and accountability. Notwithstanding the difference of approach, the fact remains that the ARC neither helped in *piecemeal* reform of administrative processes nor in a total *overhaul* of the system.

However, there is another aspect which needs to be given more emphasis. This relates to the implementation of the recommendations of the ARC. The Government has taken an unduly long time to accept and implement them. The sooner the government takes a decision on the acceptance of the recommendations of the ARC, the easier it would be to evaluate the validity of its proposals, otherwise they are likely to become stale, and rapidly get out of tune with the times

The implementation of the ARC proposals calls for three important types of actions on the part of the Government. First of all, a well defined and bold policy, a firm decision on the part of political leadership in power to carry out the reforms accepted by it.

The main difficulty in taking such a far-reaching policy decision is that although everyone is in favour of re-organization as a general principle, no one wants to be reorganised himself or to have his interests affected. In the second place, there is the need for providing adequate institutional arrangements and safeguards for implementation of reforms. And thirdly, an operational plan to push ahead with the implementation of the accepted reforms.

Unfortunately, however, the Government has not shown any enthusiasm or willingness to proceed rapidly reorganizing the administrative machinery on the lines suggested by the ARC. The slow pace of implementation may be due to the fact that reforms in any sphere of social life invariably encounter resistance. Since the bureaucracy by nature is conservative and conformist, it breeds a status quo oriented attitude. There is, thus, a great danger of an in-built resistance from the bureaucracy itself to change. In the ultimate analysis, the public administration of a country reflects the value system and the national commitment of the political elite. The bureaucracy is part of a continuum in the elite structure of the country consisting of political cadres and leadership, the business and entrepreneurial class, professional and trading classes, large, middle and small land owning peasants; and the industrial proletariat. The ethos and working style of bureaucracy are derived from those professed by this elite. It is no wonder, therefore, that in the context of our political and administrative culture which is still largely traditional, the bureaucracy has itself become a major stumbling block in the process of administrative change.

Experience in India indicates that administrative reform is successful only when associated with major social, political or economic reforms. Realization of the national objectives of a

socialistic, secular and a democratic society has set the pace for a reorganization of the administrative machinery, some of which has already been achieved as indicated above. Important administrative changes rarely precede political and economic reform; they are rather consequence of the latter. A major problem of Indian Administration relates to its modernization. Administrative modernization is associated with the degree of specificity of functions, the extent of universalistic norms of conduct and the prevalence of achievement considerations.

In order to suit the ideals of the constitution administrative reforms, such a transformation of the administrative system implies, among other things, its minimum professional and functional autonomy and its separation from political roles, and the adoption of modern administrative technology.

Modernization of administration also implies the growth of what is called Development administration. Development administration emphasizes: the appropriate structural, institutional, functional and value changes in the administration needed for the implementation of the goals of modernization. The establishment of development administration is a slow and difficult process since it involves the problem of training, socialising and directing of a cadre of administrators who can and will adapt to public needs.

There are several tools of administrative improvement. The foremost among them is the O and M; the Organization and Methods; which include the study of the entire process of management. It is concerned with the organization, and methods of work in the offices of public bodies.

It aims at improving office procedures or methods of work in offices. Another important tool, related to the former, is workstudy. It is the application of detailed analysis of work to achieve higher output. It aims at discovering, through systematic methods and a scientific approach, simpler, easier, and more effective and economical ways of doing work. It includes two other different techniques, that of Method Study and Work Measurement. Whereas the former aims at improving methods of work resulting in more effective use of staff and equipment, etc., the latter assesses human effectiveness. The objectives of work measurement are as follows:

- Better internal control of work scheduling and individual assignments
- More effective budgeting, forecasting and allocation of funds
- Laying down basis for method simplification, organizational changes, etc.,

The Special Reorganization Unit (SRU) in the Ministry of Finance has developed a system of organization analysis and work study. Another important aspect of the O and M work is work simplification. It aims at simplifying procedures and methods. Some of the important techniques for improving work methods are:

- Work distribution analysis
- Work count analysis; a technique for analyzing flow and sequence of operations
- Motion analysis; a technique for making maximum use of physical motion
- Layout analysis; a procedure designed to lead to better utilization of space personnel and equipment

Operational research is, in essence, the organised application of the methods of the scientific research to operating problems outside the conventional field of science. Its objective is to provide the executive with quantitative basis for decisions regarding operations under their control. Its technique is to find new measures of effectiveness and to develop, where necessary,

refined and powerful numerical methods specially adapted to the problems at hand. There is also the automation, i.e., the use of mechanical devices or processes. The approach towards office automation is made through the system of punched card, electronic data processing, and integrated data processing. Automation is an important aid to efficiency in office work.

GOOD GOVERNANCE: CONCEPT AND ISSUES

Good governance generally means looking after, the welfare of all in every respect. It may refer to high level of organizational efficiency and effectiveness and a responsive and responsible behaviour on the part of rulers in order to obtain pre-determined desirable goals for the society. To have a comprehensive understanding of the concept of good governance, it would be desirable to take into account the parameters given by various scholars and institutions from time to time. Kautilya's *Arthashastra*, for example, has dwelt upon several indicators of good governance. They include the following features:

- Merger of the King's individuality with duties
- Properly guided administration
- Disciplined life with a code of conduct for the king and ministers
- Fixed salaries and allowances to the king and public servants
- Maintenance of law and order as the chief duty of the king
- Theft losses to be made good from king's salary
- Carrying out preventive and punitive measures against corrupt officials
- Replacement of bad ministers by good ones by the king
- Emulation of administrative qualities. The gist of these indicators drives one to conclude that the main objective of good governance is to maximize the well-being of the people. As regards their relevance in the present day world, they still hold good

Presently, the concept of good governance is being used in modern western sense which is broadly conceived by the World Bank and Organization for Economic Development (OECS). It emphasizes political and bureaucratic accountability, as established legal framework based on the rule of law, independence of judiciary, freedom of expression and information, sound administrative system and cooperation between the government and the civil society organizations. Evidently, good governance implies utmost concern for people's welfare wherein the government and its bureaucracy fellow policies and discharge their duties with a deep sense of commitment – respecting the rule of law in a manner which is transparent, ensuring human rights and dignity, priority and public accountability. The need good governance in India has always been indispensable for delivering goods and services to the masses.

The pro-market ideology, which reigned supreme in the 1980s, argues that the government is less efficient than markets in providing services to individuals. The market firms due to competition and the profit motive make a more effective use of given resources than the government agencies, which lack similar incentives. Also, individuals can choose the services they want to from the market, subject to their income, whereas the government's provision of services leaves them with little or no choice. The NPE of development, based on market and not the State as the central actor, has led to a far-reaching reform movement termed as New Public Management.

One of the major criticisms of the Reinventing Movement has been the erosion of public service values in administration. The basic norms of public service such as neutrality, impartiality, accountability, responsiveness, representativeness, equality, justice, integrity and commitment are being replaced by pro-market values like competitiveness, efficiency, productivity and profitability (Haque, 1998). The reforms presented a new orientation towards the State and society, replacing the notion of collective welfare and the shared identity of citizens with a more individualistic ethos. Frederickson (1996), while drawing out the differences between the new public administration and the Reinventing Movement, pointed out that till latter focused on empowerment of individual customers to make their own choices. The value of individual satisfaction is judged to be greater than the value of achieving a collective democratic consensus.

The proponents of New Public Management, as Dunleavy (1997) points out, have probably overstated the ameliorative effects of public sector management reforms in improving social problem solving. And they have either completely neglected or under-estimated two indirect effects:

The negative impact of some New Public Management changes in reducing till level of citizens' autonomous capacity to solve their problems, and capacity which in most cases makes a critical contribution to social problem solving

The impact of many New Public Management strategies in increasing the level of problem complexity. For example, disaggregation increases till number of clearance points, competition increases residualization trends, and incentive offers often reduces trust and increases instrumental behaviour in public sector organizations. Since problem complexity is also a key negative influence on social problem solving, boosting it reduces welfare and offsets the positive direct impacts claimed by New Public Management strategies

New public management, which occupied a dominant place from the 1980s to the mid 1990s, in the West, attempted to improve public service delivery. There was a mixed reaction towards its impact on public administration and its relevance. Hughes (1998) summarises that the administrative paradigm is in its terminal stage and is unlikely to be revived. It is being replaced by a new paradigm of public management which puts forward a different relationship between governments, the public service and the public.

The dissatisfaction about the limited focus on New Public Management arose from several sources:

Wicked problems were clearly not adequately solved by public sector organizations, even those which were economical, efficient and effective—indeed, such problems were not even solved when all public services were delivered at high quality

Partnerships with the private sector were increasingly seen as more important than relationships based on antagonistic contracting procedures. Indeed, successful partnerships working with all organizations, in whichever sector they were based, were increasingly seen as being reliant on trust

The role of citizens, as conceived in New Public Management, was increasingly recognised to be too thin and consumerist; they were expected to be consulted as service users but their role as members of communities which co-planned, co-designed and co-managed public initiatives was largely ignored or undervalued In most countries, the major scandals in relation to government performance were often not about low service performance but about failures

in the way the government carried out its tasks

The long-term sustainability of economic, social and environmental policies was seen to require an alignment of all strategies and policies; not only within agencies but also between agencies and between sectors (Bovaird and Loffler, 2003)

A United Nations Study (2001), which evaluated the positive and negative contributions of the New Public Management philosophy to the state of public administration throughout the world, brought out the strengths and weaknesses of this approach to the world's public sector. The study acknowledged that New Public Management has brought about gains. The only way to reverse some of the negative influences of New Public Management; especially in developing and transitional countries is to create incentives and commit substantial resources to the building of capacity of strong strategic States, which must be both effective and democratic if they are to ensure that the costs and benefits of globalization are evenly spread out within and between countries.

The structural adjustment programmes that were introduced as part of aid conditionalities by the World Bank and the IMF aimed at bringing about structural changes in the economies along with increasing the role of market forces, improving the efficiency of the public sector and mobilizing additional resources. These reforms are termed by some as first generation reforms, as several studies indicate, had many repercussions especially on developing countries. These, according to critics, contributed to a decline in national income, an increase in unemployment and could not fulfil the achievement of objectives of higher economic growth and poverty reduction, which resulted in the perpetuation of existing inequalities.

In many of the African States, the positive impact of structural adjustments has been minimal due to general underdevelopment, weak markets and States, and limited extent of reforms in other key areas such as health, education, infrastructure and an appropriate regulatory environment. The first set of structural adjustment reforms, in a way, was not considered to be coherent and holistic and these were imposed top down. Gradually, the conception that reigned supreme – that the State is an obstacle to development – appeared to be losing ground. It was being realised that the State is crucial not only for development but also for democratization. There is a strong need for improving governing mechanisms and systems to protect the civil, political and social rights of individuals and communities. This realization has given rise to second generation reforms with focus on State institutions, markets as well as civil society. It secured fillip with the propagation of the concept of governance in 1989 by the World Bank.

The term governance has been derived from the Greek word 'Kybernan' which means to steer and to pilot or be at the helm of things.

It was first used by Harlan Cleveland in the mid 1970s, when he said, what the people want is less government and more governance. He used this in the sense of blurring of distinctions between public and private organizations and multi-organizational systems. It acquired a complex connotation in the later years.

The term governance that has assumed significance since 1989 with its advocacy by the World Bank was first used in France in the Fourteenth century (Pierre and Peters, 2000). It meant seat of government. The World Bank is said to have reinvented it in a different context as a new approach to development. In its request on Sub- Saharan Africa, Sub-Saharan Africa from Crisis to Sustainable Growth (1989), the bank attributed the crisis of the economy to governance

problems. It specially identified phenomena such as widespread corruption, the excessive personalization of political power, the neglect of human rights and the persistence of non-accountable and non-electedgovernments as being key impediments to sustained development. Thedismal performance of these countries raised questions of loss of confidence in the State apparatus. The governing capacity of States was questioned. Governance, the bank implied its high exercise of political power to manage a nation's affairs (World Bank, 1989). The crisis of governance was said to be responsible for ill-defective structuraladjustment programmes in these countries.

In many countries, governance problems initially were not considered so important for hindering the development process. The Washington Consensus also did not give significance to reforming State institutions to help policy makers perform their role in a market oriented environment. Gradually, the donor agencies recognised that governanceissues are important for sustained development and systematic transformation, and need to be incorporated in aid policies. Multilateralagencies initiated the provision of aid linked with the improvement of the countries governing systems.

The World Bank also used the concept of gold governance for thefirst time in Sub-Saharan Africa from Crisis to Sustainable Growth. Inthis report, the bank termed the crisis confronting the region as a crisisof governance. The bank identified certain phenomena such is widespread corruption, excessive personalization of political power, neglect of human rights and persistence of non-accountable and nonelected governments as key impediments to sustainable development. The crisis of governance was said to be responsible for inefficient structural adjustment programmes.

Gradually the World Bank widened the governance agenda by qualifying it with certain characteristics and terming it as good governance. The World Bank (1992) in its subsequent document titledGovernance and Development defines governance as the manner in which power is exercised in the management of a country's economic and social resources for development. Governance depends on:

- The form of political regime (parliamentary or presidential, military or civilian, authoritarian or democratic)
- The process by which authority is exercised in the management of a country's economic and social resources
- The capacity of government to design, formulate and implement policies. The bank identifies the major problems ofgovernance, which include improper implementation of laws;delays in implementation; absence of proper accountingsystems; defective procurement systems that encourage corruption, distortion in public investment priorities and failureto involve beneficiaries in the design and implementation of projects. The bank indicated symptoms of poor governance.These encompass the failure to establish a predictable framework of law and government, which is conducive to development, abolish regulatory rules that impede the functioning of markets and also nontransparent decision- making

The bank underlines the need for good governance, which is necessary for sound economic, human and institutional development.The promotion of this requires efforts on the part of the citizens also. The document insists that although lenders and aid agencies and other outsiders can contribute resources and ideas to improve governance, for change to be

effective, it must be rooted firmly in the societies concerned and cannot be imposed from outside. Four key dimensionsof governance were emphasized. These are as follows:

- Public sector management (capacity and efficiency)
- Accountability
- Legal framework for development
- Information and transparency

Gradually, governance acquired increasing prominence. The Commission on Global Governance (1995) perceived governance asthe sum of the many ways that the individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodatedand cooperative action may be taken. United Nations Development Programme (UNDP, 1997) viewed governance as the exercise of economic, political and administrative authority to manage a country'saffairs at all levels.

It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. The conceptof good governance thus also came into popular usage.

Good governance aims at achieving much more than the efficientmanagement of economic and financial resources or public services.It is a broad reform strategy to make government more open, responsive, accountable and democratic; regulate the private sector and strengtheninstitutions of civil society. Good governance is the qualitative dimensionof governance.

A governance system that enables all-important stakeholders to participate in governing mechanisms, processes and institutions emphasizing decentralization, participation and responsiveness isconsidered to be good or effective. Good governance is a combinationof the efficiency concerns of public management and the accountabilityconcerns of governance.

Good governance aims at the following:

- Improving the quality of life of citizens
- Enhancing the effectiveness and efficiency of establishing thelegitimacy and credibility of institutions
- Securing the freedom of information and expression
- Providing citizen-friendly and citizen-caring administration
- Ensuring accountability
- Using IT-based services to improve citizen-governmentinterface
- Improving or enhancing the productivity of employees
- Promoting organizational pluralism-State, market and civilsociety organizations for governance

Good governance relates to enhancing the quality of governancethrough empowerment, participation, accountability, equity and justice.Without transparent and accountable institutions, and the capacity to develop the policies and laws to enable a country to manage its marketsand its political life in an open, but just way, development is not sustainable.

The World Bank has defined, good governance as having six maincharacteristics, which are as follows:

- Voice and accountability that include civil liberties and politicalstability
- Government effectiveness, which comprises the quality ofpolicy making and public service delivery
- The quality of the regulatory framework
- The rule of law which includes protection of property rights
- Independence of judiciary
- Curbs on corruption

The policy makers, researchers and international institutions attempted to conceptualize good governance and postulate its basic characteristics, which work to reinforce one another. These include:

- **Participation:** Considered to be the core of good governance.

  Governments need to ensure the requisite freedom to the citizens to participate in the decision-making process, articulate and represent their interests so that these inputs can get reflected in policies and programmes. Participation boosts theindependence, confidence, autonomy and self-reliance of citizens. It enables them to influence the decisions and actionsof those who are governing them. It fosters responsiveness PI policies to the needs of beneficiaries.

- **Rule of Law:** Governance does not imply the arbitrary use of authority. Any governance to be effective needs to be supplemented by a fair legal framework. This should be supported by the appropriate law enforcement machine and an independent judiciary that can instill confidence in the people.

- **Transparency:** This is based on the premise of the free flowof information and its accessibility to those affected by the decisions, which are taken in the governance process. Till information provided has to be understandable and of relevance to those concerned. The provision of information within reasonable limits to the people enables them to comprehend and monitor the activities of the private, government and non-government sectors.

- **Responsiveness:** The earlier governance mechanisms failed in bringing all the stakeholders into their ambit. Presently, till emphasis is more on institutions being responsive to the need,of all those who are likely to be affected by their decisions.

- **Equity:** Since the governance structure and mechanisms aimat participation, they need to promote equity. A society's well-being and development depend on ensuring that all till members have a stake and role in it, and are not excluded from the mainstream of activity.

- **Effectiveness and Efficiency:** Good governance, also, similar to New Public Management, aims at effectiveness and efficiency in the usage of resources in consonance with societal needs and demand. Result orientation needs to be the key concern.

- **Accountability:** It has to ensure answerability as well as properenforcement for violating certain laid down norms. It involvesmaking politicians, administrators, governmental and non- governmental, and private sector organizations accountable for their activities.

- **Predictability:** This entails presence of clear-cut laws and regulations that regulate

society and economy

In a UNDP workshop on Governance for Sustainable Human Development (1994) certain characteristics of good governance wereidentified. These include the following:

- Participatory
- Responsive to people
- Able to develop resources and methods of governance
- Operates by rule of law
- Enabling, facilitating and regulatory rather other controlling
- Service-oriented
- Sustainable
- Acceptable to people
- Fosters equity and equality
- Promotes gender balance
- Accountable

The World Bank also outlined certain basics of good governance,which have been listed as follows:

- Operation of rule of law, which involves adequate laws to ensure security and facilitate the functioning of markets, whichare adequately enforced through an independent and predictable judiciary and the absence of official corruption.
- A policy environment, which facilitates economic growth andpoverty reduction. This includes sound macro economic and fiscal policies, budgetary institutions, and predictable and efficient regulation of the private sector, including the financialsector.
- Adequate investment in people (particularly through public expenditures on basic health and education) and in infrastructure, which involves good allocation of public expenditures between and within sectors.
- Protecting the vulnerable through affordable and targeted safety nets, and generally ensuring an appropriate pro-poor emphasisin public expenditures.
- Protecting the environment, which includes assuring that economic growth does not cause environmental degradation(Shand, 2001)

Bovaird and Loffler (2003) list ten characteristics of *good governance* which have recurred frequently both in the literature and inpolitical and practitioner debates on the subject:

- Citizen engagement
- Transparency
- Accountability
- The equalities agenda and social inclusion (gender, ethnicity,age and religion)
- Ethical and honest behaviour
- Equity (fair procedures and due process)
- Ability to compete in a global environment
- Ability to work effectively in a partnership
- Sustainability

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- Respect for the rule of law

The major ideological push towards good governance as a condition for aid was formulated by the World Bank in its report Assessing Aid; What Works, What Doesn't and Why (1998). In this report, the interaction between development aid and quality of governance is established, and it is argued that the impact of aid on growth depends on sound economic management and effective institutions. The report endorsed a selective approach to the disbursement of aid based on policy performance and reform commitment, rather than on the extent of poverty or the developmental needs of a borrowing country. Gradually, it became an aid conditionality imposed by the donors on the recipient countries.

Governance, hence, is broader in nature than government. It focuses more on collective action and the networking of various stakeholders.

As Stoker describes, governance refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred. The essence of governance is its focus on mechanisms that do not rest on recourse to the authority and sanctions of government. Governance is the set of values, policies and institutions by which a society manages economic, political and social processes at all levels through interaction among the government, civil society and private sector. It is the way in which a society achieves mutual understanding, agreement and action. Governance comprises the mechanisms and processes through which citizens and groups articulate their interests, mediate their difference, and exercise their legal rights and obligations.

Governance, though defined variedly, brings out a pervasive, shared opinion that is broader than government. It is more comprehensive in nature and is not just a set of managerial tools. It emphasizes different governing styles and mechanisms that are not restricted to formal sources of power and authority, but creates conditions for collective action.

Government is a formal structure possessing authority and power, while governance deals with activities that have the active involvement of citizens. According to Rosenau, government occurs when those with legally and formally derived authority and policing power execute and implement activities; governance refers to the creation, execution and implementation of activities backed by the shared goals of citizens and organizations, who may or may not have formal authority and policing power. Kettl brings out the difference between government and governance. While government refers to the structure and functions of public institutions, governance implies the way the government gets its job done. Traditionally, the government had managed most of the service delivery and towards the end of the Twentieth century, the government is relying increasingly on nongovernmental organizations for doing its work through processes that relied less on authority or control. Kettl looked upon governance as an approach to public administration.

Broadly speaking, governance encourages the participation of informal organs such as people's associations, community-based organizations along with formal organs of the State to participate and discharge activities that were earlier in the public domain. Also, the private sector, functioning along market lines and the regulatory framework of government, undertakes functions that have been the prerogative of the public sector. Governance can be said to be a framework within which formal and informal State organs share/power, and exercise rights in clearly demarcated areas. Each component functions within a well-defined jurisdiction under legally recognised rules and regulations.

There are two major definitions of governance that have gained importance over the years.

Governance as conceived by multilateral organs emphasizes leadership, i.e., the manner in which (State) political leaders manage or use (or misuse) power; whether it promotes social and economic development, or pursues agendas that undermine such goals. This was made explicit in the World Bank's first application of the concept to Africa. Governance was regarded as the single most important if not the sole explanation of Africa's underdevelopment Well-governed countries are led by regime leaders who respect the rule of law, accountability and transparency, and permit the enjoyment of human and civil rights. A second approach to defining governance focuses on the sharing of authority for public management between State and non-State organizations.

Governance does not mean that all the bread and butter issues on the New Public Management agenda have become irrelevant. Governance should not but interpreted as anti-New Public Management. Governance is rather the recognition that seemingly technical issues are highly political and may only be tackled by taking a wider political perspective. Moreover, behind all public issues there is a question mark about the relative role of decision making through democratic means, through managerial systems or through professional expertise. In the governance framework, it is not assumed that managerialist solutions are automatically more rational; but on the other hand, it is also not assumed that democratic decision-making channels are always the most appropriate. Governance is an attempt to democratise the efficiency, effectiveness and quality concerns of organizations.

There is, no doubt, a distinction between New Public Management and governance approaches. New public management focuses more on processes with a view to achieving efficiency and performance, while governance emphasizes on interaction and cooperative endeavours in realizing desired outcomes. Both the approaches aim at improving quality aspects, while the former is narrow in focusing on service delivery aspects, the latter aims at enhancing the quality of life. According to Bovaird and Loffler (2003), governance-oriented responses in several countries tended to emphasise the following:

- Importance of wicked problems that cut across neat service lines, so that improvement in quality of life is more important than improvement in quality of service need for these wicked problems to be tackled cooperatively, because they cannot be solved by only one agency; thus the need for multi- stakeholder networking

- Need for commonly agreed upon rules of the game in which stakeholders will stick to their interactions with one another, so that they can trust each other in building new joint approaches to the problems they are tackling extending corporate governance principles into the sphere of public governance

- Importance of certain characteristics which should be embedded in all interactions that they have with one another, including transparency, integrity, honesty, fairness and respect for diversity

Governance, in the context of managerial reforms, assigns a steering and regulating role to the government vis-a-vis the private sector and forges productive partnerships between the government and social organizations. Stoker (1998) postulates five propositions towards the theory of governance. They are as follows:

1. It refers to institutions and actors from within and beyond government

2. It identifies the blurring of boundaries and responsibilities for tackling social and economic issues. This shift in responsibility goes beyond the public-private dimension

to include notionsof communitarianism and social capital

3. It identifies the power dependence involved in the relationships between institutions involved in collective action

4. It is about autonomous self-governing networks of actors

5. It recognizes the capacity to get things done, which does notrest on the power of the government to command or use its authority

However, almost all definitions contain some common elements, which indicate that governance:

Assumes a multiple stakeholder scenario where collective problems can no longer be solved only by public authorities but require the cooperation of other players (e.g., citizens, business, voluntary sector, media) and in which it will sometimes be the case that practices such as mediation, arbitration and self-regulation may be even more effective thanpublic action

- Deals with formal rules (constitutions, laws, regulations) andinformal rules (codes of ethics, customs, traditions), but assumes that negotiation between stakeholders seeking to use their power can alter the importance of these rules

- No longer focuses only on market structures as steering mechanisms, as in conventional New Public Management approaches, but also considers hierarchies (such as bureaucracies) and cooperative networks as potential facilitating structures in appropriate circumstances

- Does not reason only in terms of the logic of ends and means,inputs and outputs, but recognizes that the characteristics ofthe key processes in social interaction (e.g., transparency, integrity, honesty) are likely to be valuable in themselves

- Is inherently political, concerned as it is with the interplay of stakeholders seeking to exercise power over one another illorder to further their own interests-and therefore, cannot beleft to managerialist or professional decision-making elites (Bovaird and Loffler, 2002)

Governance, with its emphasis on the rule of law, human rights, empowerment, participatory development, attempts to provide a countervailing force to the excessive managerial orientation. Then is an increasing realization that for development to be sustainable, it hasto take cognizance of social and political development, and human prosperity rather than just economic development. Under globalization,citizens demands are more diversified and sophisticated. They want choice, improved responsiveness and an assured quality of services. The diminished role of the State, a market-oriented economy supported by a democratic government with an efficient and quality oriented public administration are considered to constitute the formula for both economic development and the well-being of the people. Privatization, deregulation, de-bureaucratization and decentralization are the core political issues. Performance-oriented governance and management strategies are advocated to improve responsiveness and accountability.No wonder that the concept of development management, which hasgradually expanded to encompass bureaucratic reorientation and restructuring, the integration of politics and culture into management improvement, participatory and performance-based service delivery programme management, community and nongovernmental organizations capacity building, and policy reform and implementation,is increasingly gaining ground especially in the context of developing countries.

5.4.1 Models of Governance

The transition from the governmental form of organization based on hierarchy to New Public Management and then to governance has led to significant transformation in public service delivery. Peters identifies four types of governance models which include:

- Market
- Participatory
- Flexible
- Deregulated government models

Market Model: This model relies on markets as the efficient way of public service provision. Bureaucracy is not favoured, as it tends to maximize its own interests as postulated by Public Choice theorists.

This model favours decentralization of policy making and implementation, privatization, breaking down of large government monopolies to smaller agencies, quasi-private organizations to deliver public services.

Participatory Model: This model is in tune with the reigning theme of public administration in the 1990s, i.e., participation due to influence of the Second Minnowbrook Conference. This model focuses on the participation of the lower echelons of administration, grass root workers and citizens in the decision-making process. Another important feature of this model is the involvement and association of social interests in the governance process.

Flexible Model: This model offers alternative structural arrangements within the government through availing the services of part-time employees, temporary workers instead of permanent civil servants and employees. This model assumes that employees are almost an interchangeable part in the governmental apparatus and can be replaced whenever needed. In this model, organizational values and a civil service ethos are considered impediments to good government.

Deregulated Model: The deregulated model propagates deregulating the government sector to enable it to undertake new activities aimed at the welfare of society. This aims to remove internal controls in the organization to enable managers function efficiently. Public interest, this model believes, would be better served by a more active and interventionist public sector.

Rhodes summarises the characteristics of governance as follows:

- Interdependence between organizations
- Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes
- Networks functioning with a significant degree of autonomy from the State, networks are self-organising
- Game-like interactions rooted in trust and negotiations as agreed upon by the network participants

Newman postulates some models of governance. They are as follows:

Hierarchy Model: This is characterized by bureaucratic power and vertical patterns of relationships following up and down the hierarchies. Here the State exercises control over policy development and implementation through bureaucratic hierarchies. This model is geared towards process orientation, predictability, control and accountability.

Rational Goal Model: This emphasizes efficiency, economic rationalism and managerial authority. It focuses on achieving maximum growth within a short time frame. There is devolution of power and responsibility across a wide range of agencies.

Open Systems Model: This corresponds more to the network model of governance propagated by Rhodes and Kooiman. It focuses on the network form of interaction and decentralization of power. According to this model, change is to be brought about through self-organization and self-steering rather than through external intervention.

Self-Governance Model: This model emphasizes the role of civil society in governance, and the relationship between the State and citizens. It aims at building sustainability for fostering relationships of interdependence and reciprocity. This model is becoming popular in several countries as there are increasing efforts to build partnership with citizens in the provision or service.

Governance, in general, involves the exercise of political, administrative and economic powers in managing a country's affairs within a democratic framework. Governance as a wider strategy of pursuing development and promoting good government is occupying centre-stage in many countries. It attempts to establish a quality relationship between the government and the governed. Hence, the quality of governance is gaining prominence, as it is necessary for fostering development. Good governance as a prerequisite for promoting people-centred development started gaining the attention of policy makers, academics and international institutions who attempted to conceptualize and postulate its core characteristics.

Governance is multi-dimensional in nature. But apprehensions are expressed about the intent of governance as it is in some respects considered to be an extension of the Washington consensus. Also, it began to be perceived as an a wider conditionality imposed by the donor countries. It was being felt that governance reforms, as promoted by these countries, are oriented towards strengthening market reforms instead of genuine democratization and attainment of human rights Governance as a concept as well as strategy has been subject to appraisal.

Frederickson challenges the validity and usefulness of the governance concept on five fundamental grounds. He questions the utility of the so-called governance concepts to the students of public administration and public management.

The concept of governance is fashionable and the favourite of academics. It appears to be a rehash of old academic debates under a new name. As fashion changes, the utility of concepts of governance could diminish over time. The concept is imprecise, wooly and broad, and connotes several meanings. Governance is said to lack a precise meaning.

The concept of governance is freighted with values. Some approaches to governance as public administration reflects anti- bureaucratic and anti-governmental sentiments, limited government and so on. Some models are contextual, based on constitutional, legal, organizational and political influences, and imperatives. The State and jurisdiction-centred

understanding of governance broadens the subject and in the process makes it un-public administration like.

Scholars, especially when referring to governance in Europe, claim that it is primarily about reforms and change.

World over, investments made in our prevailing institutions, States, nations and governments seem to be devalued and order, stability and predictability are undervalued. The underlying values of governance are not primarily about change, but they are about order. The key elements of governance such as network, inter-organizational and inter- jurisdictional cooperation, public-private partnership are forms of institutional adaptations in the face of increasing interdependence.

Governance is often centred on non-State institutions; both non- profit and for profit contractors, non-governmental organizations and inter-governmental organizations. It diminishes the capacity of the core State executive to steer. In the hollow State, conditions of steering are reversed; the State is steered by its governance partners. It is the States and their sub-jurisdictions that deal with the problems of race, poverty and justice.

Frederickson derives two important conclusions from the critique of governance. The first is that the governance approach to the study of public management and administration decentralization theory and research, explaining change and reforms rather than the functioning of jurisdictions-States, nations and certain regional or global institutions; which are the dominant and preferred way to practice governance. These jurisdictions provide order, predictability, stability and permanence. The second implication of the critique is that governance theorists persist in looking for an all-pervasive pattern of organizational and administrative behaviour, a general theory, that will provide an explanation for the past and a means to predict the future. Despite the accumulated evidence based on decades of work on theory and the empirical testing theory in public administration, no such pattern has been found.

CITIZENS' CHARTER

It has been accepted world over that good governance is necessary for sustainable development both at the economic and social levels. The three indispensable aspects required for good governance are transparency, accountability and responsiveness of the administration. Citizens' Charters initiative is born of the quest for solutions to the problems that a citizen faces in his/her daily life while dealing with the public service organizations.

The concept of Citizens' Charter stands on the basis of trust between the service provider and the users. This concept was initially implemented in the United Kingdom by the Conservative Government of John Major in 1991. It was launched as a national programme with the simple objective to incessantly improve the quality of public services for the people so that these services cater to the needs and wishes of the citizens. In 1998, the Labour Government of Tony Blair relaunched the programme by rechristening it as 'Services First'.

The fundamental objective of the Citizens' Charter is to give power to the citizen for ensuring timely and satisfying public service delivery. As originally framed, the following are the six principles of the Citizens' Charter movement:

 (i) Quality: Improving the quality of services

 (ii) Choice: Wherever possible

(iii) Standards: Specify what to expect and how to act if standardsare not met

(iv) Value: For the taxpayers' money

(v) Accountability: Individuals and organizations

(vi) Transparency: Rules/ Procedures/ Schemes/ Grievances

Afterwards, these were re-emphasized by the Labour Government asfollowing nine principles of Service Delivery (1998):

(i) Set standards of service

(ii) Be open and provide full information

(iii) Consult and involve

(iv) Encourage access and the promotion of choice

(v) Treat all fairly

(vi) Put things right when they go wrong

(vii) Use resources effectively

(viii) Innovate and improve

(ix) Work with other providers

In India, considerable progress has been made in the field of economic development over the years. This factor, along with a considerable increase in the literacy rate (from 51.63 per cent to 65.38per cent during the previous decade) has made Indian citizens increasingly conscious of their rights. They are now more eloquent aboutthe issues of basic rights and expect the administration not just to takeaction on their demands but also to anticipate them in advance. Underthese circumstances, since 1996, a consensus evolved in the Government on the issue of responsive and effective administration. On 24 May 1997, a Conference of Chief Ministers of various States andUnion Territories was held in New Delhi. It was presided over by the Prime Minister of India. An 'Action Plan for Effective and Responsive Government' at the Centre and State levels was adopted at the Conference. One of the key decisions at that Conference was that theCentral and State Governments have to formulate Citizens' Charters,beginning with those sectors which possess a big public interface, e.g., railways, telecom, posts, public distribution systems, etc. These Charters are supposed to include standards of service and time limitsthat the public can logically expect, avenues for redressing grievancesand a provision for fair scrutiny with the involvement of citizen and consumer groups.

Department of Administrative Reforms and Public Grievances, Government of India (DARPG) initiated the scheme of coordinating, formulating and operationalizing Citizens' Charters. A list of Guidelinesto formulate the Charters as well as do's and don'ts was sent to variousgovernmental departments/organizations to enable them to formulateeffective charters. To formulate the Charters, the government agenciesboth at the Centre and State levels were advised to set up a task forcerepresenting users, senior management and the cutting edge staff. The*Handbook on Citizen's Charter* has been published by the Departmentand forwarded to all the State Governments and UT Administrations.

The following elements are expected to be included in the Charters:

- Vision and mission statement
- Details of business transacted by the organization

- Details of clients

- Details of services provided to each client group

- Details of grievance redress mechanism and how to access it

- Expectations from the clients

Basically, a version of the UK model, the Indian Citizens' Charterpossesses extra elements of 'expectations from the clients' and 'obligations of the users'. Involvement of consumer organizations, citizengroups and other stakeholders in the formulation of the Citizens' Charteris emphasized to ensure that the Citizens' Charter meets the needs of the users. Regular monitoring, review and evaluation of the Charters, both internally and through external agencies, are enjoined. Till April 2006, 111 Citizens' Charters had been formulated by the Central Government Ministries/Departments/Organizations and 668 Charters by various agencies of State Governments and Administrations of Union Territories. Most of the national Charters are posted on the Government's websites and are open to public scrutiny. The organizations with Citizens'Charters are advised to give publicity to their Charters through such means as print/electronic media and awareness campaigns.

STATE VS. MARKET DEBATE

Through the 1990s, the debate in India steadily shifted against the State'smajor role in the economy. It moved towards primacy of the market andprivate enterprise. One can realize the force of this changed perspectivefrom the fact that even services such as water and electricity were considered for transformation into private market-driven enterprises. Dr Ravi Kanbur of Cornell University observed in a recent lecture at ISEC in Bangalore that such a shift has not been confined to India alone.During the 1980s, similar change in policy outlook occurred in Latin America, Africa, Asia and the old Soviet Union and its satellite states.This shift was stimulated by the events like the collapse of the SovietUnion and the emergence of Chinese economy as a powerful driver ofworld trade and investment. Driven by these changed circumstances,the economic opinion saw a shift in the pendulum from the prime roleof the State in the economy in the 1950s and 1960s to an overriding rolefor the private enterprise and the market forces.

Like many others our currency is rigidly tied to the dollar in a currency board. Further, it is not even fully convertible. Unfortunately,import duties are still among the highest in the world. There is a prevalence of very low income tax slabs. So those who pay taxes arepossibly among the most heavily taxed in the world in purchasing powerparity terms. If one takes account of infrastructure and other services,State-owned enterprises account for a much bigger portion. It has beenopined that technocratic solutions should be tempered by political realism. This is the justification for the move against disinvestment andbigger investment in social and physical infrastructure by the State. It isheld that ownership issue is not of much consequence. What mattersis the fact that they are run competitively and efficiently, generating agood return on State's investments. There is an urgent need to redressthe decreasing public investment in agriculture for almost 20 years andto spend more to avail health and education for all. However, the majorissue is the State's ability to spend more, and do it efficiently and effectively to provide health, education and other social services to themasses.

The process of economic liberalization came to India in 1970s. But, the reform process began only after July 1991. It was instigated by the then Indian Prime Minister P.V. Narasimha Rao and his Finance Minister Manmohan Singh. During that time the Government started aprocess

of a systemic shift to a more open economy with greater reliance upon market forces, a larger role for the private sector including foreign investment, and a restructuring of the role of the Government. Moreover, the economic reforms or liberalization in India marked a shift from a socialist economy to a market economy. The immediate cause was a foreign exchange crisis during the Chandrashekhar government when India had to sell its gold reserves.

The main aim of liberalization was to dismantle the excessive regulatory framework which acted as a shackle on freedom of enterprise. Over the years, the country had developed a system of *licence-permit-control raj*. The aim of the new economic policy was to save the entrepreneur from unnecessary harassment of seeking permission from the bureaucracy to start an undertaking.

Similarly, the big business houses were unable to start new enterprises because the MRTP Act had prescribed a ceiling on the asset ownership to the extent of Rs 100 crore. In case a business house had assets of more than Rs 100 crores, its application was rejected. It was believed that on account of the rise in prices, this limit had become outdated and needed a review. The second objection by the private sector lobby was that it prevented big business houses from investing in heavy industry and infrastructure which required lumpsum investment. The NDA, in its election manifesto had suggested that the asset limit of MRTP companies should be raised to Rs 1000 crore. The government thought it wise to abolish the limit altogether, so that big business could establish big projects in the core sectors—heavy industry, petrochemicals, electronics, etc. The government was of the view that in the context of liberalization, the MRTP limit had become irrelevant and needed to be scrapped.

The major purpose of liberalization was to free the large private corporate sector from bureaucratic controls. It therefore started dismantling the regime of industrial licensing and control. In pursuance of this policy, the industrial policy of 1991 abolished industrial licensing for all projects except for a short set of eighteen industries.

The list of industries in which industrial licensing is compulsory:

1. Coal and lignite
2. Petroleum and its distillation products
3. Distillation and brewing of alcoholic drinks
4. Sugar
5. Animal fats and oils
6. Cigars and cigarettes
7. Asbestos and asbestos-based products
8. Plywood and other wood-based products
9. Raw hides and skins
10. Tanned furskins
11. Paper and newsprint
12. Electronics, aerospace and defence equipment
13. Industrial explosives
14. Hazardous chemicals
15. Drugs and pharmaceuticals

ROLE OF CIVIL SOCIETY AND NON-GOVERNMENTAL ORGANIZATION

The term that lies at the core of any political system is 'development' which has to essentially be people-centred and citizen-participation- oriented. Citizen participation is the essential element in the various interfaces of development, be it plan-formulation, decision-making, implementation of plans and programmes or sharing the fruits of development itself. The institutions and structures through which people's participation flows, can be many and varied: formal and informal, official and non-official, state-based and civil society oriented.

One can always find debates and discussions on the definition and meaning of the state. In the most simplistic of the statements, state is an independent public authority that has monopoly over institutionalized force. But what is a civil society? According to political theory, 'civil society' is a term that gained importance and prevalence in the writings of modern philosophical thinkers like John Locke, Adam Ferguson, David Hume, Adam Smith, etc. from the late seventeenth century onwards. Accordingly, the civil society marked the outcome of a process of civilization in the European societies since the Renaissance. Civilization comes about through work and industry, commerce and property; civil society thus emerged as a social system closely associated with economic improvement and expansion. In addition, civilization was fostered by education and character formation, by non-violent modes of behaviour, by respectful manners and politeness. A culture of sociability that took place in an atmosphere of mutual respect and recognition was thought to be an integral part of civil society. And this culture, it was felt, should be open to everybody, to each and every citizen.

In the literal sense, the civil society was closely connected with the economic sphere. The expansion of trade and commerce brought people into closer contact and demanded more universal codes of behaviour and communication. For all the political philosophers who envisaged the future of mankind as progressive and liberating, personal freedom and independence were at the core of civil society. Civil society was thus built on top of a free market economy, in which its members were supposed to participate as producers and consumers. However, political philosophy insisted that the traditional market place to be also treated as a sphere of economic exchange, social encounter and even political debate. In this sense, civil society was devised as a space where citizens could meet in order to socialize with their fellow citizens, to exchange ideas and discuss issues of common concern, to form political opinions. It was not a sphere where those opinions translated into political actions and decision-making. This was left to the state which, according to Hegel, combines legislative and administrative powers. However, the civil society was not in the least apolitical; rather, it preceded and prepared for the political sphere.

Civil society is not identical to political power, but it only shapes a social space that is thoroughly public. People meet in groups and associations, and these are not meant to be secluded spaces. Its membership is open to everyone subject to the compliance to rules prescribed by the collective. There are debates and there are discussions, but they all take place in an atmosphere of mutual trust and recognition. There is no hierarchy and no barriers of power and authority. On the whole, the organization of these societies represented democracy as a vital element.

In democratic regimes, it is completely up to the citizens if and where they want to organize.

But, if they choose to do so, the state can provide them with a legal framework that guarantees the freedom of individual entry and exit, as well as the accountability of activities performed by the group. It also sanctions any violation of the general code of behaviour implicit in the constitutional setting of civil rights. This acknowledges that all fellow-citizens have to be respected as dignified individuals regardless of their gender, class, religion or even ethnic origin.

The advantages of organizing voluntarily are many and the democratic state has good reason to encourage rather than discourage the voluntary organization of its citizens. The more it refrains from direct intervention, the more it can rely on the self-mobilizing capacities of the citizens. In this way, the citizens cannot only detect and even solve societal problems, but can also forge bonds of cooperation and mutual trust among themselves. That is why French philosopher Toqueville described the USA as a classical country of voluntary associations and clubs in the early Nineteenth century. He opined that it was the strength of the civic involvement that actually reflected the weakness of the federal state.

The crux of the whole issue is, however, that never and nowhere has the civil society existed independently from the state. On the one hand, the state policies determined how far the self-organizing powers of citizens could reach, and on the other, the civil society functioned as a critical antidote to state power providing it with both public reasoning and social practice. Historically, this arena of citizens' forum emerged slowly but persistently in the shadow of the absolutist rule and proved to be a crucial factor in the destabilization of the order. Basically, it rested only on three elements:

(a) Protection of public space and encouraging civilized behaviour.

(b) Creation of a dynamic market.

(c) Adherence to the rule of law.

In the absence of any one of them, the civil society could not function. Civil society denounces cheating, dishonesty and even violence.

But the most important aspect of being the members of civil society organization is that the civil society and its networks bear close relations with the concept and practice of active citizenship, transcending the formal political and legal meaning. This is so because citizenship not only entitles its bearers to individual and political rights, but also entitles them to enjoy the solidarity of their fellow-citizens. However, this does not imply that one should consistently turn individualistic. Today, people have a much broader perspective and orientation. Whether they go or do not go to the polls or whether they participate or do not participate in other pluralistic association, they do keep themselves informed through newspapers and media channels and even talk politics on the road, thus accentuating people's participation.

The institutions and structures through which people's participation can flow into development activities can be many and varied such as peoples' local organizations, local self-government units like Panchayati Raj Institutions (PRIs) in India, municipalities, municipal corporations, metropolitan city councils, development authorities in rural/urban areas and above all, voluntary agencies (volgas), non-profit organizations, non- governmental organizations (NGOs), cooperatives, etc. Of these, the units of local self-government in rural/urban areas on the formal-official side of the spectrum and voluntary associations on the informal- unofficial side-both working at the grassroots level are considered to be the most essential institutional mechanisms for mobilizing peoples' support, initiative, resources, enthusiasm and cooperation for developmental purposes.

The debate over the role of NGOs in development raises a host of issues and problems. Of these that which stands at the centre stage is the time-honoured issue of the relationship between state and civil society. Human wisdom and ingenuity have devised certain social orders and structures to regulate the diverse aspects of complex human life, so that rhythm of civilized life is possible for all.

The basic social orders that the people have-devised for the above purposes include the society (community), state, market and associations. Through these orders, the human life has been sought to be regulated directed, controlled and guided in the interest of orderly,

peaceful, individual and collective existence. Each one of these social orders, as Victor Pestoff puts, has its own guiding principles, predominant actors, resources, principal motives and pay-off. The social institutions normally associated with these four social orders are households, public (government) agencies, private firms and voluntary associations or non-profit organizations respectively.

In terms of the sectoral paradigm, the public (government), private (business profit-oriented firms) and voluntary (cooperatives, voluntary associations, non-profit organizations, NGOs, popular movements, etc.) sectors are known as the first-, second- and third-sector, respectively. The question that arises here is: what should be the proper (right) degree of relationship between

- State and civil society
- State and the market and
- State and voluntary bodies?

These institutions have been the basis of several political, social, economic theories. In our considered view, the co-existence of the society, state, market and associations is a prime requisite of happy, healthy, harmonious, balanced, fruitful life. Coexistence of the four social orders will also lead to a democratic mode of management of social life, governance in the political order, economic theories and cultural milieu. For, all the four types of order are interdependent on one another. No single order can substitute or supplant the other three orders. All the four orders constitute the essential parts of the large complex integrated whole.

It is true that the state is sovereign but it cannot and should not take the place and role of society lest it will run the risk of ending up as an absolutist—a totalitarian, despotic, fascist nation-state like Hitler's Germany or Mussolini's Italy or the Communist Party controlled dictatorships of erstwhile USSR or East European countries. True, society is anterior to and more wider in scope and range of its activities than the state but it has to recognize and submit itself to the sovereign will of the state, its laws and mandates in the larger interest of the common good and collective well-being lest instead of order, peace or harmony, anarchy, chaos and confusion will reign supreme in society and life under such conditions will be 'nasty, brutish and short' let alone achieving development while the sovereignty of the state is not absolute as the pluralists say, the state alone has the legitimate authority to use coercive power if necessary to compel and command obedience to its will and the responsibility of maintain peace and order in society besides promoting the welfare and well-being of its people. The state in developing countries like India has the greatest responsibility to bring about planned socio-economic development and nation-building. The state is not an end in itself but a means to an end and that end is to promote all round, balanced, integrated development of all citizens and the nation as a whole.

The civil society manifests itself through myriads of households, communities, associations, voluntary groups of different hues and kinds, social service workers, non-profit organizations, cooperatives, unions, women's development groups and environmental NGOs. Not only does it have its definite place in modern state but also performs vital functions for its members through the network of these institutions. Both before and after the state came into being, the voluntary bodies have been rendering yeoman social service to the poor, needy, neglected, the old-aged, the sick and the down-trodden or relief work during natural calamities.

India has a great tradition of social service, social reform and voluntary community-based service from the times immemorial. The voluntary associations had launched mass-based social and political movements in the country to wrest independence from the colonial rulers and retrieve their civil, political and socio-economic rights. Mahatma Gandhi's Construction Work Programme proved to be a trail blazer in the wor1d of voluntary social work. In the Western countries, community-based voluntary associations showed the way to the modern state to become a welfare state replacing the 'police state' of the *laissez-faire* era. Under the impact of Keynesian welfare economic, spread of democracy and the Beveridge Report the night-watchman state of the eighteenth century underwent metamorphosis into the modern Welfare State (service state) whereby the administrative (bureaucratic) state was born.

During the last four decades, significant social movements in the Western societies have taken place resulting in heightening of the anti-state posture of voluntary groups. These groups claim that the state is incapable of tackling the problem of the neglected and marginalized sections of society and that tins role can be performed effectively and equitably only by them.

As C.P. Bhambhri observes that 'the voluntary action groups are projecting themselves as an alternative to the over-centralized state system in the west'. The NGOs argue that the power of the state has failed to resolve the crisis of the modem times and voluntary action is required to resolve the crisis created by the over-centralized and militarized Western State System.

In the developing nations like India with the state assuming the major responsibility for promoting development and welfare, the governmental bureaucracy has acquired enormous power and function as the agent of social change, thus laying the foundation for a strong administrative state. The command model of development with strong centralization and top-down planning as its hallmarks, left little room for peoples' involvement in 'development through participation'.

Bureaucratic apathy and inefficiency coupled with corruption in the high echelons of administration and political leadership, lack of confidence on the part of the government in peoples' involvement and participation in development activities, the undermining of panchayati raj institutions by the central and state governments prior to the Seventy-Third Constitutional Amendment and central government's 'witch- hunting' against voluntary agencies and Gandhian social workers sent shock waves to the pluralists amongst Indian political scientists like Rajni Kothari and sociologists the one hand and the social activists and NGOs on the other.

The planners and policy makers in India who paid lip service to the citizen participation in development realized the importance of involving the voluntary sector in the country's decentralized development only since the Sixth Five Year Plan (1980–85). Earlier, the tendency of political decision-makers and the development bureaucracy were to equate the work of voluntary agencies with only welfare activities and charity work or the government sponsored cooperatives. The Sixth Plan identified 'new areas' in which NGOs as 'new actors' could

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participatein development. These areas included:

1. optimal utilization and development of renewable source of energy, including forestry through the formation of renewableenergy association at the block level
2. family welfare, health and nutrition, education and relevant community programmes in the field
3. health for all programmes
4. water management and soil conservation
5. social welfare programmes for weaker sections
6. minimum needs programme;
7. disaster preparedness and management;
8. promotion of ecology and tribal development and
9. environmental protection and education.

The plan mentioned that youth and women organizations, interestgroups like those of farmers, self-employed women, and voluntary groups engaged in general development work in a specific area or activity; farmers cooperatives working in command/catchment area irrigation projects; religious, social, cultural organizations, professionalbodies arid educational institutions would play the development role.

Issue of autonomy of the NGOs

A thorny issue of the NGOs has to do with their demand for greaterautonomy from the state. Other related issues are:

   (i) Sources of funds and accountability for rendition of reports,and,

  (ii) Audit of accounts and transparency in their activities.

In order to function as a truly voluntary body, an NGO is expected todraw at least half of its resources (funds) from voluntary sources as donations, etc. Most NGOs are dependent on the government's grants-in-aid or donations from external (foreign) donors like the World Bankor international NGOs. Lack of financial autonomy results in their easycooptation by the funding agencies—be it domestic or foreign and such NGOs cease to be truly 'voluntary or non-government agencies.' They become agents of the donors, functioning according to the directions and guidelines of the funding authority and not according to their normative or ideological principles. The harmful tendencies of voluntarysector are evident from the Naxalite movement and Peoples War Groupswhich sometimes seek support of the voluntary NGOs.

Importance of NGOs

In this context, we come across two different views. First, in the contextof developing societies like India, development, i.e. the banishment ofbackwardness and poverty, calls for structural changes. 'Voluntary agencies' writes C.P. Bhambhari, 'cannot change the social-power structure but the state can be democratically compelled to challenge the existing power structure.' Further, voluntary agencies are 'localized'groups while the action and jurisdiction of the state is coterminous withthe entire society. Another political scientist, Mohit Bhattacharya echoes the 'same view when he observes that voluntary organizations' isolatedand minuscule efforts' cannot correct the 'massive social disorganizationleft behind by imperialism and since perpetrated by a feudal-capitalistsocio-economic system. To expect radical social change through voluntary

effort is a kind of day-dreaming'.

The second and opposite view shared by Rajni Kothari is full ofoptimism, encouragement, hope and faith in the potential of NGOs asthe most viable organizations best suited to play the role of catalyst ofsocial change and development 'in a socially backward and ethnicallydiverse and dispersed society' such as the Indian society.

Together the state and citizens must carry out the daunting taskof development as joint partners and nation-builders. In fact, it is indispensable for the state to harness the strengths of voluntary associations—their proximity to people far and near, flexibility, innovativeness, innovativeness of selfless service, possession of expertise, information, skills for awareness building, troubleshooting and training skills to bring about development in a decentralized democratic manner. NGOs symbolize debureaucratization—one of the four forms of decentralization the rest being devolution, deconcentration and delegation. India's dismal performance at the development front can beattributed undeniably to the lack of scope for peoples' participation in development through decentralized structures in the past and rigid bureaucratization as opposed to democratization of the development process. NGOs participation can pave the way for more decentralized, mere democratic and less bureaucratized administration of development, supplemented by the role of the PRIs in development administration in the country.

Whether one calls them voluntary agencies or social action groups or non-governmental organizations in UN terminology, they epitomize the institutionalization of the time-honoured practice all overthe world of rendering noble, selfless community service on voluntaryand non-profit basis by resourceful, enlightened, public-spirited, activecitizens and social workers. The NGOs have a crucial role to play in theprocess of nation-building and planned socio-economic development everywhere, particularly in developing nations like India. Development plans, programmes or projects initiated by the government have little orno chance of success without the total involvement and full and activecooperation and participation of the people in the various developmentprocesses. Voluntary agencies as the dynamic instruments of the civilsociety should mobilize the participation of local people into the government/voluntary agency sponsored development processes in planning, implementing and monitoring development programmes. Inshort, they should serve as institutional mechanism for channeling peoples' (grassroots level) local initiatives, enthusiasm and resource into the development process on the hand and on the other as savioursof the democratic process. Studies have shown that NGOs are eminently suited to play the developmental role as catalysts of social change, as educators, as informers, enablers, project planners and administrators, as experimenters, as innovators, as awareness and citizenship builders, as motivators, as impact evaluators, as harbingersof silent revolutions, as national constructors (builders), as conscientisers, as friends, philosophers and guides of the people in general and of the weak, poor, needy, illiterate, ignorant, downtrodden and dispossessed sections of society in particular.

Based on the primary and secondary data, the study carried outin a multi-disciplinary, integrated, holistic perspective examines the idealof citizen participation as basis of participatory democracy and decentralized democratic development. An analysis of the relationshipbetween the State and NGOs in the 'various sectors of development administration, provides the following pointsof view:

- Despite all the assets and virtues they have, NGOs cannot and should not seek to supplant the state. They cannot onlycarry on their own welfare programmes but also

have to supplement the developmental efforts planned, funded and 'carried out by the government agencies within the frameworkof the Constitution and Law,

- They should strive for protecting and promoting the nationalinterest and safeguard the unity, the territorial integrity and sovereignty of the nation and guard themselves against the sinister and subversive designs of foreign fund givers. Theyshould submit themselves to government rules and regulations regarding foreign funding of their activities in the interest, of clean public life, for, corruption negates democracy and. development,

- Government on its part should not let loose a reign of terror onthese bodies since it needs their services to realize the twinobjective of building a strong modem, dynamic, vibrant nationand a democratic, developed society The NGOs thus occupythe centre-stage of democratic decentralized development inIndia and elsewhere.

SUMMARY

- The term governance has been derived from the Greek word Kybernan which means to steer and to pilot or be at the helm ofthings. It was first used by Harlan Cleveland in the mid 1970s, when he said, what the people want is less government and moregovernance.

- Good governance aims at achieving much more than the efficientmanagement of economic and financial resources or public services.

- Good governance relates to enhancing the quality of governance through empowerment, participation, accountability, equity and justice. Without transparent and accountable institutions, and thecapacity to develop the policies and laws to enable a country tomanage its markets and its political life in an open, but just way,development is not sustainable.

- The concept of Citizens' Charter stands on the basis of trust between the service provider and the users. This concept was initially implemented in the United Kingdom by the ConservativeGovernment of John Major in 1991.

KEY TERMS

- **DARPG:** Department of Administrative Reforms and Public Grievances
- **Civil society:** Composed of the totality of voluntary social relationships, civic and social organizations, and institutions thatform the basis of a functioning society, as distinct from the force-backed structures of a state (regardless of that state's political system), the commercial institutions of the market, and private criminal organizations like the mafia

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QUESTIONS AND EXERCISES

1. Curbing would automatically lead to good governance. Do youagree?
2. Critically evaluate the concept of Citizens' Charter.

3. Discuss the factors that necessitated liberalization in India duringthe beginning of 1990s.

4. Describe the role of civil society in bringing good governance.

5. Critically analyse the role of NGOs for increasing social welfare

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