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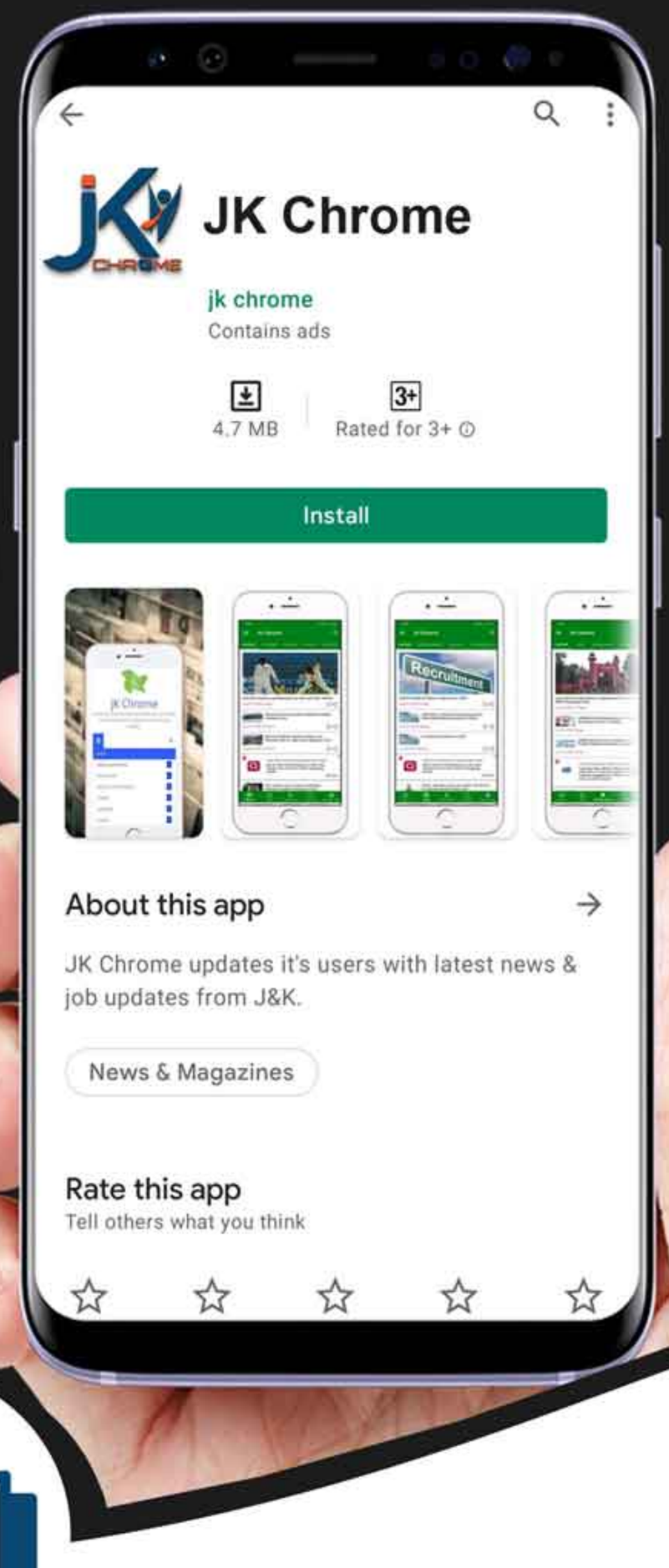

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GOVERNANCE

S.N.	TOPIC
1.	Important Aspects of Governance
2.	Role of Civil Service in Democracy
3.	Development Process and Industry
4.	Government Policies and Intervention for development in Various Sector and Issue Arising out of Their Design and Implementation

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Important Aspects of Governance

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1. Governance

1.1. What is Governance?

The United Nations Development Programme (UNDP), 1997, defined governance as "the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences."

In 1993, the **World Bank** defined governance as the method through which power is exercised in the management of a country's political, economic and social resources for development.

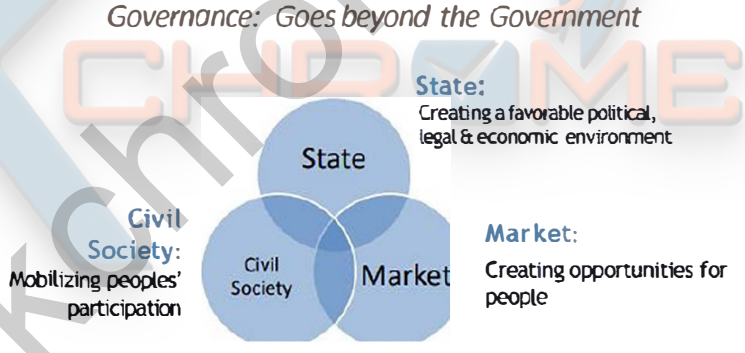
In simple words, Governance is the process and institutions through which decisions are made and authority in a country is exercised. Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance.

Thus governance focuses on the formal and informal actors and institutions involved in decision-making and implementing those decisions.

1.2. Stakeholders of Governance

Government is one of the key actors in governance. Other actors may include political actors and institutions, interest groups, civil society, media, non-governmental and transnational organizations. The other actors involved in governance vary depending on the level of government.

Typically, the stakeholders of governance at national level can be categorised into three broad categories – State, Market and **Civil Society.**



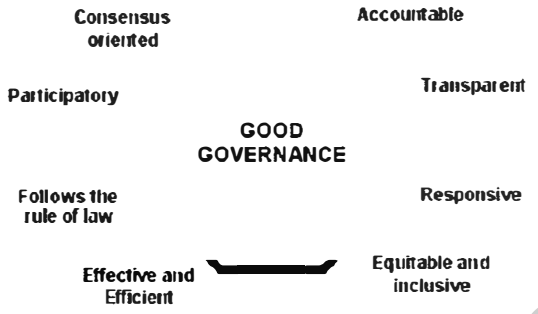
1. **The State** includes the different organs of the government (Legislature, Judiciary and Executive) and their instrumentalities, independent accountability mechanisms etc. It also consists of different segments of actors (elected representatives, political executive, bureaucracy/civil servants at different levels etc.)
2. **The Market** includes the private sector – organised as well as unorganised – that includes business firms ranging from large corporate houses to small scale industries/ establishments.
3. **The Civil Society** is the most diverse and typically includes all groups not included in (a) or (b). It includes Non-Governmental Organizations (NGOs), Voluntary Organizations (VOs), media organisations/ associations, trade unions, religious groups, pressure groups etc.

1.3. Good Governance

Governance' by itself is a neutral term while `Good Governance' implies positive attributes and values associated with the quality of governance. Good governance is a dynamic concept and there is much subjectivity involved in defining the aspects of good governance.

United Nations Development Programme (UNDP) recognizes eight core characteristics of good governance:

1. Participatory
2. Consensus oriented
3. Transparent
4. Accountable
5. Responsive
6. Effective and Efficient
7. Equitable and Inclusive
8. Follows the Rule of Law



Understanding the key terms:

Participation:
- Participation of all section of society is cornerstone of good governance.
- Participatory governance *provides opportunities for citizens* to take part in *decision making, implementation and monitoring of government activities*.
- However, participation needs to be informed and organized. This includes *freedom of association and expression* as well as an organized civil society.

Consensus oriented
- Good governance requires mediation of the different interests in society to reach a broad consensus on
  - what is in the best interest of the whole community and
  - how this can be achieved.
- It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development.

Rule of Law
- Good governance requires fair legal frameworks that are enforced impartially.
- It also requires full protection of human rights, particularly those of minorities and vulnerable sections of the society.
- *An independent judiciary* and an *impartial and incorruptible police force* is *sine qua non* for impartial enforcement.

Transparent
- Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations.
  It also means that information is *freely available* in *easily understandable forms* and *directly accessible* to those who will be affected by such decisions and their enforcement.
  It also means that enough information is provided and that it is provided in easily understandable forms and media.
- For example, in India the Right to Information (RTI) Act has been a powerful instrument in the hands of people to ensure transparency in the decision making process of executive.

Accountable
- Accountability is the *acknowledgment and assumption of responsibility for actions, products, decisions, and policies*.
- The components of accountability are *answerability*, *sanction*, *redress* and *system improvement*.
- In general an organization or an institution is accountable to those who will be affected by its decisions or actions.
- Accountability cannot be enforced without transparency and the rule of law.

Responsive	• Good governance requires that institutions and processes try to serve all stakeholders *within a reasonable timeframe*. • *Redressal of citizen grievance, citizen orientation, citizen friendliness and timely delivery of services* are key component of responsive governance.
Effective and Efficient	• Good governance means that processes and institutions produce results into the *optimum use of resources at their disposal*. • Thus it also covers the *sustainable use of natural resources and the protection of the environment*.
Equitable and Inclusive	• A society's wellbeing depends on ensuring that all its members feel they have a stake in it and *do not feel excluded from the mainstream of society.* • This requires all groups, *particularly the most vulnerable*, have opportunities to improve or maintain their well-being.

Many sources include "Strategic Vision" as a 9th principle of Good Governance.

Strategic Vision: A broad and long-term perspective on good governance and human development is required. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.

1.4. Strategies for g*ood governance*

- Reorienting priorities of the state through appropriate investment in human needs
- Provision of social safety nets for the poor and marginalized
- Strengthening state institutions
- Introducing appropriate reforms in the functioning of Parliament and increasing its effectiveness
- Enhancing Civil Services capacity through appropriate reform measures that matches performance and accountability
- Forging new alliances with civil society
- Evolving a new framework for government-business cooperation

1.5. The Worldwide Governance Indicators project – World Bank

As mention above, World Bank defines Governance as the process and institutions by which authority in a country is exercised.

Specifically, governance is:

- the process by which governments are selected, held accountable, monitored, and replaced;
- the capacity of governments to manage resources efficiently, and to formulate, implement, and enforce sound policies and regulations; and
- the respect of citizens and the state for the institutions that govern economic and social interactions among them

Issues		
The Process by which Governments are selected, monitored, and replaced	• Voice and Accountability • Political Stability	• Extent of citizens participation in selection of governments • Civil liberties , political rights • Perceptions that the government in power will be destabilised by possible unconstitutional means
The Capacity of the government of effectively formulate and implement policies	• Governance Effectiveness • Regulatory Quality	• Perceptions of quality of public service provision, quality of bureaucracy, competence of civil servants, independence of civil service from political pressures, credibility of government's commitment to policies. • The incidence of market unfriendly policies such as price controls
The respect of citizens and the state for institutions that govern economic and social interaction among them	• Rule of Law • Control of Corruption	• Success of the society in developing an environment in which fair and predictable rules form the basis for economic and social interactions • Perceptions of the incidence of crime, effectiveness and predictability of judiciary and enforceability of contracts. • Perceptions of corruption

'The Worldwide Governance Indicators project' – By World Bank ranks more than 200 countries on six key indicators of governance. The six indicators are:

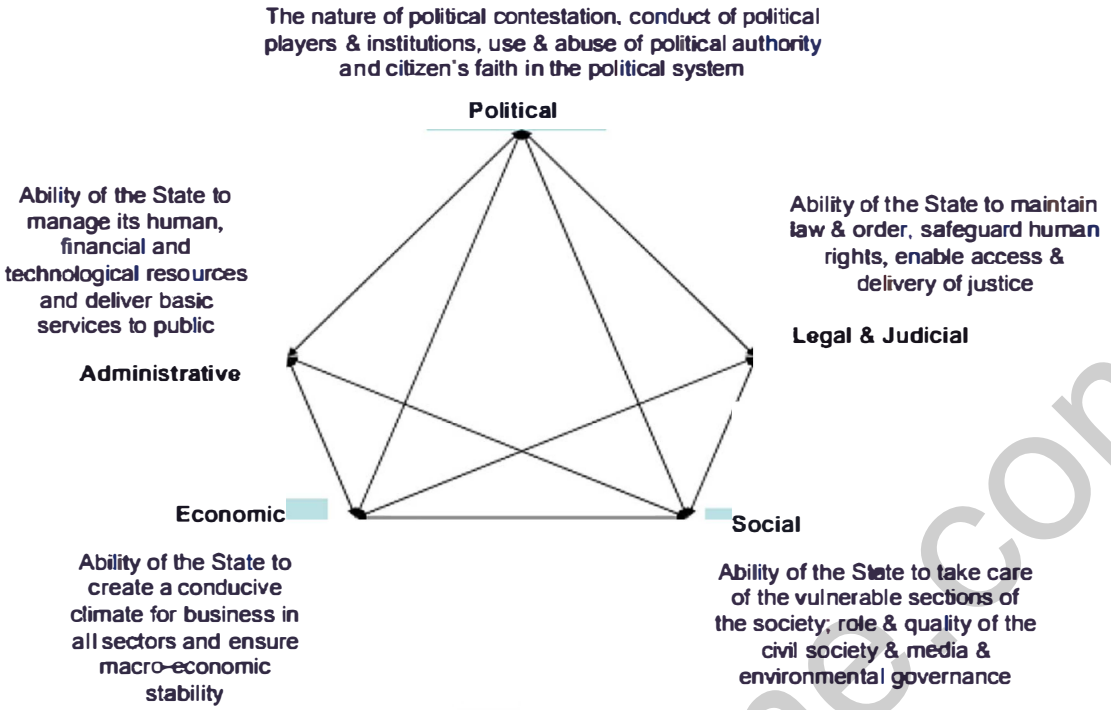
1. Voice and Accountability
2. Political Stability and Absence of Violence
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption

These aggregate indicators combine the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries.

2. Governance in India

2.1. Dimensions of Governance in India

Department of Administrative reforms and Public grievances (DARPG) in its report "State of Governance – A framework of assessment" has broken down governance into five dimensions viz. **political, legal& judicial, administrative, economic and social &environmental dimensions.**



1. **Political Dimension**
   Political dimension being the most essential aspect of governance looks at the quality of political contestation, conduct of individuals and institutions representing the people, use and abuse of political authority, decentralization of powers and citizen's faith in the political system.
   It has four key components:
   - Exercise of franchise
   - Profile and conduct of Political Representatives, Political Parties and the Political Executive
   - Functioning of Legislature
   - Political Decentralisation
2. **Legal & Judicial Dimension of Governance**
   This dimension seeks to measure whether the state's exercise of power is within its boundaries. Also its ability to effectively maintain law and order, safeguard human rights and enable access to & delivery of justice.
   It has four basic components:
   - Law & Order and Internal Security
   - Safeguard of basic rights
   - Police Administration and Citizen-friendliness of the Police
   - Access to Justice and Judicial Accountability
3. **Administrative Dimension of Governance**
   This dimension determines the ability of government to deliver basic services to citizens by efficiently managing the human and financial resources. It also includes performance of the State on vigilance and anti-corruption matters as well as responsiveness and transparency in administration.
   It has following four components:
   - Citizen Interface and Engagement
   - Managing Human, Financial and other resources
   - Basic Service Delivery
   - Corruption Perception, Vigilance & Enforcement

4. **Economic Dimension of Governance**
   The economic dimension pertains to the ability of the state to ensure macro-economic stability and create conducive climate for economic activity to take place across different sectors of the economy. Economic Governance is also reflected in the state's ability to provide support to the primary sector.
   It has three basic components:
   - Fiscal Governance
   - Business Environment
   - Support to the Primary Sector
5. **Social and Environmental Dimension of Governance**
   The social dimension pertains to the ability of the state to take care of the vulnerable sections of the society. It also seeks to assess governance by examining the role and quality of the civil society and media.
   Environmental management as a separate component is also included due to its increasing importance in governance.
   This dimension has three key components:
   - Welfare of the Poor and Vulnerable
   - Role of Civil Society and Media
   - Environmental Management

2.2. Governance Issues in India

India faces a range of various governance related issues in political, economic, administrative, social and legal domain. Some factors attributable to poor governance are:

- **Political Issues**:
  - Criminalization of Politics
  - Misuse of political power
  - Decentralization more in letter less in spirit
- **Legal and Judicial issues**
  - Delayed justice, issue of under trials
  - Lack of accountability in Judiciary
  - Threat to life and personal security
- **Administrative issues**
  - Lack of sensitivity, transparency and accountability in the working of State machinery
  - Bureaucratic Delays
  - Resistance to changes which promote transparency and accountability
  - Corruption
- **Economic issues**
  - Poor management of economy
  - Persisting fiscal imbalances
  - Regional disparities
- **Social and Environmental issues**
  - Denial of basic services to a substantial proportion of the population
  - Marginalisation and exclusion of people on account of social, religious, caste and gender affiliation
  - Existence of a significant number of voiceless poor with little opportunity for participation in governance; and
  - Deterioration of physical environment, particularly in urban areas.

2.3. Good Governance Initiatives in India

India has to make big leaps to improve its governance records. Multiple steps have been taken in this regard. For example, the two biggest initiatives which have been taken in India for empowering common man and effective functioning of governance include Right to Information Act and E-governance measures.

Good governance initiatives can be summarized as following:

- Decentralization and People's Participation - 73rd and 74th Constitutional amendment Act (Covered in Polity section)
- Developing programs for weaker sections and backward areas (Covered in Social Justice section)
- Financial management and budget sanctity (Covered in Paper 3)
- Simplification of procedures and processes
- Citizen's Charters
- Sevottam model
- Redress of Citizen's Grievances
- E-Governance and use of ICT tools
- Public service morale & anti-corruption measures
- Transparency and Accountability measures
  - Right to Information (Covered in Paper 4)
  - Social Audits

2.4. Minimum Government, Maximum Governance

- It means a citizen friendly and accountable administration.
- It is done by simplification of procedures, identification and repeal of obsolete/archaic laws/rules, identification and shortening of various forms, leveraging technology to bring in transparency in public interface and a robust public grievance redress system.
- This will greatly reduce time and effort on the part of the both citizen and government officials in public offices.
- On these lines, Digital India has helped Ministry of Panchayati Raj move to 100% e-office.
- Ease of Doing Business' also focuses on ease of governance. The emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective.
- mygov@nic.inand india.glTov.info are two citizen centric platforms to empower people to connect with the Government and contribute towards good governance.
- PMO website also seeks expert advice from the people, thoughts and ideas on various topics that concern India.

3. Citizen Charter

3.1. What is Citizen Charter?

A Citizen Charter is a document that *outlines the commitment* of a public body towards *standard, quality and timeframe of service delivery* along with *grievance redress mechanism*. It is an expression of understanding between the citizen and service provider about the nature of services that the latter is obliged to provide.

3.2. Origin and the concept of Citizen Charter

The concept was first articulated and implemented in the United Kingdom by the Conservative Government of John Major in 1991 as a national programme. The basic objective of the Citizen's Charter is to empower the citizen in relation to public service delivery.

The six principles of the Citizen's Charter movement as originally framed were:

1. **Quality**: Improving the quality of services;
2. **Choice**: Wherever possible;
3. **Standards**: Specifying what to expect and how to act if standards are not met;
4. **Value** : For the taxpayers' money;
5. **Accountability**: Individuals and Organisations; and
6. **Transparency**: Rules/Procedures/Schemes/Grievances.

The programme was re-launched in 1998 by the Labour Government of Tony Blair which rechristened it "Services First". It includes the nine principles of Service Delivery (1998), which are as follows:-

1. Set standards of service;
2. Be open and provide full information;
3. Consult and involve;
4. Encourage access and the promotion of choice;
5. Treat all fairly;
6. Put things right when they go wrong;
7. Use resources effectively;
8. Innovate and improve;
9. Work with other providers.

3.3. Significance of Citizen Charter

- It makes a public institution transparent and accountable.
- It can be an effective tool to engage the civil society and to curb corruption.
- It aims at enhancing standards of service delivery.
- It makes government more responsive.
- It enhances people participation in governance process and the credibility of the government.

3.4. Citizen Charter in India

Department of Administrative Reforms and Public Grievances (DARPG), in the Ministry of Personnel, Public Grievances and Pensions, coordinates the efforts to formulate and operationalize Citizens' Charters. It provides guidelines for formulation and implementation of the Charters as well as their evaluation.

DARPG prescribes that a good Citizen's Charter should have the following components:-

- Vision and Mission Statement of the Organisation
- Details of Business transacted by the Organisation
- Details of 'Citizens' or 'Clients'
- Statement of services including standards, quality, time frame etc. provided to each Citizen/ Client group separately and how/ where to get the services
- Details of Grievance Redress Mechanism and how to access it
- Expectations from the 'Citizens' or 'Clients'
- Additional commitments such as compensation in the event of failure of service delivery.

Who is a 'Citizen' with reference to Citizen's Charter?

The term 'Citizen' in the Citizen's Charter implies the clients or customers whose interests and values are addressed by the Citizen's Charter and, therefore, includes not only the citizens but also all the stakeholders, i.e., citizens, customers, clients, users, beneficiaries, other Ministries/ Departments/ Organisations, State Governments, UT Administrations etc.

3.5. Issues with Citizen Charters in India:

- **Absence of legal backing to charters.** The Citizen's Charter is not legally enforceable and, therefore, is non-justiciable.
- **Poor design and content:** Critical information that end users need to hold agencies accountable are missing in charters.
- **Lack of consultation:** End-users and NGOs are not consulted when Charters are drafted.
- **Inadequate groundwork:** Non-familiarity of the service providers with the philosophy, goals and main features of charters.
- **Lack of public awareness:** Effective efforts of communicating and educating the public about the standards of delivery have not been undertaken.
- **Resistance to change:** Vested interests work for stalling the Citizens' Charter altogether or in making it toothless.
- **Lack of review:** The review and updation exercise of charters have been very poor.
- **The needs of senior citizens and other special categories including differently abled has largely not been factored in charter exercise.**
- **Charters haven not been prepared in vernaculars.**
- **Details of public grievance officer are not provided in many charters.**

3.6. Recommendations of 2nd ARC report

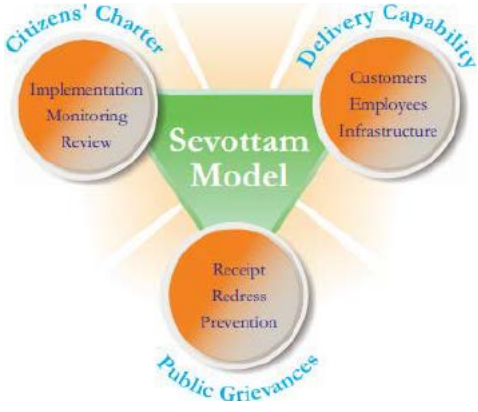
To address the above issues and to make these Charters effective tools of accountability in public service, the 2nd ARC has given following recommendations:

- One size does not fit all
- Citizen's Charter should be prepared for each independent unit under the overall umbrella of the organization's charter
- Wider consultation which should include civil society in the process
- Firm commitments to be made
- Internal process and structure should be reformed to meet the commitments given in the Charter
- Redress mechanism in case of default
- Periodic evaluation of Citizen's Charters
- Benchmark using end-user feedback
- Hold officers accountable for the results

4. Sevottam Model

4.1. What is Sevottam Model?

The Sevottam model has been developed with the overarching objective of improving the quality of public service delivery in the country. It is a combination of two words Seva (service), Uttam (excellence).



It provides a framework for organizations to asses and improve the quality of service delivery to citizens. The model was suggested by 2nd ARC in its 12th report Citizen centric administration.

The model has three modules:

1. Citizen Charter

2. Public Grievance Redress mechanism
3. Service Delivery Capability

The model prescribes seven steps:

1. Define services and identify clients.
2. Set standards and norms for each service.
3. Develop capability to meet the set standards.
4. Perform to achieve the standards.
5. Monitor performance against the set standards.
6. Evaluate impact through an independent mechanism.
7. Continuous improvement based on monitoring and evaluation.

Organizations adopting Sevottam model for service delivery need to comply with seven steps and ensure formulation of three modules.

Implementation of Sevottam framework in the government departments was started in 2009. Later, Sevottam has been launched as a certification scheme which provides for the award of the Sevottam symbol of excellence to public service organizations that implement and are able to show compliance to a set of management system requirements that have been specified in a specially created standard document. This standard, known as **IS 15700:2005**, was developed by the Bureau of Indian Standards (BIS) based on the objectives of Sevottam.

4.2. Significance of the Model

- It is a Quality Management framework applicable to the activities of public service delivery organizations at the point of interface with service recipients.
- The framework is a tool in the hands of implementing organizations.
- It guides them through systematic initiatives for sustainable improvements in service delivery
- The framework enables implementing organizations to undertake a systematic, credible and authenticated self-assessment (or 'gap analysis') for citizen-centric service delivery.
- Using this analysis, practical solutions are gradually and systematically incorporated into the organization's day-to-day routine thereby ensuring sustainable results.

4.3. Time Bound Delivery of Services

To ensure Right of Citizens for Time Bound Delivery of Goods and Services, "*the Right of Citizens for Timebound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011*", was introduced in the LokSabha in 2011, but it lapsed with the term of the last House.

The need of the hour is to identify delivery of services as a matter of right and bring legal provision for time bound delivery of services.

Highlights of "the Right of Citizens for Time-bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011":

- Every public authority was required to publish a Citizens Charter within six months of the commencement of the Act.
- A citizen may file a complaint regarding any grievance related to:
  a) citizens charter;
  b) functioning of a public authority; or
  c) violation of a law, policy or scheme.
- The Bill required all public authorities to appoint officers to redress grievances.
- Grievances were to be redressed within 30 working days.

- The Bill also provided for the appointment of Central and State Public Grievance Redressal Commissions.
- A penalty of up to Rs 50,000 to be levied upon the responsible officer or the Grievance Redressal Officer for failure to render services.

Some states have brought legislation to guarantee the right to public services delivery, but a Central law is required to provide an overarching framework across the country.

5. Social Audit

5.1. What is Social Audit?

Social audit is a process in which details of resources used by public agency for development initiatives are shared with people often through public platforms, which allows end users to scrutinize the impact of developmental programs.

Social audit serves as an instrument for the measurement of **social accountability** of an organization. It gained significance after the 73rd amendment of the constitution relating to Panchayat Raj institutions.

Difference with other audits

Financial Audit	Operational Audit	Social Audit
Directed towards recording, processing, summarising and reporting of financial data.	Establishing standards of operation, measuring perfo-rmance against standards, examining and analysing deviations, taking corrective actions and reappraising standards based on experience are the main focus.	Social Audit provides an assessment of the impact of a department's non-financial objectives through systematic and regular monitoring on the basis of the views of its stakeholders.

A conventional financial audit focuses on financial records and their scrutiny by an external auditor following financial accountancy principles. Social audit covers a wide horizon of stakeholders as its reports revolve around ethics, labor, environment, human rights, community, society and statutory compliances.

5.2. Need of Social Audit

The investment of large amount of funds and resources by the Government of India and various national and international agencies, since independence in social development programmes, has not been justified by the impact it has made.

The major focus by the Government hitherto has been in the supply side of the Programme Delivery System. While improvement of the SUPPLY SIDE is a long term process strengthening the DEMAND SIDE, may be a short run process, which will improve the effectiveness of the total delivery system much faster.

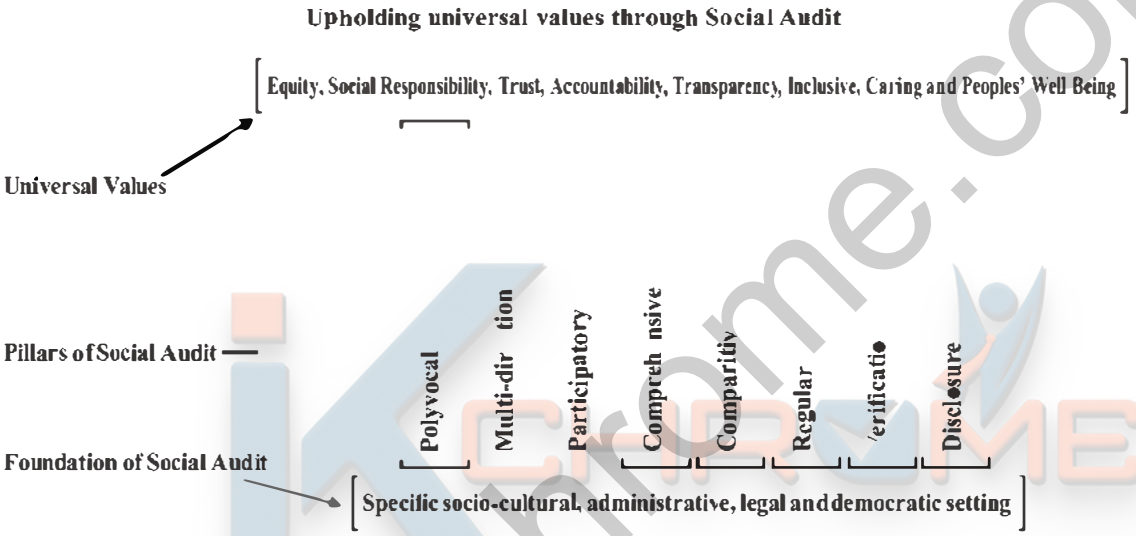
There is a need to strengthen the DEMAND SIDE on a priority basis through:

a) Creating a culture of Social Audits of Development Programmes, and
b) Strengthening the Gram Sabhas, the closest institution to the Beneficiaries.

5.3. Principles of Social Audit

Eight specific key principles have been identified from Social Auditing practices around the world:

1. **Multi-Perspective/Polyvocal**: Reflect the views of all the stakeholders.
2. **Comprehensive**: Report on all aspects of the organisation's work and performance.
3. **Participatory**: Encourage participation of stakeholders and sharing of their values.
4. **Multidirectional**: Stakeholders share and give feedback on multiple aspects.
5. **Regular**: Produce social accounts on a regular basis so that the concept and the practice become embedded in the culture of the organisation covering all the activities.
6. **Comparative**: Provide a means whereby the organisation can compare its performance against benchmarks and other organisations' performance.



7. **Verified**: Social accounts are audited by a suitably experienced person or agency with no vested interest in the organisation.
8. **Disclosed**: Audited accounts are disclosed to stakeholders and the wider community in the interests of accountability and transparency.

These are the pillars of Social Audit, where socio-cultural, administrative, legal and democratic settings form the foundation for operationalising Social Audit.

5.4. Significance of Social Audit

The significance of social audit for social sector programmes can be understood from the following points:

- **Enhances reputation**: Social Auditing helps the legislature and executive in identifying the problem areas and provides an opportunity to take a proactive stance and create solutions.
- **Alerts policymakers to stakeholder trends**: Social Auditing is a tool that helps managers understand and anticipate stakeholder's concerns.
- **Affects positive organisational change**: Social Auditing identifies specific organisational improvement goals and highlights progress on their implementation and completeness.
- **Increases accountability**: There is a strong emphasis on openness and accountability for government departments. Social Auditing uses external verification to validate that the Social Audit is inclusive and complete. This leads to reduction in wastages and corruption.
- **Assists in re-orienting and re-focusing priorities**: Social Auditing could be a useful tool to help departments reshape their priorities in tune with people's expectations.

- **Provides increased confidence in social areas**: Social Audit can enable departments/ institutions to act with greater confidence in social areas that have been neglected in the past or have been given a lower priority.

In recent years due to the steady shift in devolution of funds and functions to the local government, the demand for social audit has grown. In flagship schemes such as MGNREGA, the Union Government is promoting social audit to check corruption.

Similarly, various state governments such as Rajasthan and Andhra Pradesh have taken the initiative to incorporate social audit as part of their monitoring systems through Gram Sabhas and in partnership with a consortium of NGOs.

5.5. Limitations of Social Audit

- The scope of social audits is highly localised and covers only certain selected aspects.
- Social audits are often sporadic and ad hoc.
- Monitoring is informal and unprocessed.
- The findings of social audit cannot be generalised over the entire population.
- Individual programs present their own unique challenges. For example literacy program for adults require data on migration.
- Several problems require a package of programme to be implemented simultaneously. For example, rural health requires convergence between water supply, education, sanitation, nutrition etc. Social audit may therefore need a more holistic approach.
- Absence of trained auditors.
- Lack of action on audit reports and findings.

5.6. Way Forward

- For empowerment of the Demand System, investment in education and awareness of Public/ Gram Sabha members is required.
- Institutional capacity need be increased at PRI, Block, and DRDA level, in terms of information Storage and distribution mechanism
- Support may be provided to committed and competent NGOs to play the catalytic role including conducting Social Audit.
- Media need be more Rural and Development focussed
- Recognise and Reward the members who have contributed to the process of strengthening Demand System and improved service delivery
- Develop an INSTITUTIONAL FRAMEWORK for, organising PRI Accounting Audit and Social Audits and putting them on the INTERNET
- Promoting proactive disclosure of information to facilitate social audits.

6. E-Governance

6.1. What is E-governance?

According to the World Bank, "E-Governance refers to the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government. These technologies can serve a variety of different ends:

- better delivery of government services to citizens
- improved interactions with business and industry
- citizen empowerment through access to information
- or more efficient government management

The resulting benefits can be less corruption, increased transparency, greater convenience, revenue growth, and/or cost reductions."

According to UNESCO, "e-Governance may be understood as the performance of governance via the electronic medium in order to facilitate an efficient, speedy and transparent process of disseminating information to the public, and other agencies, and for performing government administration activities."

6.2. Potential of e-governance

- Fast, Convenient and Cost Effective Service Delivery: With the advent of e-Service delivery, the government can provide information and services at lesser costs, in reduced time and with greater convenience.
- **Transparency, Accountability and Reduced Corruption:** Dissemination of information through ICT increases transparency, ensures accountability and prevents corruption. An increased use of computers and web based services improves the awareness levels of citizens about their rights and powers. It helps to reduce the discretionary powers of government officials and curtail corruption.
- **Expanded Reach of Governance:** Expansion of telephone network, rapid strides in mobile telephony, spread of internet and strengthening of other communications infrastructure would facilitate delivery of number of public services.
- **Empowering people through information:** Increased accessibility to information has empowered the citizens and has enhanced their participation. With easy access to the government services, the faith of the citizens in the government increases and they come forward to share their views and feedback.
- **Improve interface with Business and Industry:** Industrial development in India has been hampered in the past with complex procedures and bureaucratic delays. E-governance aims to expedite the various processes important for industrial development.

6.3. Models of e-governance

E-Governance services can be shared between citizens, businessman, government and employees. These four models of e-governance are:- Government to citizen (G2C), Government to government (G2G), Government to businessmen (G2B) and Government to employees (G2E).

6.3.1. Government to Citizen (G2C)

This model of e-governance refers to the government services which are shared by the citizen. This model strengthens the bond between government and the citizen. Type of services which are provided by this model:

- Payment of online bills such as electricity, water, telephone bills etc.
- Online registration of applications
- Online copies of land-record
- Online filling of complaints
- Availability of any kind of online information

6.3.2. Government to Government (G2G)

This model refers to the services which are shared between the governments. There is lots of information that need to be shared between various government agencies, department and organizations. These types of services or information are:

- Government document exchange which includes preparation, approval, distribution, and storage of all governmental documents is also done through e-governance.
- Most of the finance and budget work are also done through e-governance.

6.3.3. Government to Businessmen (G2B)

Through this model, bond between private sector and government strengthens. They share information through this model like:

- Collection of taxes
- Rejection and approval of patent
- Payment of all kind of bills and penalty
- Sharing of all kind of information, rules and data
- Complaints or any kind of dissatisfaction can be expressed

6.3.4. Government to Employees (G2E)

This model increases the transparency between government and its employees and thus strengthens their relationship. Information that can be shared by this model:

- All kind of data submission(attendance record, employee record etc.) from various government offices
- Employee can file complaints and dissatisfaction
- Rules & regulation and information for employees can be shared
- Employees can check their payment and working record

6.4. E-Governance Initiatives in India

The Government of India is implementing the **'Digital India' programme** with the vision to transform India into a digitally empowered society and knowledge economy. Digital India is an umbrella programme that covers multiple Government Ministries and Departments and is being coordinated by **MeitY** (the Ministry of Electronics and Information Technology).

Various e-Governance initiatives taken by Government under Digital India programme are as follows:

- Under the **National e-Governance Action Plan (NeGP)** which is now subsumed under Digital India, core infrastructure components are being implemented such as
  - State Data Centres (SDCs),
  - State Wide Area Networks (SWANs),
  - Common Services Centres (CSCs),
  - State e-Governance Service Delivery Gateway (SSDGs),
  - e-District and Capacity Building
- **e-Kranti (Electronic delivery of services):** The focus of the e-Kranti is to transform the e-Governance services by expanding the
  - portfolio of Mission Mode Projects (MMPs) in e-Governance under various Government Departments,
  - undertaking Government Process Reengineering (GPR),
  - work flow automation,
  - introducing latest technologies such as Cloud and mobile platform and
  - focus on integration of services.

Following are some of the successful e-governance initiatives which are being implemented in India.

6.4.1. Government to Citizen (G2C) Initiatives:

- **Computerisation of Land Records (Department of Land Resources):** A pilot project on computerization of Land Records, which was 100% centrally-sponsored started in1994-95 onwards.
- **Bhoomi Project in Karnataka (Online Delivery of Land Records):** Bhoomi is a self-sustainable e-Governance project for the computerized delivery of 20 million rural land records to 6.7 million farmers.
- **Gyandoot (Madhya Pradesh):** It is an Intranet-based service delivery with the twin objective of providing relevant information to the rural population and acting as an interface between the district administration and the people. The services offered through the Gyandoot network include: daily agricultural commodity rates (mandibhav), income certificate, public grievance redressal, BPL family list etc.
- **Lokvani Project in Uttar Pradesh:** Its objective is to provide a single window, self-sustainable-Governance solution with regard to handling of grievances, land record maintenance and providing a mixture of essential services.
- Project FRIENDS in Kerala: FRIENDS (Fast, Reliable, Instant, Efficient Network for the Disbursement of Services) is a Single Window Facility providing citizens the means to pay taxes and other financial dues to the State Government.
- MyGov: It aims to establish a link between Government and Citizens towards meeting the goal of good governance. MyGov encourages citizens as well as people abroad to participate in various activities i.e. 'Do', 'Discuss', 'Poll', 'Talk', 'Blog', etc.
- Digital Locker System: It serves as a platform to enable citizens to securely store and share their documents with service providers who can directly access them electronically.

6.4.2. Government to Business (G2B) Initiatives

- **e-Procurement Project in Andhra Pradesh and Gujarat:** To reduce the time and cost of doing business, to realize better value for money spent through increased competition and to standardize procurement processes across government departments, this project was started.
- **SWIFT initiative:** As a part of the "Ease of Doing Business" initiatives, the Central Board of Excise & Customs, has taken up implementation of the Single Window Project to facilitate the Trading Across Borders in India. The Single Window Interface for Trade (SWIFT), would reduce interface with Governmental agencies, dwell time and the cost of doing business.

6.4.3. Government to Government (G2G) Initiatives

- **Khajane Project in Karnataka:** The project has resulted in the computerization of the entire treasury related activities of the State Government and the system has the ability to track every activity right from the approval of the State budget to the point of rendering accounts to the government.

6.5. Challenges

There are a large number of obstacles in implementation of e-Governance in India. These can be categorized under the following:

6.5.1. Environmental and Social Challenges

- Non local Language: e-Governance applications are written in English language which may not be understandable to many of the people.

- **Low IT Literacy:** Literacy level of India is very low and even among literate, most of the people in India are not aware about the usage of Information Technology.
- **User friendliness of government websites:** Users of e-Governance applications are often non-expert users who may not be able to use the applications in a right manner.
- **Digital divide:** It is the separation that exists between the individuals, communities and businesses that have access to Information Technology and those that do not have such access. People who are living below poverty line cannot afford a computer and internet connection for themselves to take the benefits of the e Government and other on-line services. Digital divide may also be caused by the lack of awareness among the people.
- **Resistance to Change:** The struggle to change phenomenon can explain much of the hesitation that occurs on the part of the constituents in moving from a paper-based to a web-based system to interact with government.

6.5.2. Economic Challenges

- **Cost:** In developing countries like India, cost is one of the most important obstacles in the path of implementation of e-governance projects. A huge amount of money is involved in implementation, operational and evolutionary maintenance tasks.
- **Applications must be transferrable from one platform to another:** e-governance applications must be independent from hardware or software platforms.
- **Maintenance of electronic devices:** As the Information Technology changes very fast and it is very difficult for us to update our existing systems very fast. Maintenance is a key factor for long living systems in a rapidly changing technical environment.

6.5.3. Technical challenges

- **Interoperability**: Interoperability is the ability of systems and organizations of different qualities to work together. The e-Governance applications must have this characteristic so that the newly developed and existing applications can be implemented together.
- **Multimodal Interaction**: Multimodal interaction provides the user with multiple modes of interfacing with a system. An e-Government application can be really effective if its users can access it using different devices.
- **Privacy and Security**: A critical obstacle in implementing e-Governance is the privacy and security of an individual's personal data that he/she provides to obtain government services.
- **Connectivity to backward areas**: A very large part of India is far away from the basic necessities of life. The connectivity of e-governance to these areas will be challenging task for the government.
- **Local language**: The e-governance applications must be written in local language of the people so that they may be able to use and take advantage of these applications.
- **Lack of human resources**: India is working hard towards creating better technicians day by day. But still, there is lack of matured technicians in the country to look after e-governance projects.

6.6. Recommendations of 2nd ARC on e-governance

Following are some of the important recommendations of 2nd Administrative Commission on e-governance:

Building a Congenial Environment: Building a congenial environment is a sine-qua-non for successful implementation of e-Governance initiatives. This should be achieved by:

- Creating and displaying a will to change within the government
- Providing political support at the highest level

- Incentivising e-Governance
- Creating awareness in the public with a view to generating a demand for change.

Business Process Re-engineering: Governmental forms, processes and structures should be re-designed to make them adaptable to e-Governance, backed by procedural, institutional and legal changes.

Capacity Building and Creating Awareness: Capacity building efforts must attend to both the organizational capacity building as also the professional and skills up gradation of individuals associated with the implementation of e-Governance projects.

Developing Technological Solutions: Develop a national e-Governance 'enterprise architecture' framework as has been done in some countries.

Monitoring and Evaluation: Monitoring of e-Governance projects should be done by the implementing organization during implementation. It should be done in the manner in which project monitoring is done for large infrastructure projects.

Public-Private Partnership (PPP): Several components of e-Governance projects lend themselves to the Public-Private Partnership (PPP) mode. In all such cases (PPP) should be the preferred mode. The private partner should be selected through a transparent process. The roles and responsibilities of government as well as the private partner should be clearly laid down in the initial stage itself, leaving no room for any ambiguity.

Protecting Critical Information Infrastructure Assets: There is need to develop a critical information infrastructure assets protection strategy. This should be supplemented with improved analysis and warning capabilities as well as improved information sharing on threats and vulnerabilities.

The Common Support Infrastructure: The State Data Centres (SDCs) should be maintained by Government agencies such as NIC as it involves handling of sovereign data. Further, all data centres at the State level should be subsumed in the SDCs.

Mission Mode Project on Computerisation of Land Records: Surveys and measurements need to be carried out in a mission mode utilizing modern technology to arrive at a correct picture of land holdings, land parcels and rectification of outdated maps. This needs to be accompanied by an analysis of the existing mechanism for updating land records – which varies from State to State – to be supplanted by an improved and strengthened mechanism which ensures that all future transactions in titles are immediately reflected in the land records.

Legal Framework for e-Governance: A clear road map with a set of milestones should be outlined by Government of India with the ultimate objective of transforming the citizen-government interaction at all levels to the e-Governance mode by 2020.

Knowledge Management: Union and State Governments should take proactive measures for establishing Knowledge Management systems as a pivotal step for administrative reforms in general and e-Governance in particular.

6.7. Ease of Governance

- The idea of ease of governance was mooted very recently by the Minister of Personnel, Public Grievances and pensions.
- As per this idea, the main aim of e-governance should be 'ease of governance' leading to 'ease of living' of people. This is essential for the emergence of a 'New India'.
- Ease of Governance essentially means Ease of access to governance where public policies are people centric with empathetic and responsive government mechanism with ear on the ground and connects far more effectively.

- One example of such governance is swift move by the Ministry of aviation to ask airline operators to do away with high cancellation fee on flight booking. Cancellation fee up to Rs. 3000 were quite high and even sometimes, more than actual cost of the ticket.

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Civil Services in India

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1. Civil Services in India

1.1. Evolution of Civil Services in India

The Indian civil service system is one of the oldest administrative systems in the world. In India, it had its origin in the Mauryan period. Kautilya's Arthashastra lays down the principles of selection and promotion of the civil servants, the conditions of loyalty for appointment to the civil service, the methods of their performance evaluation and the code of conduct to be followed by them.

The genesis of modern civil services can be traced back to the British Raj.

- During the period of Warren Hastings, the institution of collector was created in 1772. The main duty of district collector was collection and management of revenue.
- Lord Cornwallis is known as the father of civil services in India. He reformed and organised civil services. He separated revenue administration from judicial administration. The collector was made head of revenue administration of the district.
- Prior to **Lord Macaulay's Report** of the Select Committee of British Parliament, civil servants were directly nominated by directors of the East India Company.
- The **Charter Act of 1853** provided for open competition to civil services. But the Indian Civil Service was divided into covenant and non-covenant with Indians being restricted to non-covenant posts of lower bureaucracy only.
- In 1854, on the recommendations Macaulay's report, Civil Services Commission was set up to recruit civil servants. Initially examination was conducted only in London with minimum and maximum age being 18 and 23 years respectively.
- Despite syllabus being heavily favored towards European Studies, **Satyendranath Tagore** became first Indian to become a civil servant in 1864.
- Aitchinson Commission (1886) recommended the re-organization of the services on a new pattern and divided the services into three groups - Imperial, Provincial and Subordinate. The recruiting and controlling authority of Imperial services was the 'Secretary of State' and for provincial services, it was states.
- The british government setup Indian Civil Service in 1911, primarily with the objective of strengthening british administration.
- Though Indians petitioned for reforms for years, it was only after first world war and Montagu Chelmsford reforms that changes were brought in the selection process.
- From 1922 onwards, examination was conducted in India as well. First in Allahabad and then in Delhi with setting up of Federal Public Service Commission.
- The **Government of India Act 1919** divided the Imperial Services into All India Services and Central Services. The central services were concerned with matters under the direct control of the Central Government.
- This Act also provided for the establishment of Public Services Commission in India. But the establishment was delayed till 1926 when Lee Commission strongly recommended to establish the commission.
- Further, the **Government of India Act, 1935** envisaged a Public Service Commission for the Federation and a Provincial Public Service Commission for each Province or group of Provinces. Thus this act made Public Service Commission, Federal Public Service Commission.

Police Services

- Imperial Police prior to Independence was appointed by Secretary of State through competitive examination.

- Entry into Imperial Police was thrown open to Indians only after 1920 and the following year examinations for the service were conducted both in England and India.
- Despite recommendations of the Islington Commission and the Lee Commission, Indianisation of police services remained slow with 20% of total posts in 1931.

Forest Services

- In 1864, Imperial Forest Department was set up. Imperial Forest Service was constituted in 1867. From 1867 to 1885, the officers appointed to Imperial Forest Service were trained in France and Germany.
- In 1920, it was decided that further recruitment to the Imperial Forest Service would be made by direct recruitment in England and India and by promotion from the provincial service in India

With the inauguration of the Constitution of India in January 26, 1950, the Federal Public Service Commission came to be known as the Union Public Service Commission, and the Chairman and Members of the Federal Public Service Commission became Chairman and Members of the Union Public Service Commission by virtue of Clause (1) of Article 378 of the Constitution.

After independence, the civil servants were no more expected to perform the role of a police state. The welfare of the Indian subjects was viewed as the central task to be performed by the Indian state and hence they were to be an instrument to carry out welfare functions which, among other things, included the settlement of refugees and providing minimum conditions for their day-to-day living, safeguarding the national borders from external aggression and promoting conditions responsible for internal peace.

The ethos of the civil service in independent-India changed from welfare-orientation in the late 1940s to development-orientation between the 1960s and 1980s, and finally to facilitator's role in the 1990s, as dictated by the environmental challenges, collective choice mechanisms reflected in the manifestos issued by the various political parties during the 1996, 2000 and 2004 general elections, and the challenge of meeting the democratic needs of the teeming millions.

1.2. Current Status

In India, the various Civil Services at the Union and State levels can be classified in different ways. Firstly, the Civil Services can be categorized into three broad groups –Central Civil Services, All India Services and the State Civil Services.

- The Central Services function under the Union Government and are generally engaged in administering subjects which are assigned to the Union under the Constitution.
- All India Services are common to the Union and the States and the State Services function only under the State Governments.
- The Union and State Services can be classified into Group A, B, C and D categories based on their role and responsibilities.
- These services can also be classified into technical and non-technical services.

The selections to the All India Services and Group A and some Group B services are conducted by the Union Public Service Commission (UPSC). The incumbents to some Group B, Group C and D services are selected by the Staff Selection Commission. The State governments have their own State Public Service Commissions. The working of these Commissions is controlled by a separate Act.

1.3. Provisions with Respect to Civil Services in the Constitution

Part XIV of the constitution deals with provisions of civil services.

Article 309: Powers of Parliament and state legislatures

It empowers the Parliament and the State legislature regulate the recruitment, and conditions of service of persons appointed, to public services and posts in connection with the affairs of the Union or of any State respectively.

Article 310: Doctrine of Pleasure

Every person of Defence service, Civil Service and All India Service holding any post connected with the above services holds office during the pleasure of the President or Governor of the State.

Article 311: Dismissal, removal or reduction in rank

- **No removal by subordinate authority**: No member of a civil service holding a civil post under the Union or State shall be dismissed or removed by an authority subordinate to that by which he was appointed.
- **Inquiry and informed of the charges**: No such person as aforesaid shall be dismissed or removed or reduced in rank except after an inquiry in which he has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges.

Article 312: Creation of new All India service

If Rajya sabha passes a resolution supported by not less than two thirds of the members present and voting, Parliament may by law provide for the creation of one or more All India Service including an all-India judicial service common to the Union and the States, and regulate the recruitment, and the conditions of service of persons appointed, to any such service.

Article 315 to 322: Deals with Public Service commissions.

Article 323A: Administrative Tribunals

Parliament may, by law, provide for the adjudication or trial by administrative tribunals of disputes and complaints with respect to recruitment and conditions of service of persons appointed to public services.

2. Role of Civil Services in a Democracy

2.1. Substantive Role of Civil Servants

Civil services perform the following important functions:

- **Basis of government**: No government can exist without administrative machinery. All nations, irrespective of their system of government, require some sort of administrative machinery for implementing policies.
- **An instrument for implementing Laws and Policies**: Civil services are responsible for implementing the laws and policies of government. By carrying out laws, it regulates the behaviour of the people in society. By implementing public policies and programmes, it delivers the promised goods and services to the intended beneficiaries. An efficient civil service can avoid waste, correct errors; limit the consequences of incompetence or irresponsibility while implementing laws and public policies.
- **Participation in policy formulation**: Civil servants participate in policy making by giving advice to ministers and providing them the necessary information. The administrative tasks of public bureaucracy include formulation of policies and plans, executing and monitoring

programmes, laying down laws, rules and regulations, which affect human actions in almost all walks of life.

- **Provides continuity:** Civil services carry on the governance when governments change due to elections etc. Ramsay Muir has remarked that while governments may come and go, ministers may rise and fall, the administration of a country goes on forever. It is needless to say that civil services form the backbone of administration.
- **Role in socio- economic development:** The developing nations are struggling to achieve modernisation of society and economic development and realize welfare goals. These objectives have placed challenging tasks on public administration such as formulation of economic plans and their successful implementation to economic growth and social change. Civil servants play an important role in socio-economic development in the following ways:
  - To develop agriculture, civil servants have to properly manage community resources such as land, water resources, forests, wetlands and wasteland development.
  - To facilitate industrial development, infrastructural facilities such as roads, electricity, communications, market centres etc. have to be provided. In these countries, the civil service manages government owned business, industrial enterprises and public utility services
  - Setting right developmental goals and priorities for agriculture, industry, education, health, communications etc.
  - Formulation and implementation of strategies and programmes for the development and modernisation of the nation.
  - Mobilisation of natural, human and financial resources and their proper utilization for accomplishing developmental objectives.
  - Development of human resources to secure the necessary managerial skills and technical competence to carry out the developmental tasks.
  - Creation of new administrative organisations and improving the capacity of the existing ones for the developmental purposes.
  - Securing the support of the people for developmental activities by involving them in the process of development by creating appropriate attitude towards the socio-economic changes that are taking place in society.
  - Promotion of clean and green environment and protection of human rights.
- **Developing a sense of nationhood:** Several divisive forces such as communal and ethnic conflicts, caste feuds and regional rivalries often threaten the national unity. In order to develop a sense of nationhood among the people of these countries, the civil servants have to resolve the sub-national and sub- cultural differences among the people.
- **Facilitating democracy:** The civil servants play a vital role in maintaining the democratic ideals by assisting their political heads (Ministers) in policy-making function and in implementing the policies made. Since developing countries are new to the democratic institutions, it is only the stable and efficient civil service that can strengthen the democracy.
- **Calamities and crisis:** Natural calamities such as earthquakes, floods, droughts and cyclones have also enhanced the importance of civil services. In the event of occurrence of such natural calamities, the public administrators have to act quickly and undertake rescue operations in order to prevent loss of life and property of the affected people.
- **Administrative adjudication:** This is a quasi- judicial function performed by the civil service. The civil servants settle disputes between the citizens and the state. For this purpose, the Administrative Tribunals, with civil servants as judges are established. For example: The Income Tax Appellate Tribunal.
- In addition to above, some other functions performed by civil service are:

- Assisting ministers in fulfilling their responsibilities towards the parliament and its committees.
- Handling financial operations of the state.
- Reforming and improving administration through O and M (i.e. organization and methods)

2.2. Bureaucracy and Democracy

Bureaucracy is the executive arm of the government. Democracy is the process whereby the government is elected by the people whereas Bureaucracy is the system in which elected government employs competent state officials to run state matter. They are selected by government through merit based process.

Evolution of bureaucracy since independence

- Nation Building: After independence, bureaucracy set out to implement agenda of its political masters. It included commitment to democratic socialism, secularism and non-alignment.
- Democratization of Bureaucracy: After the 1967 assembly elections, civil services got major fillip with increased representation of backward castes. Later representation was given impetus post Mandal commission recommendations. Experts argue that it led to democratization of the bureaucracy.
- Committed Bureaucracy: This idea emerged in 1970s and 80s. The idea most fundamentally, entailed that a bureaucrat should be hundred percent committed to the policies and programmes of the political party in power. By extension, this also implied full commitment to the individual politicians holding power. A bureaucrat was not to be guided by any other consideration.
- License permit Raj: Due to socialist model of development, license was needed to start any business –small or big. The discretionary power rested with bureaucracy who could give license against favors granted by the concerned businessman.
- Globalization: It marked the watershed era for Indian bureaucracy. By liberalization of the economy is meant freeing a national economy from governmental control and letting it run as per the market forces

Issues

- Ministers or Bureaucrats: Critics argue that appointing legislators on the executive post is faulty practice and rife with perils. Elected representatives should look to resolve social issues and form laws, not become administrators. To expect them to deliver quality services in the age of specialization and technology is absurd. When career politicians are placed in charge of career administrators, it defeats the purpose of both.
- Politicization of bureaucracy: This defeats the bureaucrats' primary purpose of providing non-partisan and efficient administration. As soon as the government changes, the administrators have to train and teach ministers about the finer aspects and technicalities of departments. Also the authority granted to politicians begets patronage, not performance. And with no other oversight and scrutiny, they become cohorts in corruption.
- Politicians – bureaucrats – Businessman nexus: The nexus was borne out of license quota raj where politicians and bureaucrats had discretionary power over allocation of natural resources in the country. This led to this unholy nexus and crony capitalism. It has undermined the democratic credentials of the country.
- Attitude of the bureaucracy: Subsequent to the structural adjustment of the economy consequent to liberalization, there have been perceptible shifts in the attitude of the bureaucracy. In the initial phase, they were openly hostile to these reforms. They proved to

the obstruction to development, instead of being a facilitator. However, this trend has changed over the years.

2.3. Cadre based Civil Service

What is Cadre based Civil Service?

- Cadre literally means a small group of trained people who form basic unit of a military, political or business organization.
- In All India Services, once selected, candidates are assigned cadres based on their preferences, merit and availability of positions.
- In India, each state is a cadre with some exceptions like AGMUT and DANICS. These are joint state cadres with multiple states.

Need of Cadre system in civil Service

Key administrative and police positions in state governments are designated as 'cadre posts' signifying that they may only be held by IAS/IPS. This is deliberate features of All India Service to promote quality, impartiality, integrity and All India outlook.

Issues with Cadre based Civil Services

Civil Services in India has been constitutionally designed in way that it maintains all India character and 'outsiders' are posted in state cadre. 'Outsiders' to state cadre would ensure a higher level of objectivity and neutrality in a system which was likely to face enormous regional and local pressure. But in the 1980s and 90s, partisanship, local considerations and nepotism crept into the system.

- **Permanency of cadres**: It results in inefficiency and ineffectiveness in the working of civil services. It diminishes the all India character and limits the officers' concern to local issues.
- **Provincialization**: According to 'Public Institutions in India – Performance and Design by Mehta and Kapoor' there is a feeling that IAS officers are 'all India' in name only. As the proportions of officers who genuinely alternate between state and central government has declined.
- **Adoption of best practices**: Provincialization of civil services reduces capacity of the civil services to adopt and disseminate good practices of other cadres.
- **Collusion with local politicians**: For the want of preferred and plum postings, the officers collude with local politicians and officers.
- **Specialized Positions**: According to 2nd ARC, cadre based civil services has limited the recruitment of persons with specialized knowledge at important positions through lateral entry.
- **Large variation**: There are large variations in the size of IAS cadres with respect to total state populations. As a result, the IAS cadre in UP is 40% smaller than it should be while in Sikkim it is 15 % more than it should be, based on population alone.
- **Central Deputation**: According to 'Public Institutions in India – Performance and Design by Mehta and Kapoor' many small states have much better representation in central ministries and departments than their larger peers.
- **Reluctance to 'de-cadre' positions**: Due to changing social and economic conditions some posts diminished in importance. But they were rarely 'de-cadred'. For ex – In many states, the post of Land Settlement Officer is still encadred, decades after overwhelming majority of land tenure/land revenue settlement work was completed.

Way Ahead

- The New Cadre policy (2017) looks to resolve these issues. The new policy is aimed at ensuring 'national integration' in the country's top bureaucracy.

https://telegram.me/UpscPdfDrive

- The new policy will seek to ensure that officers from Bihar, for instance, will get to work in southern and north- eastern states, which may not be their preferred cadres.
- All India Services officers are supposed to have varied experience which can be earned if they work in different states. It will also give them knowledge of best practices.

New Cadre Policy (2017)

In the new policy, aimed at "national integration", divides the 26 states into 5 zonal cadres.

- Zone-I - AGMUT, Jammu, and Kashmir, Himachal Pradesh, Uttarakhand, Punjab, Rajasthan, and Haryana
- Zone-II - Uttar Pradesh, Bihar, Jharkhand, and Odisha
- Zone-III - Gujarat, Maharashtra, Madhya Pradesh and Chhattisgarh
- Zone-IV - West Bengal, Sikkim, Assam-Meghalaya. Manipur, Tripura
- Zone-V - Telangana. Andhra Pradesh, Karnataka, Tamil Nadu and Kerala

Candidates have to give cadre choices in descending order of preference from among the various zones. Candidates can only select one state/cadre from a zone as their first choice. Their next choice has to be from a different zone. It is only after selecting first choice in all the zones, one can select the second state/cadre from the first zone. Earlier the candidates used to choose their home state as their first choice and neighbouring states as their subsequent preferences.

- **Lateral Entry:** Also the recent move by the government to directly recruit experts for specialized position is a welcome move and in accordance with the recommendation of 2nd ARC.
- **Reduction in size of cadres:** The proliferation of inconsequential posts is a proximate cause of both demoralization and the ability to use transfer as a penalty. Therefore the size of cadres should be reduced after periodic reviews.

In May 2018, DoPT on the advice of PMO has proposed to change the rules for allocating services and cadres based on the combined score of performance in the Foundation Course and Civil Services Examination. The proposal has been sent to several departments for consideration. Currently the cadres are allocated completely based on the candidate's preference and rank in the Civil Services examination.

Brewing storm

CURRENT PRACTICE

UPSC allocates services and cadres to trainee officers based on their ranks in the civil services exam

NEW PROPOSAL

A selected officer-trainee will be able to know about his/her service only after attending the three-month Foundation Course at the Mussoorie academy

Impact if 'suggestion' becomes an 'order'

It will dilute the role of UPSC, the controlling authority of the prestigious civil services examinations

Currently, service allocation to the candidates is made only on the basis of final results of civil services examinations. However, if such order comes, then final scoring will be done on the basis of performance at the Foundation Course

'Favouritism' can't be ruled out in allocation if marks or performance at Foundation Course could be considered

A top-ranker may slip to lower position if he does not perform well at the Foundation Course

3. Issues with Civil Services in India

3.1. Weberian Model of Bureaucracy and Related Issues

India inherited Weberian model of bureaucracy from the British. The Weberian bureaucracy constitutes a career with a system of promotion based on seniority, fixed remuneration for officials with a right of pension, organized as hierarchy and adhering to rigid rules.

Weber identified the following characteristics of bureaucracy:

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

Experience has shown that old fashioned bureaucracies are unresponsive to people's need, as they are embroiled in red tape and formalism, love tradition and stand for conservatism and status quo.

Today's environment, where developments in the field of computers, electronics and avionics have crushed time and space, demand institutions which are extremely flexible and adaptable, so that they are capable of delivering high quality services to the people and meet multiple challenges in a complex globalized world.

Commonwealth countries such as UK, New Zealand, Australia, Canada, Singapore have discarded the Weberian model of bureaucracy and embraced a new philosophy known as **New Public Management (NPM)**, with dramatic increase in public service efficiency. The main component of NPM philosophy is devolution of authority, performance contracting and customer focus.

The Indian civil service system is rank-based and does not follow the tenets of the position-based civil services. This has led to the absence of a specialised civil service system in India. The basic philosophy of the Indian civil service system has contributed a lot to this phenomenon, as it puts heavy emphasis on the recruitment of generalists and not specialists. The incumbents of the Indian civil service enjoy very short tenures, usually less than one year. All India Services have been criticized for non-federal character.

Thus main issues associated with civil services in India can be summarized as:

- Problems of All India Services
- Absence of accountability
- Out-dated laws, rules and procedures
- High degree of centralization
- Poor work culture and Lack of professionalism
- Politicization of services and political Interference
- Negative power of abuse of authority and Corruption
- Generalist civil servants in globalized world

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All these issues create a conflict between civil services and democracy in following ways:

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

3.2. Issues with All India Services

3.2.1. Significance of All India Services (AIS)

Parliament passed the All India Services Act, 1951, empowering the Union Government, in consultation with the State Governments, to make rules for regulation of recruitment and conditions of service of persons appointed to these All India Services (AIS). The framers of the Constitution also provided for creation of AIS in other spheres, if the Rajya Sabha declared, by resolution supported by not less than two-thirds of the members present and voting.

All-India level services are rendered at national level with officers for these services being hired at by central government through UPSC examination. However, their postings can be allotted at both central as well as state government levels through different state level cadres.

- AIS promote the unity and solidarity of the country by combating parochial attitudes of the States.
- Because the officers of these services are generally posted in states other than their own, they are less susceptible to local and regional influences than officers from within the state would be.
- The officers of these services can be and are rotated between the Centre and the states, thus, facilitating liaison between the two.
- These services are recruited from a wide field and enjoy high remuneration, status and prestige.
- The members of the AIS hold the key posts in the states, and they can give independent advice to the state ministers, which the officers of state services may hesitate to do.
- In the event of national or constitutional emergency, the Union government can act through AIS.
- Union government stays in touch with ground realities through AIS.

3.2.2. Issues with All India Services

The Sarkaria Commission on Centre-State Relations sought the views of the State Governments on:

- Whether the AIS have fulfilled the expectations of the Constitution makers; and
- Whether the State Government should have greater control over them.

Most of the State Governments agree that the AIS have, by and large, fulfilled the expectations of the Constitution-makers. However, some State Governments have expressed concerns such as:

- **Relevance of AIS years after independence:** The framers of the Constitution provided for the AIS because of the serious problems of politico-administrative management and instability then faced by the country. However, the Union and the State Governments have since acquired adequate political, administrative and managerial experience.

- **Indian Police Service (IPS)**: As all key positions in the State police are held by members of IPS, the State Government's responsibility in regard to public order has got whittled down.
- **Against Federalism**: It is argued that winding up AIS and separate civil services of state and centre would bring the working of these Governments closer to a federal system.
- **The unity and integrity** of the country and national integration should rest on more durable factors, like economic prosperity, strong elective institutions, etc., and not on an administrative apparatus, like the AIS.
- **Authority –Responsibility Gap**: AIS officers tend to think that they are under the disciplinary control of the Union Government and not the State Government. A few State Governments have emphasised that an AIS officer should be under the full disciplinary control of 'the State Government under which he is serving.
- **Cadre allocation Policy**: The policy of the Union to induct at least 50% outsiders in each State cadre of an AIS implies that these outsiders are more amenable to the control of the Union Government than the insiders. This approach accentuates hostility between the AIS and the State Services as well as between the former and the political leadership in a State. States perceive this to be a clever ploy of the union government to gain control over state government.
- **Son of soil theory**: Outsiders are vaguely aware about language, ethos, profile of the state which they are posted.
- **AIS under Union List**: AIS are joint responsibility of centre and state, yet it is under Union list (Entry 70).
- **Formation of New AIS**: The question of the formation of new AIS has been an important area of friction between the Central Government and the States mainly due to three reasons:
  - creation of new AIS cuts at the effective spread of State services, thus, reducing the employment opportunities for the sons of the soil,
  - AIS encroach upon State autonomy, and
  - they also involve larger expenditure because of high salary scales.
- **Central Deputation:** Unto 1984, central deputation was done on the consent of the state government which has been dispensed with.

3.2.3. Sarkaria Commission recommendations

- The AIS are as much necessary today as they were when the Constitution was framed.
- Any move to disband the AIS or to permit a State Government to opt out of the scheme must be regarded as retrograde and harmful to the larger interest of the country.
- The AIS should be further strengthened and greater emphasis laid on the role expected to be played by them. This can be achieved through well-planned improvements in selection, training, deployment, development and promotion policies and methods.
- The present accent on generalism should yield place to greater specialisation in one or more areas of public administration.
- Every AIS officer, whether be is a direct recruit or a promoted officer, should be required to put in a minimum period under the Union Government and, for this purpose, the minimum number of spells of Union deputation should be laid down for direct recruits and promoted officers, separately.
- There should be regular consultations on the management of AIS between the Union and the State Governments.
- For this purpose, an Advisory Council for Personnel Administration of the AIS may be set up, comprising entirely of the senior most officers directly concerned with the issues to be deliberated.

32 www.jkchrome.com www.jkchrome.com www.jkchrome.com
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- It should meet periodically and regularly suggest solutions to the problems referred to it by the Union and State governments.
- The Union Government may persuade the State Governments to agree to the constitution of the Indian Service of Engineers, the Indian Medical and Health Service and an AIS for Education.

4. Reforms Required in Civil Services

The important areas of civil services reforms and the recommendations of 2nd Administrative Reforms Commission (2nd ARC) and some other committees in these areas are as follows:

4.1. Bringing Accountability in Public Services

The concept of accountability refers to the degree which public servants and others in nongovernmental sectors providing public programmes are responsive to those they serve. The traditional measures of accountability that rely upon line or top-down measures do not necessarily provide a good guide to the accountability culture as a whole. Thus, the most important step needed is the recognition that multi-dimensionality of accountability means both multiple measure and new mandates.

The 2nd ARC recommended the following in this regard:

- A system of two intensive reviews – one on completion of 14 years of service, and another on completion of 20 years of service - should be established for all government servants.
- The first review at 14 years would primarily serve the purpose of intimating to the public servant about his/her strengths and shortcomings for his/ her future advancement.
- The second review at 20 years would mainly serve to assess the fitness of the officer for his/her further continuation in government service.
- The services of public servants, who are found to be unfit after the second review at 20 years, should be discontinued.
- A provision regarding this should be made in the proposed Civil Services Law.
- For new appointments it should be expressly provided that the period of employment shall be for 20 years.
- Further continuance in government service would depend upon the outcome of the intensive performance reviews.

4.2. Emphasize Performance

The present promotion system in civil service is based on time-scale and is coupled by its security of tenure. These elements in our civil service are making the dynamic civil servants complacent and many of the promotions are based upon the patronage system. A government servant's promotion, career advancement and continuance in service should be linked to his actual performance on the job and the dead wood should be weeded out.

- The promotions should be merit based and the respective authorities have to benchmark the best practices and evaluate the performance of the civil servants both qualitatively and quantitatively with a variety of parameters.
- **Performance Related Incentive Scheme**: The Sixth Pay Commission recommended introduction of a new performance based pecuniary benefit, over and above regular salary, for the government employees. It is based on the principle of differential reward for differential performance. The end objective of introducing PRIS in government is not just limited to improving employee motivation; obtaining higher productivity or output and delivering quality public service; but it seeks larger goals of effectiveness and systematic change for responsive governance.

- **2nd ARC recommendations on Performance Management system**
  - Making appraisal more consultative and transparent - performance appraisal systems for all Services should be modified on the lines of the recently introduced PAR for the All India Services.
  - Performance appraisal should be year round: provisions for detailed work-plan and a mid-year review should be introduced for all Services
  - Guidelines need to be formulated for assigning numerical rating
  - Government should expand the scope of the present performance appraisal system of its employees to a comprehensive performance management system (PMS).
  - The PMS should be designed within the overall strategic framework appropriate to the particular ministry/department/organization.

4.3. Competition and Specialist Knowledge for Senior Level Appointments

The task of policy making in government is complex and needs specialist knowledge of the subject. Under the existing system, the most senior level appointments in the Central secretariat as well as top field level posts are made from amongst the Indian Administrative Service (IAS) officers who are generalists.

- The First Administrative Reforms Commission, far back in 1969, had emphasized the need for specialization by civil servants as a pre-qualification for holding senior level posts. It suggested that all the Services should have an opportunity to enter middle and senior level management levels in Central Secretariat and selection should be made by holding mid-career competitive examination, which should include interview, to be conducted by UPSC.
- The Surendra Nath Committee (2003) and Hota Committee (2004) had also emphasized domain knowledge and merit as the basis for appointment to the posts of Joint Secretary and above.

2nd ARC recommendations in this regard:

- The 2ndARC identified 12 domains in which officers should specialize such as general administration, urban development, security, rural Development etc. It has recommended that domain should be assigned to all the officers of the All India Services and Central Civil Services on completion of 13 years of service and vacancies at the level of Deputy Secretary/ Director should be filled only after matching the domain competence of the officer for the job.
- The Commission has suggested introduction of competition for senior positions in the Senior Administrative Grade and above (Joint Secretary level) by opening these positions to all the Services.
- For Higher Administrative Grade posts (Additional Secretary and above) recruitment for some of the posts could be done from open market.
- It has further suggested constitution of a statutory Central Civil Services Authority which should deal with matters of assignment of domain, preparing panel for posting of officers at different levels, fixing tenures and determining which posts should be advertised for lateral entry.

4.4. Effective Disciplinary Regime

Presently, the provisions of discipline rules are so cumbersome that it becomes very difficult to take action against a delinquent employee for insubordination and misbehaviour. Thus, once appointed, it is almost impossible to remove or demote an employee. This results in poor work culture and all round inefficiency.

The provisions of Civil Service Conduct and Discipline Rules are porous and complicated with numerous loopholes and weighted in favour of the delinquent.

2nd ARC recommendations in this regard:

- The 2nd ARC has observed that legal protection given has created a climate of excessive security without fear of penalty for incompetence and wrong doing.
- In the proposed Civil Services law, the minimum statutory disciplinary and dismissal procedures required to satisfy the criteria of natural justice should be spelt out leaving the details of the procedure to be followed to the respective government departments.
- The present oral inquiry process should be converted into a disciplinary meeting or interview to be conducted by a superior officer in a summary manner without the trappings and procedures borrowed from court trials.
- No penalty of removal and dismissal should be imposed, except by an Authority, which is at least three levels above the post which the government servant is holding.
- No penalty may be imposed, unless an inquiry is conducted and the accused government servant has been given an opportunity of being heard.
- The two-stage consultation with the CVC in cases involving a vigilance angle should be done away with and only the second stage advice after completion of the disciplinary process should be obtained.
- Consultation with the UPSC should be mandatory only in cases leading to the proposed dismissal of government servants and all other types of disciplinary cases should be exempted from the UPSC's purview.

4.5. Transforming Work Culture

Most government departments suffer from poor work culture and low productivity. In order to provide cost-effective efficient services, following measures can be taken:

- The multi-level hierarchical structure should be reduced and an officer oriented system with level jumping be introduced to speed up decision making.
- Government offices should be modernized with provision of computer and other gadgets and a conducive work environment should be created.
- Officers need to be motivated and empowered by giving them more responsibility and decision-making authority.
- There is a need to create a lean, thin and efficient government machinery by modernizing procedures and work methodology and abolishing the 'babu' culture in the government offices.

4.6. Streamline Rules and Procedures

A large number of rules and procedures relating to citizen's day to day interface with government in matters such as issue of passport, registration of property, sanction for construction of dwelling unit, licence for starting a business, inspection of factories, are outdated and dysfunctional and give opportunity to public servants to delay and harass.

- These rules should be updated, simplified and discretionary power of public servants be eliminated.
- A good part of efficiency of a government office depends on personnel, financial and procurement management systems. The rules relating to personnel management are outdated and rigid and give no flexibility to departments to adapt to local conditions resulting in inefficiency.
- The budgetary and procurement rules should be changed, giving sufficient flexibility to departments to be able to use their judgement to secure the best value for money.

4.7. Privatization and Contracting Out

In an era of liberalization, there is economic logic to privatize those state owned enterprises which are either running in loss or in the tertiary sector of the economy such as hotel, tourism, engineering and textile sector, where they cannot compete with private sector and are a big drain on national resources.

- There is a strong case for privatization of services like municipal street cleaning, garbage collection, power distribution, city transport etc.
- Experience has shown that increasing use of competition in the delivery of public services, including competition between public and private sector providers has improved cost effectiveness and service quality.

4.8. Adoption of IT and E-Governance

The revolution in information technology has brought into focus its adoption for good governance.

- E-governance can reduce distances to nothing, linking remote villages to government offices in the cities, can reduce staff, cut costs, check leaks in the governing system, and can make the citizen-government interaction smooth, without queues and the tyranny of clerks.
- But it must be remembered that e-governance is only a tool for good governance. It cannot succeed independent or responsive officers and it has to be owned by the political leadership.

4.9. Stability of Tenure

There is a genuine problem being faced by officers, especially in the case of All India Services serving in the state governments, relating to their tenures.

- There is usually a reshuffling of officers with change in government and in certain states the average tenure of DM and SP has now come to less than a year only. Such a rapid turnover of officers adversely affects delivery and quality of services provided to the common man.
- The ever present threat of transfer also affects the morale of the officers and their capacity to stand up to undesirable local pressures.
- In the long run, frequent transfer of officers of the All India Services in the states delays implementation of projects and also prevents officers from picking-up meaningful experience which would enhance their value to the state government and the Central government when they hold higher positions at the policy making levels.

In this context Hota committee on civil services reform suggested the following:

- A fixed tenure of at least three years for an officer of the higher civil service along with annual performance targets.
- A Civil Services Act has to be enacted to make the Civil Services Board / Establishment Board both in the states and in the Government of India statutory in character.
- If a Chief Minister does not agree with the recommendations of the Civil Services Board/ Establishment Board, he will have to record his reasons in writing.
- An officer transferred before his normal tenure even under orders of the Chief Minister can present the matter before a three-member Ombudsman.
- In all such premature transfers the Ombudsman shall send a report to the Governor of the state, who shall cause it to be laid in an Annual Report before the State Legislature.

4.10. Depoliticization of Civil Services

Following are the recommendations of 2nd ARC on relations between political executive and civil servants:

- There is a need to safeguard the political neutrality and impartiality of the civil services.
- The onus for this lies equally on the political executive and the civil services.
- This aspect should be included in the Code of Ethics for Ministers as well as the Code of Conduct for Public Servants.
- While examining the definition of corruption under the Prevention of Corruption Act, 1988, the "abuse of authority unduly favouring or harming someone" and "obstruction of justice" should be classified as an offence under the Act.
- It is essential to lay down certain norms for recruitment in government to avoid complaints of favouritism, nepotism, corruption and abuse of power. These norms are:
  - Well-defined procedure for recruitment to all government jobs.
  - Wide publicity and open competition for recruitment to all posts.
  - Minimisation, if not elimination, of discretion in the recruitment process.
  - Selection primarily on the basis of written examination or on the basis of performance in existing public/board/university examination with minimum weight to interview.

To insulate the bureaucracy from political interference and to put an end to frequent transfers of civil servants by political bosses, the Supreme Court in 2013 issued a series of directions to insulate civil servants from political influence. Following are the directions issued by the Supreme Court in T.S.R. Subramanian and others vs. Union of India:

- Officers of the Indian Administrative Service (IAS), other All India Services and other civil servants were not bound to follow oral directives, since they "undermine credibility". All actions must be taken by them on the basis of written communication.
- Establishment of a Civil Services Board (CSB), headed by the Cabinet Secretary at the national level and chief secretaries at the state level, to recommend transfers and postings of All India Services (IAS, IFS and IPS) officers. Their views could be overruled by the political executive, but by recording reasons only.
- Parliament to enact a Civil Services Act under Article 309 of the Constitution setting up a CSB
- There should be fixed minimum tenure.
- Group 'B' officers would be transferred by heads of departments (HoDs).
- No interference of ministers, other than the chief minister, in transfers or postings of civil servants.

4.11. Lateral entry into Civil Services

Lateral entry into civil services refers to induction of eligible candidates into bureaucracy by bypassing the regular mode at a higher level of its hierarchical structure.

In June 2018, the Department of Personnel and Training (DoPT) issued notification inviting applications for 10 senior level positions at the joint secretary level in the Departments of Economic Affairs, Revenue, Commerce and Highways among others.

The eligibility criteria includes "Individuals working at comparable levels in Private Sector Companies, Consultancy Organisations, International/Multinational Organisations with a minimum of 15 years' experience" besides those working in central public sector undertakings, autonomous bodies, statutory organisations, research bodies and universities.

According to the DopT, the recruitment will be on contract basis for three to five years. The

intake will be made in 10 departments initially but will expand to other categories in the second phase.

Need for lateral entry

- **Shortage of Officers**: There is shortage of officers in large states like UP, MP, Rajasthan and Bihar. These are also those states were the social development as well as economic growth numbers are dismal.
- **Specialists and experts**: Career bureaucrats, due to their frequent transfers and deputations, remain generalists in nature. Also there is little incentives within the bureaucracy to join advanced courses and gain cutting edge knowledge. Thus in the wake of changing geo-political and economic environment, experts are needed for certain positions.
- **Burden to Exchequer**: Recruitment through formal process comes with economic baggage of lifetime of salary, pensions and other perks. Constitutional safeguards prevent removal of even non-preforming officers. This anomaly could be resolved through lateral entry.
- **Incentives to innovations**: It is believed that bringing professionals from private sector would bring fresh ideas and usher innovative problem solving methods to otherwise a monolithic institution.
- **Competition**: It will push career bureaucrats towards healthy competition to perform better. Also it will act as a warning sign of 'perform or perish'.

Issues with lateral entry

- **Bypassing UPSC**: UPSC is a constitutional body and has retained legitimacy and credibility of selection process over the years. Some experts opine that lateral entry is unconstitutional in nature.
- **Not a Panacea**: It is also argued that it is a piecemeal effort to deal with a systemic problem. Bureaucracy needs major overhauling.
- **Offers not lucrative enough**: Most of the times, the terms of recruitments are not rewarding enough to attract best of talents. Even the recent lateral entry initiative would recruit professionals for only 3 years with remuneration not competitive with private sector.
- **Open door to privatization**: Some civil servants believe that it would open the floodgates to privatization. And eventually government would lose its socialist and welfare characteristics.
- **Transparency is recruitment**: Government should ensure that the recruits remain independent of "fissiparous tendencies. The sanctity of the selection procedure should remain for the services to stay insulated from the government of the day.

Way Ahead

- 2nd ARC recommended an institutionalized, transparent process for lateral entry at both the Central and state levels. But pushback from bureaucrats, serving and retired, and the sheer institutional inertia of civil services that have existed largely unchanged for decades have prevented progress.
- Also the parliamentary standing committee on external affairs headed by Dr. Shashi Tharoor has urged the government to facilitate the entry of Non-Resident Indians (NRIs) into foreign service in order to expand the country's diplomatic corps.
- In addition to lateral entry, the method of civil service training also needs to be revamped.

4.12. Other Important Recommendations of 2nd ARC

2nd ARC in its 10th report "Refurnishing of Personnel administration" has made various recommendations under 22 major headings. Few of the major recommendations are already in the above topics. Some of the other important recommendations are:

Stage of Entry into the Civil Services

- Government of India should establish National Institutes of Public Administration to run Bachelor's Degree courses in public administration.
- Selected Central and other Universities should also be assisted to offer such graduate level programmes.
- Graduates of the above mentioned special courses from the National Institutes of Public Administration and selected universities would be eligible for appearing in the Civil Services Examinations.

Age of Entry and Number of Attempts

- For general candidates 21 to 25 years, for OBC 21 to 28 years and for SC/ST and physically challenged candidates21 to 29 years should be the permissible age.
- The number of permissible attempts in the Civil Services Examination should be 3, 5, 6 and 6 respectively for general candidates, candidates from OBC, candidates from SC/ST and physically challenged candidates respectively.

Capacity building

- Every government servant should undergo a mandatory training at the induction stage and also periodically during his/her career. Successful completion of these trainings should be a minimum necessary condition for confirmation in service and subsequent promotions.
- The objective of mid-career training should be to develop domain knowledge and competence required for the changing job profile of the officer.

Motivating civil servants

- There is need to recognise the outstanding work of serving civil servants including through National awards. Awards for recognizing good performance should also be instituted at the State and district levels.
- Selections for foreign assignments should be made, based on the recommendations of the Central Civil Services Authority.

Civil service reforms aim at strengthening administrative capability to perform core government functions. These reforms raise the quality of services to the citizens that are essential to the promotion of sustainable economic and social development.

Reforming public services poses a major challenge before the government. The biggest obstacle comes from the bureaucracy, which, with its deep vested interest, resists any attempt to make it performance oriented and accountable.

There is a need for political will at the highest level to bring meaningful reforms. It is time Government makes a sobering realization that public service reform is an essential pre-requisite to alleviate poverty, illiteracy, malnutrition and deprivation from the country and make India a happy, healthy and prosperous place to live.

Development Process and Industry

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1. Development Processes

1.1. What is Development and Development Process?

A multitude of meanings have been attached to the term development. It is mostly confounded with economic growth. Also, larger meanings such as social development, sustainable development and human development are attributed to it.

In simple terms, Development is '*bringing about social change that allows people to achieve their human potential*'.

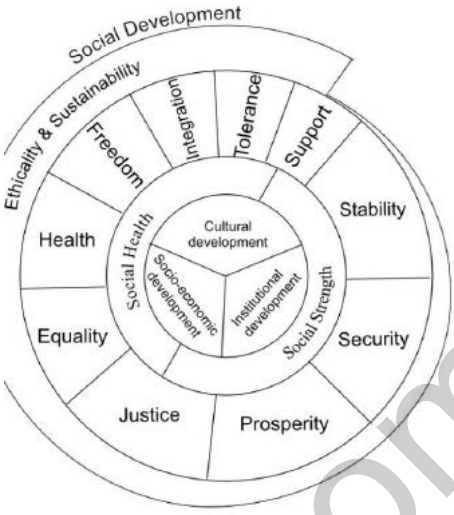
Dimensions of Development

Amartya Sen has given the concept of development a new dimension. He views development as a political process. According to Sen, ***Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency.***

- **Development as a political process**: It is regarded as the something that is done by some agency (state or development organization) for others. It is called political process as it raises questions about who has the power to do what to whom.
- **Human Development**: Sen has been flag bearer of this approach. He considers economic growth as measure of development a deeply flawed and inadequate approach. He redefined development in terms that include human rights as a constitutive part and all worthwhile processes of social change are simultaneously rights-based and economically grounded. His capability approach focuses on the well being of those at bottom of the society, not on the efficiency of those at the top.
- **Sustainable Development**: "Our Common Future", also called Brundtland Report defines Sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. To achieve it, UN has established Sustainable Development Goals (SDGs) – a wide ranging targets – to be achieved by 2030. The goals and targets are universal, meaning they apply to all countries around the world, not just poor countries. Reaching the goals requires action on all fronts – governments, businesses, civil society and people everywhere all have a role to play.

- **Economic Development**: Economic development is the process by which a nation improves the economic, political, and social well-being of its people. It is different from economic growth in a sense that it involves both quantitative and qualitative change. Also it is process by which low income national economies transform into modern industrial economies.

- **Social Development:** Social development means investing in people. It requires the removal of barriers so that all citizens can journey toward their dreams with confidence and dignity. It is about refusing to accept that people who live in poverty will always be poor. It is about helping people so they can move forward on their path to self-sufficiency. In India context, it becomes very important as social barriers like caste system proves to be fetters to realize one's potential and enjoy social freedom. Removal of such barrier through state action is important part of social development.



2. Civil Societies

2.1. What are Civil Societies?

According to the World Bank, Civil Society refers to refers to a wide array of organizations, community groups, non-governmental organizations [NGOs], labour unions, indigenous groups, charitable organizations, faith-based organizations, professional associations and foundations.

- Globally, the term 'Civil Society' became popular in 1980s, when it started to be identified with non-state movements defying authoritarian regime, especially in Eastern Europe and Latin America.
- When mobilized, civil society - sometimes called the "third sector" (after government and commerce) - has the power to influence the actions of elected policy-makers and businesses.
- Examples of well-known civil society organizations include Amnesty International, the International Trade Union Confederation, World Wide Fund for Nature (WWF), Greenpeace and the Danish Refugee Council (DRC).

Following representation illustrate various factors that are important for survival and sustainability of civil society.

CIVIL SOCIETY SUSTAINABILITY FACTORS

2.2. Civil Society in India

- Civil society derives its strength from the Gandhian tradition of volunteerism, but today, it expresses itself in many different forms of activism. In independent India, the initial role played by the voluntary organizations started by Gandhi and his disciples was to fill in the gaps left by the government in the development process.
- The volunteers organized handloom weavers in villages to form cooperatives through which they could market their product directly and get better price. AMUL is the product of such cooperative movement.
- Civil Society plays a crucial role in the good governance. As India is not a participative democracy but a representative democracy, government takes all major decisions by itself. Civil Society act as interface of interaction between the government and the governed.
- Civil society's functional contribution to good governance could be:
  - **Watchdog** — against violation of human rights and governing deficiencies.
  - **Advocate** — of the weaker sections' point of view.
  - **Agitator** — on behalf of aggrieved citizens.
  - **Educator** — of citizens on their rights, entitlements and responsibilities and the government about the pulse of the people.
  - **Service provider** — to areas and people not reached by official efforts or as government's agent.
  - **Mobiliser** — of public opinion for or against a programme or policy.
- Civil society acts through 'social capital'— the capacity of people to act together willingly in their common long-term interest. Social capital is strong in a homogeneous, egalitarian society.

2.3. Types of Civil societies in India

Based on the law under which the CSOs operate and the kind of activities they take up, civil society groups in our country can be classified into following broad categories (as given in 2nd ARC):

- Registered Societies formed for specific purposes
- Charitable organisations and Trusts
- Local Stakeholders Groups, Microcredit and Thrift Enterprises, SHGs
- Professional Self-Regulatory Bodies
- Cooperatives
- Bodies without having any formal organisational structure
- Government promoted Third Sector organisations

However, a broader classification including all non-government and not-for-profit organizations can be:

- **Civil rights advocacy organizations:** to promote human rights of specific social groups e.g. women, migrants, disabled, HIV, sex workers, Dalit people, tribal people, and the likes.
- **Civil liberties advocacy organizations:** to promote individual civil liberties and human rights of all citizens, rather than focusing on particular social group.
- **Community based organizations, citizen's groups, farmers' cooperatives:** to increase citizen's participation on public policy issues so as to improve the quality of life in a particular community.
- **Business and industry chambers of commerce:** to promotion policies and practices on business.
- **Labour unions:** to promote the rights of employees and workers.
- **International peace and human rights organizations:** to promote peace and human rights.

- **Media, communication organization:** to produce, disseminate, or provide production facilities in one or more media forms; it includes television, printing and radio.
- **National resources conservation and protection organizations:** to promote conservation of natural resources, including land, water, energy, wildlife and plant resources, for public use.
- **Private and public foundations:** to promote development through grant- making and partnership.
- **Also the Civil society includes:** Political Parties; Religious Organizations; Housing cooperatives, slum dwellers and resident welfare associations.

2.4. National Policy on Voluntary Sector

National Policy on Voluntary Sector 2007 is a commitment to encourage, enable and empower an independent, creative and effective voluntary sector, so that it can contribute to the social, cultural and economic advancement of the people of India.

Aims of the Policy

- Creating an enabling environment for Voluntary Organizations (VOs) that not only stimulates their effectiveness but also protects their identity and safeguards their autonomy.
- Enabling VOs to legitimately mobilize the necessary financial resources from India and abroad
- Identifying systems by which the Government may work together with the Voluntary Sector.
- Encouraging VOs to adopt transparent and accountable systems of governance and management.

This National Policy on the Voluntary Sector-2007 envisaged to initiate a process to evolve a new working relationship between the Government and the Voluntary Sector, without affecting the autonomy and identity of VOs.

Analysis

- Most of the policies envisaged in the NPVS 2007 were not implemented. Though the directions were framed after extensive consultations with multiple stakeholders.
- The idea of a national accreditation agency for non-profits organization was proposed. But nothing has been done in this regard.
- The policy made a call for self-regulation, transparency and accountability by the NGOs. But the recent SC judgments and IB reports suggest otherwise.
- Also the diverse character of a voluntary organization militates against a single uniform regulatory authority.

3. Non-Governmental Organizations (NGOs)

3.1. What are Non-governmental Organizations (NGOs)?

Civil Society, when organized in structure and specialized in function, takes the form of NGOs (Non Governmental Organizations).

Characteristics of NGOs

- It is an organization of private individuals who believe in certain basic social principles.
- They structure their activities to bring about development to communities they are servicing.
- It is a social development organization.
- An independent, democratic, non-sectarian people's organization working for the empowerment of economic and/or socially marginalized groups.
- An organization not affiliated to political parties.

Evolution of NGOs in India

Period	Activities
Pre Independence	Social welfare, Constructive work (inspired by Gandhian hiloso h ve much in line with inde endence movement
1950-1970	Social welfare, Govt. funded and managed NGO like Khadi Industries. Five year's development plans came into existence, Most of the development works were rested with NGO's
1970-1990	Civil Society space started increasing from 70s, NGO's started highlighting why govt. programme were not yielding positive results for poor and marginalized, presented new model for development with people's participation. With this new model NGO's covered vast program areas like education, primary health care, drinking water, sanitation, small irrigation, forest regeneration, tribal development, women's development, child labour, pollution safety etc. later on many of these models were included in govt programme and policies.
1990-2005	GO-NGO partnership got a boost in this period; NGOs gets more focused on Self Help Groups, Micro Credit, Livelihood. NGO participation is ensured in policy formation and programme implementation

3.2. Types of NGOs

In the 1980s, three different forms of NGO/voluntary movement emerged in India.

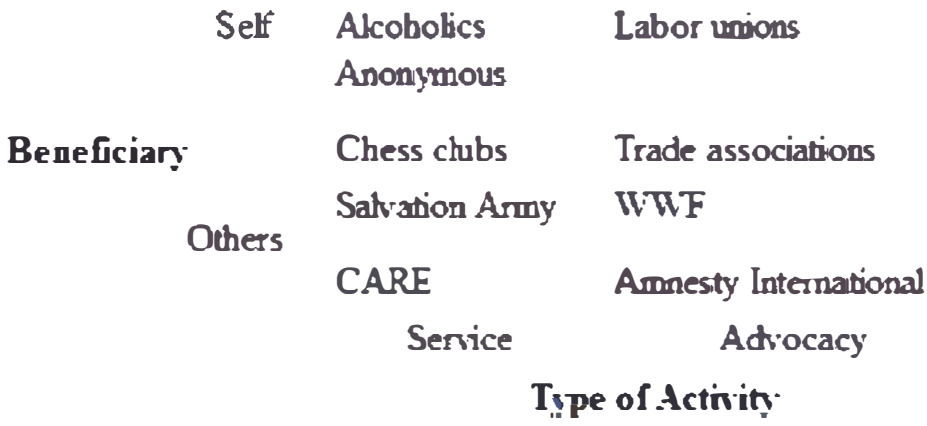
- **Traditional Development NGOs:** These NGOs directly engage with the public at large, go to the villages, tribal areas and carry out grass root development work related to education, health, sanitation, rural development etc. Ex: treatment centre for leprosy patients run by Baba Amte in central India.
- **Activist NGOs:** They see activism as their primary means of reaching their goals, because they do not believe they could get the authorities to move in any other way. Perhaps the best-known example of an NGO in this category is the Narmada Bachao Andolan (Save Narmada Campaign), an organization that opposed the construction of a series of large dams in a large river valley of central India.
- **Research NGOs:** They carry out intensive and in-depth analysis of topic/issue and lobby with the government, industry or other agencies to influence public policy. Ex: Centre for Science and Environment which engages in environment related works.

However, this classification is not strict and rigid. These NGOs keep taking multiple works that can be categorized in one category or other.

NGOs can also be classified on the basis of:

- Whom the NGO is designed to benefit? i.e. the beneficiary.
- What the NGO does? i.e. the activity.

Following is schematic representation of how a single NGO can have multiple activities and beneficiaries.



3.3. Role of NGOs in Development

In developing countries India, there are numerous gaps left by the government in the development process. These gaps are filled by NGOs.

- **Work where state is unwilling to work**: For example, caste is an issue that no government wants to fiddle with. The persistence of caste hierarchy suits the vote banks for the politicians. In the process, laws prohibiting discrimination on the basis of caste are often ignored unless there is an NGO working in the area that is willing to take up the cause of those being discriminated against.
- **Work where state resources are inadequate**: Two main such area include education and healthcare. There are not enough government run schools or hospitals, especially in rural areas. Even if they are present, they do not have resources. The NGOs try to complement and complete these initiatives. The mammoth NGO called Kerala Sastra Sahitya Parishad is largely credited for the hundred percent literacy rate in that state.
- **Fighting social evils**: It is due to the efforts of NGOs that the government has banned sex determination of foetus as it leads to evils like abortion of female fetus.
- **Right to Shelter**: NGOs such as YUVA and SPARC in cities like Mumbai have repeatedly opposed the demolition of hutments even as they try to improve the quality of life in the sprawling slum clusters
- **Right to Information**: It is because of the efforts of NGOs that RTI has become reality in India.
- **Tribal Rights**: As witnessed in the Vedanta vs. Posco case, NGOs have raised voice against the discrimination of tribal by the multinationals. Many of these NGOs have partnered with Gram Panchayat in proper implementation of acts like Forest Rights Act, CAMPA Act etc.
- **Community Development**: Local, national and regional NGOs have emerged as major players and partners in development activities in the region. At the community level, they are in the front line in providing assistance in the acquisition of basic needs and amenities; in identifying issues, raising awareness, and in articulating the communities' problems.
- **Rehabilitation**: NGOs did remarkable job post 2004 Tsunami. Besides helping in rescue operations, NGOs also set up vocational training centers.
- **Implementation of welfare schemes**: NGOs due to proximity to general public, work as interface between government and the end users. Thus NGOs play three roles of implementer, a catalyst and a partner in the implementation of government welfare schemes.

3.4. Role of NGOs in Protection of Environment

The rapid growing and economic development is leading to number of environmental issues in India. In order to deal with the increasing damage to environment many Non-Governmental organizations have been set up.

- They play a crucial role in helping to plug gaps by conducting research to facilitate policy development, building institutional capacity, and facilitating independent dialogue with civil society to help people live more sustainable lifestyles.
- The issues like future of environmental protection, sustainable development and zero population growth are some of the major concerns of the environmental NGOs.
- Major campaigns by NGOs:
  - Climate Change
  - Protection of Pristine forests
  - Protection of marine life and diversity
  - Against whaling
  - Against Genetic Engineering/ GMOs
  - Prevention of Nuclear Threat to wildlife
  - Elimination of chemical and biological toxic waste
  - Encouragement of sustainable trade
- NGOs carry out mass awareness campaigns, tree planting drives, promoting ecologically sustainable practices for waste removal like vermin-culture and composting instead of dumping in landfills, supporting the use of cycles and green renewable fuels instead of fossil fuels.
- Many NGOs specialize in data-driven support to government bodies, showing quantifiable proof that encroachment upon biodiversity and water bodies is dangerous. Their reports become the basis of media attention, educating the masses and eventually molding opinion.
- Globally, NGOs have the power to bring about global treaties, including reforms to address regulation of hazardous wastes, bans on landmines, and control of greenhouse gases and emissions. The Centre for Science and Environment for example, has been a leading light on, pollution, toxins in food and beverage and other key areas.
- Some major environmental NGOs in India are:
  - Greenpeace
  - WWF
  - Bombay Natural History Society (BNHS)
  - Development Alternatives Group
  - The Energy Research Institute
  - Birdlife International
  - The Centre for Science and Environment
- **Bombay Natural History Society**: It conducts field research projects on bird migration. It also studies certain endangered species of wildlife and their habitat and through environmental education imparts the knowledge and awareness of the need to conserve wildlife.
- **The Energy Research Institute**: Its mission is to develop and promote technologies, policies, and institutions for efficient and sustainable use of natural resources. It deals with policy-related works in the energy sector, research on environmental subjects, development of renewable energy technologies and promotion of energy efficiency in the industry and transport sector.

3.5. Challenges faced by NGOs in India

- **Lacks of funds** – Most of the NGOs in India are suffering from paucity of funds. Government does not give cent percent grants in aid or make delay in sanctions of grants for numerous programmes. NGOs have to make matching contributions which they are sometimes unable to manage and are, therefore, unable to avail themselves of the grants
- **Inadequate Trained Personnel** – It is expected that the personnel working in NGOs shall have a sense of dedication and commitment and interest in the social services. Lack of professionally trained personnel is one of the major challenges faced by NGOs in India.
- **Misuse of Funds** – It is a common experience that there have been serious charges of misuse and misappropriation of funds received as grant-in-aid form the government, foreign donors and raised through their own resources by the most of the NGOs. These NGOs may reflect its image to other NGOs who are working with dedication and commitment.
- **Inequality in rural areas** – NGOs are more developed in urban areas as compared to rural areas. The backwardness and ignorance of the rural people and lack of enthusiasm among social workers to among them in the absence of availability of minimum comforts are the two important reasons for the backwardness of the NGOs in rural areas.
- **Lack of Volunteerism/Social work among Youth** – The basic characteristic of NGO is volunteerism. The extent of volunteerism is declining day by day and turning it into professionalization. Even the young graduates from social work are interested in making their career in professionalism. This leads to lack of efficient volunteers in NGOs.

3.6. State v/s NGOs

India has witnessed boom in NGO sector. According to a conservative estimate by the CBI, there is 1 NGO for every 600 citizens in India. But there is accountability deficit with NGOs in India. Responding to a PIL filed in Supreme Court, CBI said that many don't submit details of receipt of grant and spending to tax officials.

In a Supreme Court enquiry, major states like Andhra Pradesh, Bihar, Delhi, Haryana, Karnataka, Rajasthan, West Bengal, Odisha, Tamil Nadu, Chhattisgarh and Himachal Pradesh could not provide details regarding NGOS working in their territory. This largely explains the regulatory mechanism of the NGOs in India. Supreme Court in 2017 ordered government to audit 30 lakh NGOs and voluntary organizations that receive public funds but fail to explain their spending.

A PIL has shown that NGOs do not have a transparent mechanism in place to monitor funding. A Central Bureau of Investigation (CBI) report that compiled state-wise data of 32 lakh NGOs revealed that only 10 percent of NGOs filed annual income and expenditure statements.

Intelligence Bureau, in a report accused "foreign-funded" NGOs of "serving as tools for foreign policy interests of western governments" by sponsoring agitations against nuclear and coal-fired power plants and anti-GMO agitation across the country. The NGOs, are said to be working through a network of local organizations to negatively impact GDP growth by 2–3%.

It also alleged that Greenpeace was leading a massive effort to take down India's coal-fired power plant and coal mining activity by using foreign funds to "create protest movements under 'Coal Network' umbrella at prominent coal block and coal-fired power plant locations in India.

In April 2015, the Government of India shared a list of over 42,000 NGOs with Financial Intelligence Unit (FIU) to check suspicious foreign funding amid the crackdown on some top international donors for flouting the Foreign Contribution Regulation Act (FCRA), 2011.

For the first time, the government clearly defined the sectors in which it has listed Christian missionaries, Hindu, Sikh and Muslim religious groups receiving foreign contribution besides other activities of NGOs in which funds are claimed to be utilized. There is also suspicion that money launderers could use the legitimate route to wire illicit money.

3.7. Suggestions to Improve the Working of NGOs

- The rules and regulations of grants-in-aid should be liberalized by the government and sanction more grants to NGOs.
- At the same time, the government should appoint commissions of enquiry or committees to cross check the misuse of funds by NGOs. The member of committee has to supervise and monitor the activities of NGOs periodically.
- Young graduates from universities, colleges and schools should conduct the public seminars, meetings etc., and use the local media to advertise the importance of volunteerism, success stories of NGOs and encourage people to participate in voluntarism.
- Universities, colleges and schools should collaborate with NGOs and conduct a campus interviews for the young graduates who are interested in voluntarism. NSS and NCC should encourage students to participate in voluntarism from childhood days onwards.
- In India, 65% of populations belong to rural areas. NGOs, therefore, need to operate in rural areas on a bigger scale to enlist the cooperation of village people in making their lives better. At the same time, these NGOs should encourage the educated young graduates of rural areas to participate in voluntarism. The government should also give some special provisions for NGOs who are working in rural areas in getting eligibility conditions for grants.
- NGOs being a welfare organization should maintain high standard of quality in service. The government also should recognize those NGOs, by giving awards or rewards with additional grants. This would motivate the other NGOs to work efficiently
- The government should revise the pay-scales and allowances to the personnel of NGOs. At the same time some special funds to be allotted for the NGOs to train the personnel at the grass root level.
- The NGOs should use of latest technologies like internet, websites etc., for raising of their funds, to have mutual associations, to advertise their products and for the selection of efficient personals.

4. Self Help Groups (SHGs)

4.1. What are SHGs?

Self-help group is a method of organizing the poor people and the marginalized to come together to solve their individual problem. The SHG method is used by the government, NGOs and others worldwide. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise.

A Self Help Group is defined as a "*self-governed, peer controlled information group of people with similar socio economic background and having a desire to collectively perform common purpose*."

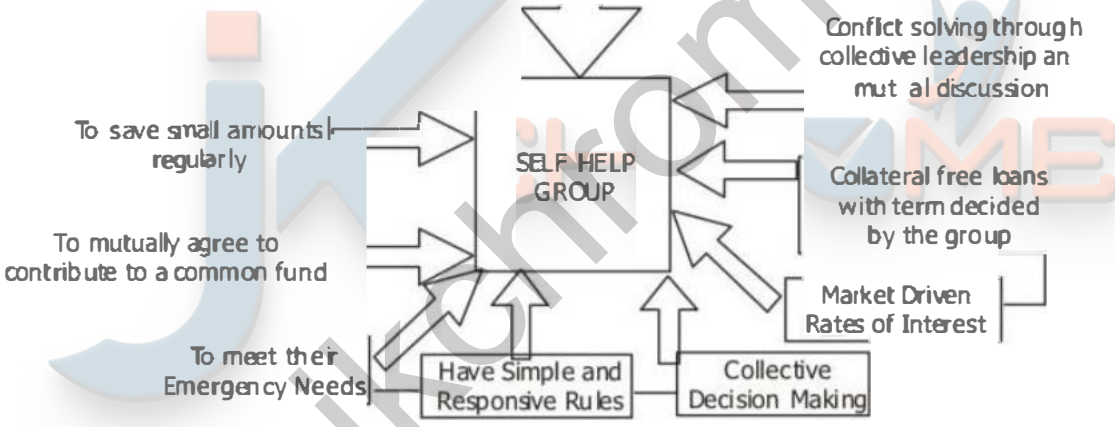
4.2. How Does SHGs Function?

- An SHG normally consists of not less than five persons (with a maximum of twenty) of similar economic outlook and social status.
- The members of the group help each other to solve their problems. A reasonably educated but helpful local person takes the lead in mobilizing these people to form a group.

- The person, called animator or facilitator, helps the group members develop the habit of thrift and promote small savings among them. The group savings are kept in a common bank account from which small loans are given to members.
- After six months, the SHG can approach any bank for availing loan facility to undertake a suitable entrepreneurial activity. The group loan is distributed among the members to run a small business. The loan is repaid out of the profits earned.

Objectives of an SHG

A Small Economically Homogeneous and Affinity Group of Rural Poor who have come together Voluntarily



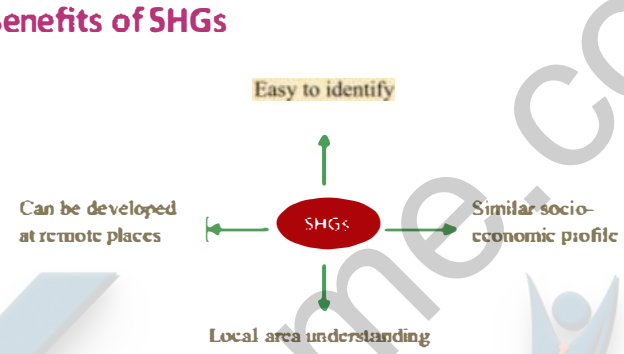
4.3. Evolution of SHGs in India

- Evolution of SHGs as a tool to empower is as long as the history of development sector in India. SHG as an organized way for poverty eradication was immerged during the 7th Five Year Plan (1985-90).
- Formation of SHGs for savings and credit, and their linkage to commercial banks was initiated in India by MYRADA (Mysore Resettlement and Development Agency), an NGO, in the mid-1980s.
- However, SHGs as a tool to address poverty became significant only when the Reserve Bank of India (RBI) issued a circular in 1992 to link about 500 groups under the NABARD-SHG bank linkage pilot program.
- This success has led to mainstreaming of SHGs into the financial landscape and especially the Indian banking system, with about 94 million poor linked with banks through 7.5 Million SHGs, availing them of collateral free credit.
- The poor women of these SHGs in India collectively control the financial business with an annual turnover of Rs 100,000 crores ($17 Billion), much larger than many multi-national corporations in India.

- Simultaneously, a handful of large Indian NGOs have demonstrated that collectivization can lead to social and economic empowerment of the poor in the areas of health, bridging caste divides and gender inequalities.
- As a part of the poverty alleviation measures, the Government of India launched the Swarnjayanti Gram Swarozgar Yojna (SGSY) in April, 1999 where the major emphasis is on SHG formation, social mobilization and economic activation through micro-credit finance
- This success led to the genesis of a massive community mobilization initiative by the Government of India as National Rural Livelihoods Mission (NRLM) in 2011.

4.4. Benefits of SHGs

- According to some estimates, about 46 million rural poor women are mobilized through SHGs architecture. These organizations have been an effective vehicle, especially in providing financial intermediation solutions for unbanked rural women.



- The socio-economic benefits include economic self independence, participation in village affairs and awareness about education.
- Under National Rural Livelihood Mission, special attention has been given to women living below poverty line (BPL). The scheme has also focused on capacity building and institutionalization of SHGs. It has also helped in social mobilization, institution building, communization and creation of human resource.
- Regular process of group meetings helps women build social capital. It raises their status in the family and the society.
- Economic empowerment helps them take decision making role in the family. Thus help them break shackles of patriarchy.
- A research has also shown that Women practicing 'participatory learning and action' showed 49 % reduction in maternal mortality and 33 % reduction in neonatal mortality.

4.5. General Issues related to SHGs

- **Agricultural Activities:** Most of the SHGs work at local level and engaged in agricultural activities. SHGs in rural areas should be introduced to non-agricultural businesses too and should be provided with state-of-the art machinery.
- **Lack of Technology:** Most of the SHGs work with rudimentary or no technology.
- **Access of market:** Also the goods produced by SHGs do not have access to larger market place.
- **Poor Infrastructure:** Most of these SHGs are situated in rural and far reach areas that lack connectivity via road or railways. Access to electricity remains an issue.
- **Lack of training and capacity building:** Most of the SHGs work on their own without outreach from the state for skill development and capacity building.
- **Politicization:** Political affiliation and interference has become a serious problem with SHGs. Political affiliation is also a major reason for group conflicts.
- **Credit Mobilization:** A study has shown that about 48% of the members had to borrow from local money lenders, relatives and neighbors because they were getting inadequate loan from groups. Also issues like hoarding of money was witnessed.
- **System of monitoring:** The general reports on the progress of SHGs show statistics of

growth and spread of SHGs without questioning the process and internal health of the SHGs.

- **Livelihood promotion:** There is need to evolve a methodology for promoting micro enterprises among SHG members that can be replicated on a large scale.

4.6. Socio-Cultural Hurdles in Penetration of SHGs in Rural Areas

There has been uneven distribution in the spread of SHGs in India. Socio-cultural factors along with government support and presence of NGOs have been major reasons for that. In March 2001, 71% of the linked SHG, were from southern region consisting of Andhra Pradesh, Karnataka, Kerala and Tamil Naidu.

- While poor performing states are also those states which have high incidence of poverty like UP and Bihar.
- These are also the states where society is deeply entrenched in patriarchy with limited financial and social role for women.
- Also the spirit of entrepreneurship is discouraged in a feudal society. The traditional society dictate strict role for male and female members with little scope for independent decision making and economic freedom.
- Due to family responsibilities, majority of the women members cannot give their attention to their enterprises.
- One of the major hurdles in lack of support from family members.
- Due to male dominated society, women members could not uplift their business followed by lack of social mobility.
- There is no stability of the units as many married women are not in a position to associate with the group due to the shift of their place of residence.
- In many SHGs strong members try to earn a major share of the profit of the group, by exploiting the ignorance and illiterate members.

4.7. Measures Taken by the Government to Promote the SHGs

- **Self Help Group-Bank Linkage Programme:** On the recommendations of SK Kalia Committee, the SHG-Bank linkage programme was started at the initiative of NABARD in 1992 to link the unorganised sector with the formal banking sector. Under this programme, banks were allowed to open savings accounts for Self-Help Groups (SHGs). Banks provide loans to the SHGs against group guarantee and the quantum of loan could be several times the deposits placed by such SHGs with the banks. Banks should consider entire credit requirements of SHG members, namely,
  (a) income generation activities,
  (b) social needs like housing, education, marriage, etc. and
  (c) debt swapping".
  It is being implemented by commercial banks, regional rural banks (RRBs), and cooperative banks.
- The RBI took a series of measures in April 1996 to give a thrust to micro finance based Lending under the SHG-bank Linkage programme. Over 103 million rural households have now access to regular saving through 7.96 million SHGs linked to benefit.
- **Priority Sector Lending**: GOI has included SHG as a priority sector to mandate and enhance banks focus on them. Bank credit to members of SHGs is eligible for priority sector advance under respective categories viz., Agriculture, Micro, Small and Medium Enterprises, Social Infrastructure and Others.
- SHG, have been allowed to run grain banks to secure the food security in food & care regions.

- **Priyadarshini** scheme, with NABARD as the nodal agency, has aimed at women empowerment and livelihood enhancement through SHGs.
- **Deendayal Antodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM):** It seeks to alleviate rural poverty through building sustainable community institutions of the poor. Mission closely works with the Department of Financial Services (DFS), Reserve Bank of India (RBI) and the Indian Bank Associations (IBA) to provide bank credit to SHGs. The financial year 2017-18 has seen more than 82 lakh households mobilized into 6.96 lakh Self Help Group (SHGs) across the country. Cumulatively, more than 4.75 crore women have been mobilized into more than 40 lakh SHGs. The mission also provides Interest Subvention to women SHGs availing bank loans amounting to Rs.3.00 lakhs, to subsidize the cost of borrowing. The interest subvention effectively reduces the cost of borrowing to 7% per annum.
- **Mahila Kisan Shashaktikaran Pariyojana**: In order to promote agro-ecological practices that increase women farmers' income and reduce their input costs and risks, the DAY-NRLM Mission has been implementing the Mahila Kisan Shashaktikaran Pariyojana (MKSP). As of March 2018, more than 33 lakh women farmers were being supported under this scheme.

4.8. Suggestions to Improve the Working of SHGs

- The An integrated approach is required for meeting overall credit needs of a poor family in terms of backward linkages with technology and forward linkages with processing and marketing organizations.
- Credit needs to be provided for diversified activities including income generating livelihood activities productions, housing consumption loan and against sudden calamities.
- The delivery system has to be proactive and should respond to the financial needs of the farmers.
- Training programmes relating to management of finances, maintaining accounts, production and marketing activities etc. should be given.
- Simplify the process of giving loans, i.e. reduce the number of questions to important non repetitive ones.
- Provide gender sensitization training to bank staff so that they are sensitized to the needs of rural clients especially women.
- Adequate insurance coverage should be provided to the business units promoted by SHG against the financial losses to safeguard the interest of the entrepreneurs.

5. Aid and Private Funding in Development

5.1. Development Aid in India

Development aid is financial aid given by governments and other agencies to support the economic, environmental, social and political development in developing countries. It involves long term strategy to alleviate poverty.

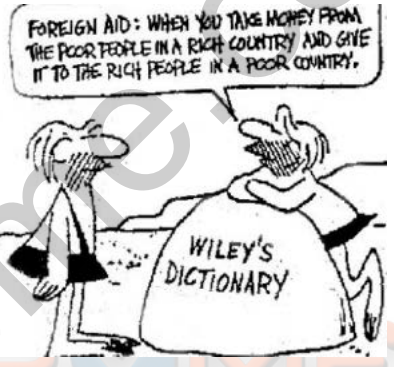
- Foreign experts call India a '**development paradox**'. India is one of the largest economies with high growth rate. It spends substantial amount on the defense expenditure. Yet, it seeks development aid. It has created quite a debate at international level.
- Corruption: Foreign grants (often in dictatorial states in Africa) are siphoned by government

officials for private. It has also bred numerous non-performing NGOs.

- **Identification of Projects:** A very great deal of money has been wasted in the past because proposals have not been sufficiently investigated before aid was granted, and because priorities have not been correctly established.
- **Influence recipient countries:** Aid donors are often accused of trying to exercise unnecessary influence over recipient governments and the policies they undertake.
- **Debt Serving:** In the global economic slowdown, many countries have not been able to service their debt.

5.2. Foreign Aid to India

- The term "foreign aid" is derived from the concept of "Overseas Development Assistance" or ODA. In UN parlance ODA is a commitment assumed by developed countries, members of the OECD, to extend development assistance to developing countries. Currently, developed countries are committed to transferring 0.7% of their GDP as ODA to developing countries, though few have achieved this target.



- The India was the sixth largest recipient of foreign aid in 2011 and continues to be one of the highest recipients. According to the data on World Bank's website, it received $3.2 billion in 2011, $1.6 billion in 2012 and $2.4 billion in 2013.
- The top donors have been- World Bank, Japan, Germany, Asian Development Bank, United Kingdom, France, Global Fund (to fight AIDS, tuberculosis and malaria), United States and European Union.
- India has also been giving aid to other countries. It has a foreign aid budget of $1.6 billion for the period 2015-16.
- However in recent times foreign aid coming to India has declined significantly. It partly due to India's rapid economic progress and partly due to ever-changing geo-political axis.
- U.S. aid to India, targeted toward clean energy, food security and health, has dropped 25 percent in recent years, from nearly $127 million in 2010 to a proposed $98.3 million in 2013.
- In 2015, UK stopped giving aid to India owing to it's economic growth. Indian government welcomed the move by suggesting that 'aid is past, trade is future'.
- India now sees – and projects – itself as a global power and a partner to developed nations like Britain, rejecting the traditional model of rich nations aiding poor ones.

5.3. Foreign Funding and NGOs

Being non-profit organizations, NGOs entirely depend upon contribution – foreign or domestic – for their functioning. In recent times, many NGOs have come under the government scanner.

The Foreign Contribution (Regulation) Act, 2010 (FCRA) and Foreign Contribution (Regulation) Rules, 2011 (FCRR) framed thereunder regulate the receipt and usage of foreign contribution by non-governmental organizations (NGOs) in India.

Foreign Contribution Regulation Act, 2010

This act replaced the Foreign Contribution (Regulation) Act, 1976 (FCRA). The act seeks to regulate the acceptance and utilization of all foreign funds through donations, gifts or grants.

- The 1976 Act lists a number of organisations and individuals that are prohibited from accepting foreign contribution. The Bill adds organisations of a "political nature" and electronic media organisations to the list.

- The act requires all persons to register under FCRA to accept foreign contribution. The central government may deny, suspend or cancel certification under certain conditions.
- Organisations must renew FCRA certification every five years.
- It prohibits acceptance and use of foreign contribution or foreign hospitality by a certain specified category of persons such as a candidate for election, judge, journalist, columnist, newspaper publication, cartoonist, et al.
- The act prevents use of foreign contribution or foreign hospitality for any activity detrimental to the national interest.
- The foreign contribution shall be utilized for the purpose for which it has been received and such contribution can be used for administrative expenses up to 50% of such contribution received in a financial year.
- Every bank shall report to such authority, as may be prescribed, the amount of foreign remittance received, sources and manner and other particulars.
- Every NGO registered or having prior approval under the Act must file an annual report with the Authority in the prescribed form. This report must be accompanied by an income and expenditure statement, receipt and payment account, and balance sheet for the relevant financial year. For financial years where no foreign contribution is received, a 'NIL' report must be furnished with the Authority.
- New provisions have been made for suspension as well as cancellation of registration granted for violation of the provisions of the Act.

The act has a very wide scope and is applicable to a natural person, body corporate, all other types of Indian entities (whether incorporated or not) as well as NRIs and overseas branches/ subsidiaries of Indian companies and other entities formed or registered in India. It is implemented by the Ministry of Home Affairs, Government of India.

Recent issues with the FCRA act and impact on the NGOs

- On July 24, 2018, the Union Minister of State for Home Affairs in a reply to Lok Sabha said that, FCRA registration of nearly 19,000 NGOs have been cancelled from 2011 till now and they have been barred from receiving foreign funds. He also told the House that as on date, 2,547 NGOs have not adhered to the government orders to submit their pending annual returns -- income and expenditure, receipts of funds from abroad and balance sheets.
- Of all the total funds that are coming, 13% is for contentious issues like religious institutions and awareness campaign. Government is terming both as anti-national activity as religious institutions are fueling terrorist activities and awareness campaign are targeting developmental projects of Government
- Experts have signaled towards a paradox where India promotes FDI but throttles contribution to NGOs. In the past, similar bans were put by communist countries like Russia and Hungary.
- An IB report blamed NGOs for slump in India's GDP. It is also accused that some Christian NGOs are engaged in proselytization. US based NGO Compassion International was put on 'priority list' by the government.
- In June 2018, the government relaxed penalties on NGOs violating FCRA norms. From now on, instead of suspension or cancellation of licenses, hefty fines will be levied on NGOs. These fines will not be applicable retrospectively.

Recent Amendments in FCRA to exempt political parties

- Finance Bill 2016, inserted an amendment that shielded political parties from violating the norms of FCRA. The amendment was brought after a case was filed in Delhi High Court regarding donations made to BJP and INC by London based multinational Vedanta.
- In March 2018, the parliament through Finance Bill 2018 amended the repealed Foreign Contribution Regulation Act (FCRA), 1976 retrospectively. The aim is to exempt political parties from scrutiny of funds they have received from abroad since 1976.

- It must be reiterated that the Representation of the People Act and the FCRA bar political parties from receiving foreign funds.
- Foreign firms can now fund NGOs in India as well as the political parties.
- **Impact of the amendment:** More NGOs will try to become political parties. As the political donations are tax free. Under Section 13A of the Income Tax Act, political parties are 100% tax exempt for income derived from any source, including business income.

5.4. Foreign Aid from India

India has been one of the major receive of development aid. But over the last 3 years, India has has given more aid to foreign countries than it has received. In the financial year 2015-16 India gave Rs. 7719.65 crores as aid whereas it received Rs. 2,144.77 crore in aid from foreign countries and global banks

Development Aid to foreign countries not only serves economic objectives but also as a strategic tool.

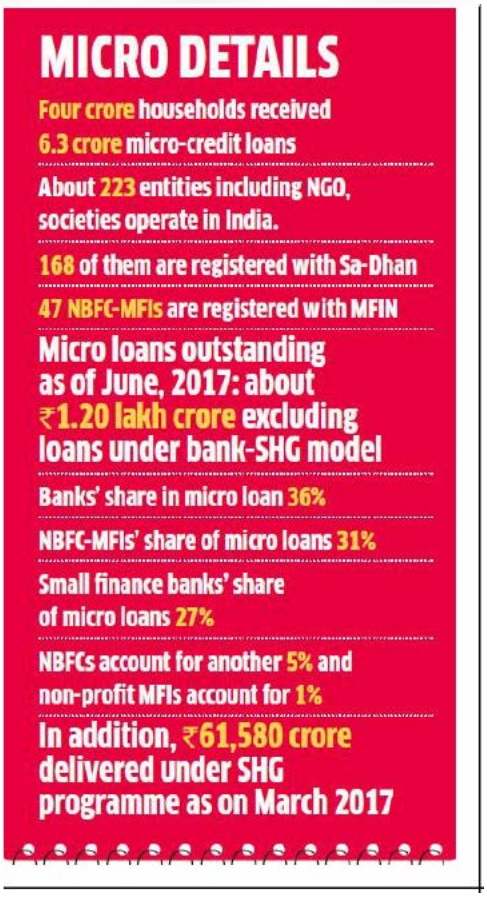
- India wants to project itself as major economic power and rightful claimant to permanent membership to UNSC.
- Neighborhood First Policy: The neighborhood is the biggest recipient of aid from India. Bhutan for years have received the biggest chunk of Indian aid with Rs. 5,368.46 crores in 2015-16, primarily aimed at developing hydro-electric power. Also India is 2nd largest donor in Afghanistan.
- Ethnic Issues: In Sri Lanka, India is undertaking the construction of houses for rehabilitation of Tamil population displaced by nearly three decades long war.
- Soft Power: India offer aid to extend the reach of its soft power.
- Another major reason is to counter the influence of China in India's neighborhood.
- South Asia is disaster prone and many countries in the regions can't carry out relief work on its own.

6. Microfinance Institutions

6.1. What are Microfinance Institutions?

Microfinance, also called microcredit, is a type of banking service that is provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services.

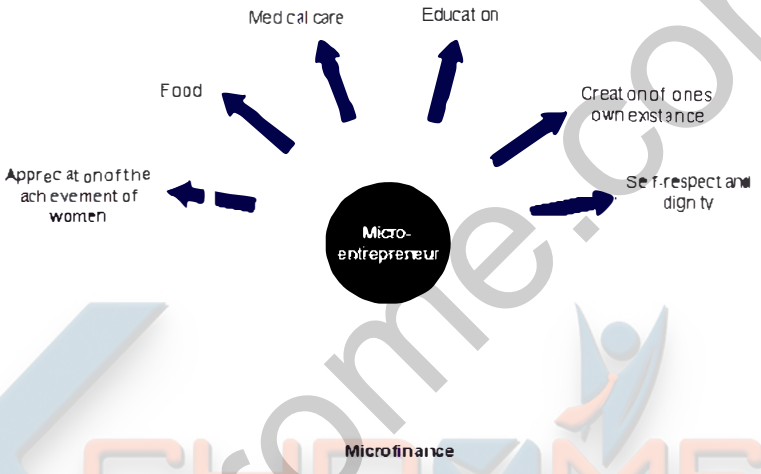
- Microfinance institutions (MFIs) are financial institutions working towards the upliftment of the needy and underprivileged section of the society by providing short-term loans to set up their own venture. They take a minimum or very calculated risk and fund the interested borrowers to help them get trained, setup and run a small-scale business.
- MFIs operate in a number of forms and shapes in India:
  - Joint Liability Groups
  - Self Help Groups
  - The Grameen Bank Model
  - Rural Cooperatives.



- The The lending system of the MFIs is completely different from that of the traditional banking sector. In Microfinancing sector, an official gets appointed by the concerned financial institution who can get in touch with the group to discuss the loan application and disbursal procedure.
- He/she understands the skills and requirements of the applicant first and then on the basis of that he/she finalizes the amount.
- The appointed officer not only understands the business that the borrower is currently conducting or interested to start in future, but he or she also analyses the risk factor associated with it.

6.2. Role of Microfinance Institutions in Development

- **Women Empowerment:** Microfinance institutions are playing a major role in empowering the women force in India. By offering financial services to the poor unprivileged women of the country, the institutions have opened a door for their economic growth. Uneducated, poor and unemployed women usually don't get access to loans from typical lending organizations and this is where the MFIs have come to their help.



- **Rural Development:** More than subsidies, poor need access to credit. Absence of formal employment make them non 'bankable'. This forces them to borrow from local moneylenders at exorbitant interest rates. MFIs enhance credit to poor even in the absence of formal mortgage.
- **Financing the unfinanced:** The microfinance sector consistently focuses on understanding the needs of the poor and on devising better ways of delivering services in line with their requirements, developing the most efficient and effective mechanisms to deliver finance to the poor.
- The World Bank estimates that more than 500 million people have directly or indirectly benefited from microfinance-related operations.
- The benefits of microfinance extend beyond the direct effects of giving people a source for capital. Entrepreneurs who create successful businesses, in turn create jobs, trade, and overall economic improvement within a community.
- Empowering women in particular may lead to more stability and prosperity for families and subsequently in the society.

6.3. Issues Related to Microfinance Institutions

- Higher rates of Interest: MFIs' charge a very high rate of interest (12-30%) as compared to commercial banks (8-12%). Recently, the RBI (India's regulatory bank) announced the removal of upper limit of 26% interest on MFI loans. This has worsened the situation for customers and led to farmer's suicide in states like Andhra and Maharashtra.
- **Over-dependence on banking sector:** Around 80% of their funds come from banks. Most of these are private banks charge a high rate of interest and also the term of loans is of

shorter period. It makes them incompetent and less reactive to cases of default and delinquencies.

- **Lack of awareness of financial services:** Financial literacy is very low in India. About 76% of the population do not understand basic financial concepts. MFIs struggle to make their business more financially viable due to this lack of awareness
- **Regulatory Issues: RBI** is the regulator for MFIs. But needs and the anatomy of micro finance industry is supremely different from that of banks. Regulatory issues have led to sub-optimal performance and failure in the development of new financial products and services
- **Appropriate Model:** Most of the MFIs follow SHG or JLB model. Most of the time selection of model is not scientific in nature. It affects the sustainability of the organisation in the long-run and also increases the risk of borrowings for the poorer section beyond they can bear.

6.4. Suggestions to Improve the Working of Microfinance Institutions

- There is need for field supervision of MFIs to check ground realities and the operational efficiency of such institutions.
- Also incentives should be offered to MFIs for opening branches in unbanked villages, so as to increase rural penetration.
- Also MFIs be encouraged to offer complete range of products to their clients. Transparent pricing and technology implementation to maintain uniformity and efficiency are among the others which these institutions should adopt.
- Inability of MFIs in getting sufficient funds is a major hindrance in the microfinance growth and so these institutions should look for alternative sources of funds.
- Some of the alternative fund sources include outside equity investment, portfolio buyouts and securitization of loans which only a few large MFIs are currently availing.
- Information and technology can induce massive impact on the state of credit market accessibility which remains the most significant issue when it comes to availability of formal loans at market price.
- Indian microfinance industry came a long way from 1975 with the development of RRB (Regional and Rural Banks). Smooth functioning of Indian microfinance industry can be enabled through setting up of a separate regulatory authority to discourage malpractice and political influence.
- Strengthening the credit check and debt collection processes and educating the villagers about products and consequences is important.

7. Societies, Trusts, Donors, Charities and other Stakeholders

The law concerning Societies, Trusts, Waqfs and other endowments in India can be placed in three broad groupings:

- **Societies** registered under the Societies Registration Act, 1860 and various States amendments on it after 1947;
- Those engaged in **pure religious and charitable work** registered under the Religious Endowments Act, 1863; the Charitable and Religious Trusts Act, 1920; the Waqf Act, 1995 and similar other State Acts;
- **Trusts and charitable institutions** registered under the Indian Trusts Act, 1882; Charitable Endowments Act, 1890; the Bombay Public Trusts Act, 1950; and similar other State Acts.

7.1. Societies

A Society is basically an association formed by seven or more persons with some common objectives for promotion of literature, fine arts, science etc. There may or may not be some common asset to start with but, in course of time, the Society can acquire assets. They are registered under Societies registration Act, 1860.

Many of State legislations (through post-Independence amendments) went for widespread governmental controls to deal with abuses, malfeasance and nonfeasance of Societies. The legal measures include:

- State's power of enquiry and investigation;
- cancellation of registration and consequent dissolution of Societies;
- supersession of the Governing Body;
- Appointment of administrator;
- Dissolution; and
- Deletion of defunct organisations.

7.2. Trusts, Religious Endowments and Waqfs

Trusts, Endowments and Waqfs are legally created as modes of property arrangement/ settlement dedicated for definite charitable and religious purposes. The details with regard to their incorporation, organisational structure and distribution of functions and powers are governed by the provisions of the specific law under which they are registered.

Broadly, such organisations can assume a legal personality in the following five ways:

- By way of formal registration before the Charity Commissioner / Inspector General of Registration under the respective State Public Trusts Act e.g. the Bombay Public Trusts Act, 1950, the Gujarat Public Trusts Act etc.;
- By invoking interference of civil courts to lay down schemes for governing a Trust under Sections 92 and 93 of the Civil Procedure Code;
- By registering the Trust deed of a Public Charitable Trust under the Registration Act, 1908;
- By notifying an organisation in the list of Charitable Trusts and Religious Endowments which are supervised by the Endowments Commissioner of the State or by a Managing Committee formed under the Charitable Endowments Act, 1890 or under other State laws on Hindu Religious and Charitable Endowments; and
- By creating a Waqf which could be managed under the provisions of the Waqf Act, 1995.

7.2.1. Trusts

Trust is a special form of organisation which emerges out of a will. The will maker exclusively transfers the ownership of a property to be used for a particular purpose. If the purpose is to benefit particular individuals, it becomes a Private Trust and if it concerns some purpose of the common public or the community at large, it is called a Public Trust.

Difference between Trust and Society

- The subjects on which an institution can be registered under the Societies Registration Act, 1860 are practically the same as those on which a Trust could also be formed.
- The Society, prima facie, is a 28 democratic entity, as all its members (at least seven in number) have an equal say in its running whereas in a Trust, control over the property remains fully in the hands of the Trustees and depending on the clarity of the will, such a management continues to be in existence for a long time.
- Government intervenes only when Trustees change or the Trust becomes too old to be managed as per stipulations of the original will, or on grounds of malfeasance or abuse of trust.

7.2.2. Religious Endowments

- Religious Endowments and Waqfs are variants of Trusts which are formed for specific religious purposes e.g. for providing support functions relating to the deity, charity and religion amongst Hindus and Muslims respectively.
- Unlike Public Trusts, they may not necessarily originate from formal registration, nor do they specifically emphasise on a triangular relationship among the donor, Trustee and the beneficiary.
- Religious endowments arise from dedication of property for religious purposes. The corresponding action among the Muslim community leads to the creation of Waqfs. Waqfs tie up the property and devote the usufruct to people.
- The Indian Constitution recognizes freedom to manage religious affairs as one of the fundamental rights of its citizen. According to Article 26 - "Subject to public order, morality and health, every religious denomination or any section thereof shall have the right:
  - to establish and maintain institutions for religious and charitable purposes;
  - to manage its own affairs in matters of religion;
  - to own and acquire movable and immovable property; and
  - to administer such property in accordance with law.
- Though, the above provision gives freedom to create Trusts / charitable institutions for religious purposes, it puts some rider on administration of such property "in accordance with law" – Article 26(d).

7.2.3. Waqfs in India

- Under Muslim rule in India, the concept of Waqf was more widely comprehended as aligned with the spirit of charity endorsed by the Quran. Waqf implies the endowment of property, moveable or immovable, tangible or intangible to God by a Muslim, under the premise that the transfer will benefit the needy. As it implies a surrender of properties to God, a Waqf deed is irrevocable and perpetual
- Currently, 300000 Waqfs in India are being administered under various provisions of the Waqf Act, 1995. This Act is applicable throughout the country except for Jammu and Kashmir and Dargah Khwaja Saheb, Ajmer.
- The management structure under the Act consists of a Waqf Board as an apex body in each State. Every Waqf Board is a quasi-judicial body empowered to rule over Waqf-related disputes. At the national level, there is Central Waqf Council which acts in an advisory capacity.
- The Waqf Act was amended in 2013. The amended Waqf Act, has made provisions for strengthening the Waqf Institution and streamline their functioning. Some of the important provisions incorporated in the Act are-
  - The definition of Waqf has been modified to allow non-Muslims also to create Waqf
  - If the tenancy, lease or license has expired or been terminated, this would be considered as encroachment
  - The Central Waqf Council has been empowered to issue directive to the State Waqf Boards on their financial performance, survey, maintenance of Waqf deeds, revenue records, and encroachment of Waqf properties seeking annual report and audit report
  - Any dispute arising out of a directive issued by the Central Waqf Council to be referred to a Board of Adjudication to be constituted by the Central Government, to be presided over by a retired judge of the Supreme Court or a retired Chief Justice of a High Court
  - The Establishment of State Waqf Boards within 6 months from the date of commencement of this Act
  - 'Sale', 'Gift', 'Mortgage', 'Exchange' and 'Transfer' of Waqf properties have been prohibited to curb alienation of Waqf properties

- 'Lease' of Waqf properties is being allowed. However, 'Lease' of Mosque, Dargah, Khanquah, Graveyard and Imambara has been prohibited
- The lease period has been enhanced uniformly upto 30 years for commercial activities, education or health purposes with the approval by the State Govt. because of the long gestation periods of such projects and the long periods of return on capital employed. The maximum period of lease of agricultural land is fixed for 3 years. Further, lease beyond 3 years is to be intimated to the State Government and it would become effective only after 45 days.

7.3. Trade Unions

- In terms of Section 2 of the Trade Unions Act, 1926, a "Trade Union means a combination, whether temporary or permanent, formed primarily for the purpose of regulating relations between workmen and employers or between workmen and workmen or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more Trade Unions."
- The objective of the Trade Unions Act is to provide a legal existence and protection to the Trade Unions as defined above.
- Importantly, it is also provided that no member of the Council of Ministers or a person holding an office of profit (not being an engagement or employment in an establishment or industry with which the Trade Union is connected), in the Union or a State, shall be a member of the executive or other office bearer of a registered Trade Union.

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Public Policy

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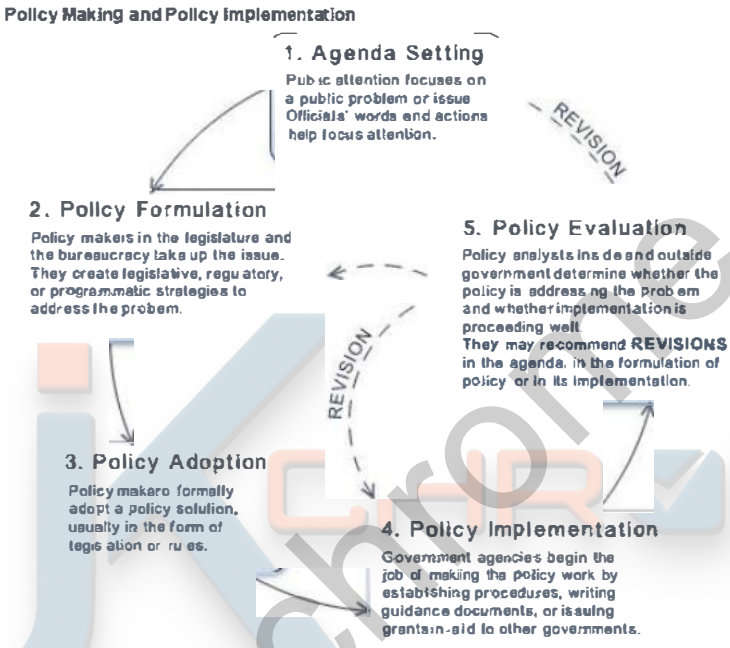
1. Public Policy

1.1. What is Public Policy?

Public Policy is a proposed course of action of a government within a given environment providing opportunities and obstacles which the policy aims to utilize and overcome to realize a given role.

The above definition clearly states that public policies are governmental decisions and resultant actions in pursuance of certain goals and objective. It requires a thoroughly close knit relation and interaction between the important governmental agencies - the political executive, legislature, bureaucracy and judiciary.



1.2. Nature of Public Policies

- **Goal Oriented:** They are goal oriented. Public policies are formulated and implemented in order to attain the objectives which the government has in view for the ultimate benefit of the masses in general.
- **Collective actions:** It is the result of government's collective actions. It is course of activity or' the governmental officials and actors in a collective sense than being termed as their discrete and segregated decisions.
- **Decision:** Public policy is what the government actually decides or chooses to do. It can take a variety of forms like law, ordinances, court decisions, executive orders and decisions.
- **Positive/Negative:** Public policy is positive in the sense that it depicts the concern of the government and involves its action to a particular problem on which the policy is made. It has the sanction of law and authority behind it. Negatively, it involves decisions by the governmental officials regarding not taking any action on a particular issue.

1.3. Characteristics of Public Policy Formulation

- **Complex:** Policy making involves many components which are interconnected by communication and feedback loops.
- **Dynamic:** It is a continuous process that requires regular input of resources and motivation. It also changes with time.

- **Comprises of various components:** Public policy formulation involves a great variety of substructures. The identity of these substructures and the degree of their involvement in policy making, vary because of different issues, circumstances and societal values.
- **Lays down guidelines:** Public policy, in most cases, lays down general directive on the main lines of action to be followed.
- **Results in action:** The public policy creates apparatus and environment for action.
- **Best use of possible means:** Public policy making aims at achieving the maximum net benefit. Benefits and costs take in part the form of realized values and impaired values.
- **Futuristic:** Policy making is directed at the future. This is one of its most important characteristics since it introduces the ever-present elements of uncertainty and doubtful prediction.
- **Public Interest:** A larger public interest guides the policy making strategy.
- **Wide consultation:** Industrial workers, voters, intellectuals, legislators, bureaucrats, political parties, political executives, judiciary are the various organs that participate in public policy making and can influence the policy process to a great extent.

1.4. Types of Public Policy

- **Substantive:** These are policies related to general welfare and development of the society, the programmes like provision of education and employment opportunities, economic stabilization, law and order enforcement, anti-pollution legislation.
- **Regulatory:** These are concerned with concerned with regulation of trade, business, safety measures, public utilities. Organizations like LIC, RBI make these regulations on behalf of the government.
- **Distributive:** These are meant for specific segments of society and are related to area of grant of goods, public welfare or health services. Examples include adult education programme, food relief, social insurance, vaccination camp etc.
- **Redistributive:** The Redistributive policies are concerned with the rearrangement of policies which are concerned with bringing about basic social and economic changes. Certain good and services that are divided disproportionally are streamlined.
- **Capitalization:** Under this policy, financial subsidies are given to state and local governments by Union governments.

2. Public Policy in India

2.1. Public Policy in India after Independence

Soon after the independence, India opted for planned economic development. It was believed that it is economic development that will usher social and political development culminating into human development.

In a planned economy, state is perceived as active agent to promote and shape societies in various activities with the help of public policy. This expanded the scope of public policy from mere regulation to development. This lead to involvement of more governmental agencies and institutions to formulate and implement policies.

In India, this role was primarily taken up by Planning Commission to formulate policies and develop perspectives that could define the direction which country would follow. For all policy directions, the Five Year Plans (FYP) became the major source.

The policy was of two types – for regulation and promotion. While it regulated the scope for entrepreneurs and industrialists, the policies also promoted social change through acts like Dowry Act and Divorce Act.

The first major goal of public policy in India has been in the area of socio-economic development. Major policy formulation was done in the area of industrial and agricultural development.

In addition to socio-economic challenges, India also faced internal and external security threats. Regionalism, for example, have risen to fissiparous tendencies. This lead to formulation of defense policies to maintain national integration and create greater national cohesiveness.

However, formulating an all-encompassing policy in India has been a difficult process. By very nature, policies have been contradictory. What may be rational for economic development may not be so for national integration. Thus, the need for strong centre to cope with external threats is important but it may go against the principle of decentralization which provides for greater national cohesion of a heterogeneous society.

The Five Year Plans (FYPs) focused on key elements for development in India. For instance, while 1st FYP focused primarily on agriculture, second one aimed for massive industrialization of the country. In subsequent plans, focus areas included – industrial growth, agricultural productivity, defense expenditure, exports, public development expenditures, poverty, rural development, infrastructure, market reforms and social infrastructure among other things.

Achievements of planned development

- **Higher rate of growth:** In the pre-plan era, India was stuck in Low equilibrium trap. Later the growth rate improved, but still lagged behind the global average and was derided as 'Hindu growth rate'. Post LPG reforms, the growth rate improved massively. In the period between 2002 - 2014, it also witnessed many years of double digit growth.
- **Increase in national income and per capita income:** Today India is 3rd largest economy in PPP terms. Also the per capita income has seen massive jump over the decades.
- **Development of Economic Infrastructure:** Five-year plans laid the foundation for development of economic infrastructure which include transportation, power generation, communication etc.
- **Social Infrastructure:** Average life expectancy for both male and female has improved substantially. Infant Mortality Rate and Maternal Mortality rate has dropped significantly. India has been successful in eliminating debilitating disease like Polio and small pox.
- **Self-sustainability in agriculture:** India faced severe food scarcity in 1960s. It has to depend upon foreign food aid. This forced government to usher in Green revolution and Operation Flood. Currently, India produces surplus food grains.
- **Savings and Interest:** The saving rates were paltry 8-9% of GDP in 1950-51. Currently it is more 30% of GDP.
- In addition to this, India became a self- sufficient economy, hot destination for foreign investment, and witnessed development of basic and capital goods industries.

Failures of planned development

- **Economic Inequality and Social Injustice:** Even after 7 decades of independence, more than 22% of population lives below poverty line. The figure is dismal even after the benchmark for poverty is kept very low. While India also has 3rd largest population of billionaire. The inequality has never been so stark.
- **Unemployment:** India has witnessed the phenomena of 'Jobless growth'. Even after years of being tagged as fastest growing economy, the rate of job creation is merely 2%.

- **Slow growth in production sector:** Priority should have been given to the development of agriculture in all the plans, but it was not done. Capital intensive industries in urban areas were given precedence over small scale industries in the rural areas.
- **Inefficient administration:** According to an UN report, one of the short comings of plan years has been the laggard implementation. Plans were formulated after good deal of discussion and deliberation but their targets are not achieved due to inefficient administration, dishonesty, vested interest and red tapism.
- **No mechanism of feedback, monitoring and evaluation:** All the plans were formulated by a single body (Planning Commission) without much field studies to analyze effectiveness of preceding plans. Also there was certain high-handedness in policy formulation with little consultations with stakeholders like state governments.
- **Standard of Living:** The per capita income has not increased, while inflation has paralyzed the life of middle and lower class. Urban space has witnessed proliferation of slums with issues of sanitation, crime against women and child.

2.2. Weaknesses in India's Public Policy Making

- **Fragmentation in Thinking and action:** There is extreme fragmentation in the structure. For example, the transport sector is dealt with by five departments/Ministries in the government of India whereas in the US and UK it is a part of one department. Such fragmentation fails to recognize that actions taken in one sector have serious implications on another and may work at cross purposes with the policies of the other sector.
- **Overlap between policy making and implementation**: This creates a tendency to focus on operational convenience rather than on public needs. In India, policy making is done at director and above level.

  But the most important level i.e. crucial for consideration of cross-cutting impacts is that of the Secretaries. Also officers are more comfortable with implementation matters than with policy making. This results in sub-optimal policies, where adequate attention has not been paid to citizen needs.

Sense and Solidarity – Jholawala Economics for everyone

Jean Dreze, in his new book *'Sense and Solidarity – Jholawala Economics for everyone'* terms unintended consequences as one issue. He cities frequent tweaks in MGNREGS as a glaring example. He says in its bid to prevent officials from siphoning off wages, the government started processing payments through banks and post offices. This had the unintended effect of demotivating many local officials from doing any MGNREGS-related work

- **Over-centralization:** In India, there is excessive concentration of implementation powers at the higher levels of the Ministries.
- **Lack of non-governmental inputs and informed debates:** The best expertise in many sectors lies outside the Government. Yet the policy processes and structures of Government have no systematic means for obtaining outside inputs.
- **Lack of systematic analysis and integration prior to policy making:** Policy decisions are often made without adequate analysis of costs, benefits, trade-offs and consequences. There is a school of thought which suggests that the excessive involvement of poorly informed generalists is the main cause of poor policy-making and implementation.
- **Lack of evidence based research:** Most of the times, policy formulation is carried out by few senior bureaucrats and politicians who are not aware of prevailing ground realities. There is no prior field study or survey is done to take macro as well as micro view of ground realities.
- **Politically motivated policies:** At times, electoral considerations dominate the aims and objectives of a policy. Frequent loan waiver by different states in India is one such example.

Loan waiver is poor economic policy. It creates moral hazard for the farmers and puts banking sector under stress.

- **Lack of imagination:** Public policy-making in India has frequently been characterized by a failure to anticipate needs, impacts, or reactions which could have reasonably been foreseen, thus impeding economic development. Policies have been reversed or changed more frequently than warranted by exogenous changes or new information.

2.3. Strengthening Public Policy in India

- **Reduction in fragmentation:** This can be achieved by appointing fewer Secretaries. Each of them would handle more than one of the existing sectors. This will result in more coordination and integration in policy making as well as implementation.
- **Separating policy-making from implementation and decentralizing implementation authority:** The implementation responsibilities should be entrusted to Boards and Agencies, headed by a Director-General, in the rank of Joint Secretary or Additional Secretary. While her/his primary responsibility would be implementation, she/he would also provide essential inputs for policy making. Thus, she/he will act as bridge between policy and implementation. While Secretary should concern herself/himself only to policy-making and have no implementation responsibilities.
- **Improving integration and the flow of knowledge from outside the government:** There is need to create structures which ensure the availability to policy-makers of non-Governmental inputs and subject matter expertise. To this end, each Ministry or Department should have a "Policy Advisory Group". This would consist of:
  - Selected top civil servants, covering related sectors.
  - Stakeholder/ Industry representatives
  - Academics with expertise in the field

These Policy Advisory Groups should cut across departmental viewpoints, and offer integrated policy suggestions. Consultation of the Policy Advisory Group and a consideration of the Group's views would be mandatory on all policy matters, before a proposal is placed before the Cabinet.

2.4. Role of Civil Society in Policy Formulation and Implementation

- Post-Independence till 1980s, the state had taken upon itself to formulate, implement and evaluate social sector policies.
- However, after of globalization and liberalization, two processes unfolded. One, the role of the State began to change and get more complex, and two, there began far greater scrutiny of public policy from the ground.
- Attention shifted to questions of appropriate policies and structures, processes for policy formulation, improving the competence of policymakers and evaluating policy outcomes.
- This made state look for collaborations outside state. They opened up 'policymaking to non-State actors, for it entailed re-conceptualization of governance—from a centralized, hierarchical and top-down traditional model of government, to a more collaborative, horizontal structure, and a non-hierarchical setting, that had to be now based on networking, negotiation and lobbying.
- This was based on a model of partnerships or networked governance wherein the relationship between government and non-government, comprising market and civil society, became the core thrust in the making of policies and delivery of public goods.
- To facilitate government-business policy networking, a plethora of new institutional arrangements has emerged over the past decade. Like Council on Trade and Industry within the Prime Minister's Office and the Board of Trade in the Ministry of Commerce.

- Notably, in most of these councils and boards, there is no representation of trade unions, Labour federations or civil society organizations. By and large, in these emerging policy networks formal mechanisms or spaces for involvement of civil society have been few and far between.
- This is hardly surprising, given the critique of the neo-liberal framework from sections of civil society, and the unease that has been the hallmark of State- civil society relations in India where the State has towered and civil society remained at the margins.
- However, a few institutions, such as the National Advisory Council (NAC), have surfaced, which facilitate government-civil society networking. The NAC has played a critical role in bringing in legislations such as Right to Information, Mahatma Gandhi Rural Employment Guarantee Act (MNREGA), among others.
- Increasingly, there is a visible change in the government's approach to formally involve civil society actors in policy networks. This trend is evident in all the flagship programmes of the government, be it the MNREGA, or as reflected in the National Voluntary Sector Policy 2011, which outlines an ambitious plan of the government to engage developmental civil society at multiple levels, from policy formulation to implementation and monitoring.
- In addition to this, implementation of the 73rd Amendment Act and the arrival of Panchayati Raj Institutions too drove the State to actively seek partnership with civil society actors.

2.5. Policy Monitoring and Evaluation

- A surge in public expenditure driven by economic growth has resulted in a growing demand for monitoring and evaluation (M&E) and performance management from government, program implementers, international donor organizations, and civil society at large.
- In the light of these imperatives, the Indian government has taken initiatives to improve the monitoring and evaluation environment. Few of them include
  - Performance Management and Evaluation System created by Cabinet Secretariat
  - National Productivity Council under Department of Industrial Policy & Promotion, Ministry of Commerce and Industry
  - Ministry of Finance has instituted outcome budgeting.
  - Management Information System (MIS)
  - Programme Evaluation Organization (under erstwhile Planning Commission)
  - Niti Aayog
- In addition to these institutions, civil society and media has also played crucial role in evaluating governmental policies.
- In addition to the media and civil society, two more institutions, which are part of India's constitutional governance system, are playing a key role in demand for accountability. One is the Comptroller and Auditor General (CAG) and the other is the Supreme Court.
- The CAG has been in the limelight for its reports exposing big corruption scandals – relating to the 2G spectrum allocation to companies, the Commonwealth Games scams, and the coal-mining allocations to private companies
- Similarly, the Supreme Court of India has been accepting many Public Interest Litigation petitions from civil society and monitoring executive actions.

3. Major Governmental Interventions for Development in Various Sectors

(This section covers the sectors of Rural Development, Urban Development, Skill Development and Social security. The other sectors are covered in the value addition material of Social Justice topics)

3.1. Rural Development

Rural development involves both economic development as well as social transformation. The Ministry of Rural Development is implementing several programs through the State Governments to promote better prospects for economic development, aimed at poverty reduction, rural infrastructure habitant development, provision of basic minimum services and providing employment to marginal farmers/laborers to discourage seasonal and permanent migration to urban areas.

3.1.1. Mahatma Gandhi National Rural Employment Guarantee Act

- The MGNREGA provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage.
- The Ministry of Rural Development (MRD), Government of India is monitoring the entire implementation of this scheme in association with state governments

Goals

- The Strong social safety net for the vulnerable groups by providing a fall-back employment source, when other employment alternatives are scarce or inadequate
- Growth engine for sustainable development of an agricultural economy. Through the process of providing employment on works that address causes of chronic poverty such as drought, deforestation and soil erosion, the Act seeks to strengthen the natural resource base of rural livelihood and create durable assets in rural areas.
- Effectively implemented, MGNREGA has the potential to transform the geography of poverty
- Empowerment of rural poor through the processes of a rights-based Law
- New ways of doing business, as a model of governance reform anchored on the principles of transparency and grass root democracy Thus, MGNREGA fosters conditions for inclusive growth ranging from basic wage security and recharging rural economy to a transformative empowerment process of democracy

3.1.2. National Rurban Mission (NRuM)

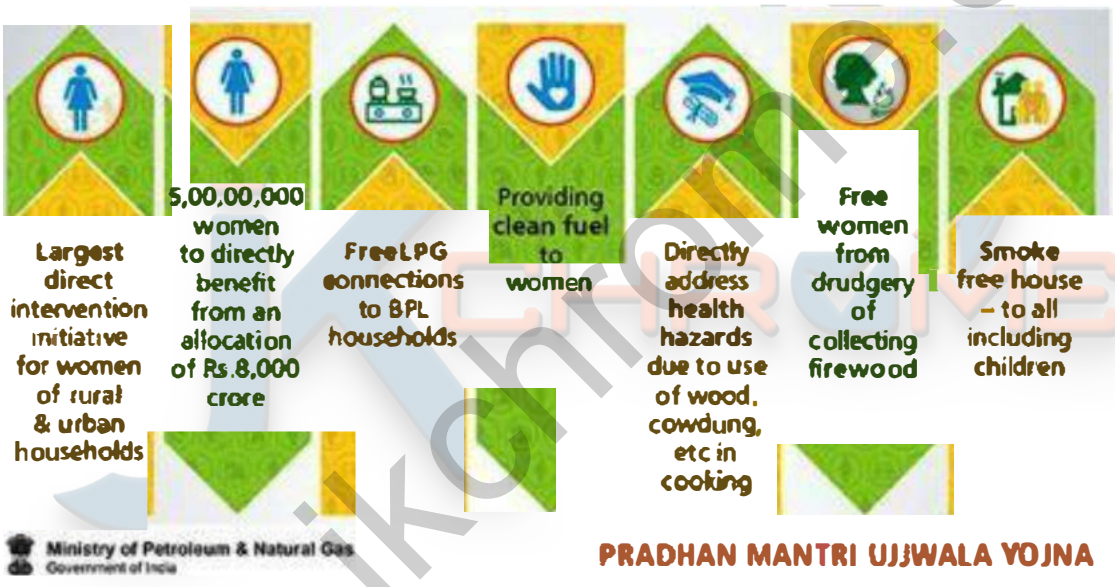
- The Mission aims at development of rural growth clusters which have latent potential for growth in all states. It would trigger overall development in the region.
- These clusters would be developed by provisioning of economic activities, developing skills & local entrepreneurship and providing infrastructure amenities. The Rurban Mission will thus develop a cluster of **Smart Villages**.
- The State Governments would identify the clusters in accordance with the Framework for Implementation prepared by the Ministry of Rural Development. The clusters will be geographically contiguous Gram Panchayats with a population of about 25000 to 50000 in plain and coastal areas and a population of 5000 to 15000 in desert, hilly or tribal areas.
- For the selection of clusters, the Ministry is adopting a scientific process of cluster selection which involves an objective analysis at the District, Sub District and Village level, of the demography, economy, tourism and pilgrimage significance and transportation corridor impact.
- The scheme through development of rurban growth clusters aimed at catalyzing overall regional growth, would thus simultaneously benefit the rural as well as urban areas of the country, by achieving twin objectives of strengthening rural areas and de burdening the urban areas hence leading to balanced regional development and growth of the country.

3.1.3. Pradhan Mantri Gramodaya Yojana (PMGY)

- The he Pradhan Mantri Gramodaya Yojana (Gramin Awaas) is based on the pattern of the Indira Awaas Yojana and will be implemented in the rural areas throughout the country.
- The target group for houses under the scheme will be the people who are living Below the Poverty Line in the rural areas, belonging to Scheduled Caste/Scheduled Tribes, freed bonded laborers and non SC/ST categories
- The allotment of dwelling units will be in the name of female member of the beneficiary household; alternatively, the dwelling unit can be allotted in the name of both husband and wife.

3.1.4. Pradhan Mantri Ujjwala Yojana

- The scheme aimed at providing 5 crores LPG connections to BPL families. The goal had to achieved within 3 years.
- The goal was achieved before the deadline. Before PMUY was launched, 62% Indian households had LPG connections, now LPG coverage has extended to 85% households. Also, 60 lakh PMUY beneficiaries have switched to LPG as primary cooking fuel.



- Pradhan Mantri LPG Panchayat: After the success of PMUY, government launched Pradhan Mantri LPG Panchayat which is an interactive communication platform for rural LPG users on various subjects like safe usage of LPG, its benefit to environment, women empowerment and women health, and also to use the forum to motivate the consumers to use LPG regularly as a clean cooking fuel.

3.1.5. Deen Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

- This scheme focuses on feeder separation (rural households & agricultural) and strengthening of sub-transmission & distribution infrastructure including metering at all levels in rural areas. This will help in providing round the clock power to rural households and adequate power to agricultural consumers.
- The earlier scheme for rural electrification viz. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has been subsumed in the new scheme as its rural electrification component.
- Out of the 18,452 villages chosen for electrification, the government claimed that 15,183 villages had been connected to the grid by December 2017.

3.1.6. National Rural Livelihoods Mission

- Deendayal Antodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) is a flagship programme of the Ministry of Rural Development (MoRD) that seeks to alleviate rural poverty through building sustainable community institutions of the poor. The centrally sponsored programme is implemented in partnership with the State governments.
- The financial year 2017-18 has seen more than 82 lakh households mobilized into 6.96 lakh Self Help Group (SHGs) across the country. Cumulatively, more than 4.75 crore women have been mobilized into more than 40 lakh SHGs.
- The scheme has proved to be a significant step towards financial inclusion of women in remote areas.

3.1.7. Mission Antodaya

- The mission seeks to converge government interventions with Gram Panchayats as the basic unit for planning by following a saturation approach by pooling resources - human and financial - to ensure sustainable livelihoods.
- It is a State - led initiative for rural transformation to make a real difference based on measurable outcomes to the lives of 1,00,00,000 households in 5,000 rural clusters or 50,000 Gram Panchayats in 1,000 days.
- Public institutions like Krishi Vigyan Kendras, MSME Clusters, other Skill Development Institutions are involved in developing the fullest potential of these clusters for enhancing productive employment and economic activities.
- The potential of these clusters, inter alia, could be in organic agriculture, horticulture, manufacturing, services, tourism, etc.
- Even the private sector, especially young CEOs, Start Ups and Corporate Social Responsibility Initiatives are being invited to join the movement for making Panchayats Poverty free through enhanced livelihood diversification and market linkages.

3.1.8. Pradhan Mantri Gram Sadak Yojna

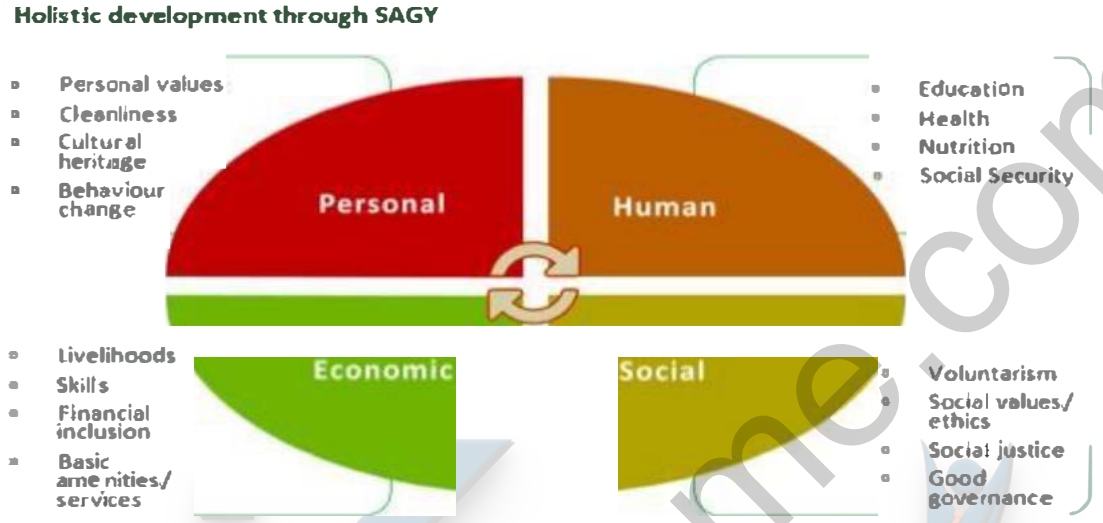
- The Rural Road Connectivity is not only a key component of Rural Development by promoting access to economic and social services and thereby generating increased agricultural incomes and productive employment opportunities in India, it is also as a result, a key ingredient in ensuring sustainable poverty reduction.
- The Government have launched the Pradhan Mantri Gram Sadak Yojana on 25th December, 2000 to provide all-weather access to unconnected habitations. The Pradhan Mantri Gram Sadak Yojana (PMGSY) is a 100% Centrally Sponsored Scheme. 50% of the Cess on High Speed Diesel (HSD) is earmarked for this Programme.
- The Government has brought forward the target date by three years from 2022 to 2019 to achieve complete rural connectivity through all-weather roads under Pradhan Mantri Gram Sadak Yojana, PMGSY. This accelerated implementation will be achieved by providing enhanced financial allocation and through a modified funding pattern in the Scheme.
- The PMGSY shall cover only the rural areas. Urban roads are excluded from the purview of this Programme. Even in the rural areas, PMGSY covers only the Rural Roads i.e., Roads that were formerly classified as 'Other District Roads' (ODR) and 'Village Roads' (VR).

3.1.9. Sansad Adarsh Gram Yojna

- Sansad Adarsh Gram Yojana (SAGY) is a village development project launched by Government of India in October 2014, under which each Member of Parliament will take the responsibility of developing physical and institutional infrastructure in three villages by 2019.

- The goal is to develop three Adarsh Grams by March 2019, of which one would be achieved by 2016. Thereafter, five such Adarsh Grams (one per year) will be selected and developed by 2024.
- Far beyond mere infrastructure development, SAGY aims at instilling certain values in the villages and their people so that they get transformed into models for others

Activities in an Adarsh Gram



3.1.10. Pradhan Mantri Awaas Yojna

- In pursuance to the goal - Housing for all by 2022, the rural housing scheme Indira Awas Yojana has been revamped to Pradhan Mantri Awaas Yojana – Gramin and approved during March 2016.
- Under the scheme, financial assistance is provided for construction of pucca house to all houseless and households living in dilapidated houses. It is proposed that one crore households would be provided assistance for construction of pucca house under the project during the period from 2016-17 to 2018-19.
- The scheme would be implemented in rural areas throughout India except Delhi and Chandigarh. The cost of houses would be shared between Centre and States.
- Identification of beneficiaries eligible for assistance and their prioritization to be done using information from Socio Economic and Caste Census (SECC) ensuring total transparency and objectivity. The list will be presented to Gram Sabha to identify beneficiaries who have been assisted before or who have become ineligible due to other reasons.
- The Under PMAY, the cost of unit assistance is to be shared between Central and State Governments in the ratio 60:40 in plain areas and 90:10 for North Eastern and hilly states.

3.1.11. Gram Swaraj Abhiyan

- The campaign, undertaken under the name of "Sabka Sath, Sabka Gaon, Sabka Vikas", is to promote social harmony, spread awareness about pro-poor initiatives of government, reach out to poor households to enroll them as also to obtain their feedback on various welfare programmes.
- As a special endeavour during the Gram Swaraj Abhiyan, saturation of eligible households/persons would be made under seven flagship pro-poor programmes in 21,058 identified villages, namely - *Pradhan Mantri Ujjwala Yojana, Saubhagya, Ujala scheme, Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Mission Indradhanush.*

3.2. Urban Development

India has the second largest urban population in the world and by 2050, around 50% of India's population i.e. 814 million is expected to live in urban areas. Given this scenario, the present infrastructure and amenities in cities and towns are not adequate to address the expanding urbanization process.

Several initiatives were launched by the government to promote urban infrastructure in the country. Major initiative is the twin effort of Smart Cities Mission and the AMRUT scheme.

3.2.1. The Smart Cities Mission

- The Smart Cities Mission is a major urban renewal program launched by the Government to develop and upgrade living conditions and infrastructure in selected 100 cities all over the country.
- Objective of the programme is to modernize cities by providing core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'Smart' Solutions.
- The programme was officially launched on 25th of June 2016 and in the first phase, 20 cities will get funding for converting them into smart cities. In the next two years, the remaining cities will also participate in the project. Ministry of Urban Development is the anchoring agency for the implementation of the project.
- The main focus of the project is the *area based development* of cities by transforming existing areas through retrofitting and redevelopment.
- Another component of the smart cities project is the development of new areas or greenfield areas. Similarly, adoption of Smart Solutions with the use technology, information and data are expected to improve infrastructure and services under the project.

Financing of smart cities mission

- Financing of the mission will be collaboratively done by the Centre, state and local bodies. Fund from the private sector will be invited and Public Private Partnerships will support the project financially.
- The most vital contribution will be provided by the centre as it will provide Rs. 48,000 crores over five years i.e. on an average Rs. 100 crore per city per year. Matching the center's contribution, an equal amount will be made by the State/ULBs. Altogether nearly one lakh crore rupees from government sources will be available for Smart Cities Project. For the implementation of the project each city should form a dedicated Special Purpose Vehicle (SPV).

3.2.2. Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Project

- Atal Mission for Rejuvenation and Urban Transformation (AMRUT) along with smart cities were jointly planned and launched by the government to transform urban living conditions through infrastructure upgradation.
- AMRUT is aimed at transforming 500 cities and towns into efficient urban living spaces over a period of five years. Ministry of Urban Development has selected the five hundred cities with the help of state governments.
- A project oriented development approach is adopted under the scheme in contrast to the area based approach of Smart Cities Mission.
- The Cabinet approved Rs 50,000 crore for this mission which is to be spent over a period five years. This is a centrally sponsored scheme with 80% budgetary support from the Centre.
- Mission of AMRUT is to (i) ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorized transport (e.g. walking and cycling).

SDG and Urban Development

Goal IX: To make cities inclusive, safe and resilient

- By 2030, ensure access for all to ***adequate, safe and affordable housing and basic services and upgrade slums***
- By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding ***public transport***, with special attention to the needs of those in vulnerable situations: women, children, persons with disabilities and older persons
- By 2030, enhance inclusive and sustainable urbanisation and ***capacity for participatory, integrated and sustainable human settlement*** planning and management in all countries
- Strengthen efforts to protect and safeguard the ***world's cultural and natural heritage***
- By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by ***disasters, including water-related disasters***, with a focus on protecting the poor and people in vulnerable situations
- By 2030, reduce the adverse per capita ***environmental impact of cities***, by paying special attention to air quality and municipal and other waste management
- By 2030, provide universal access to safe, inclusive and accessible ***green and public spaces***, in particular for women and children, older persons and persons with disabilities
- Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening ***national and regional development planning***
- By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the ***Sendai Framework for Disaster Risk Reduction*** 2015-2030, holistic disaster risk management at all levels
- Support ***least developed countries***, through financial and technical assistance, in ***building sustainable and resilient buildings, and utilising local materials.***

3.2.3. Pradhan Mantri Awas Yojana (Urban) or Housing for All by 2022 Mission

- The 'Housing for All by 2022' under the scheme of "Pradhan Mantri Awas Yojana – Housing for All (Urban)" launched by the central government aims to provide housing to all urban people by 2022.
- It provides central assistance to States and UTs for constructing houses to all eligible sections by concentrating on urban slums and economically weaker sections. Hence, slum rehabilitation and affordable housing to Economically Weaker Sections are the major features of the project.
- The programme has following components:
  - Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource;
  - Promotion of Affordable Housing for weaker section through credit linked subsidy;
  - Affordable housing in partnership with Public & Private sectors and
  - Subsidy for beneficiary-led individual house construction or enhancement.

3.2.4. Heritage City Development and Augmentation Yojana (HRIDAY)

- The HRIDAY scheme is launched for the holistic development of heritage cities. It aims to preserve and revitalize the unique character of heritage cities in India.
- For the first phase of the programme Rs. 500 crore is allocated with full funding by the central government. Twelve cities—including Ajmer, Amaravati, Amritsar etc. are identified for the project.

3.3. Skill Development

3.3.1. Pradhan Mantri Kaushal Vikas Yojna

- It is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood.
- Individuals with prior learning experience or skills will also be assessed and certified under Recognition of Prior Learning (RPL). Under this Scheme, Training and Assessment fees are completely paid by the Government.
- The scheme is implemented through National Skill Development Corporation (NSDC).
- In addition, Central / State Government affiliated training providers would also be used for training under the scheme.
- Training also includes soft skills, personal grooming, behavioral change for cleanliness, good work ethics.

3.3.2. Deen Dayal Upadhyaya Grameen Kaushalya Yojana

- According to Census 2011, India has 55 million potential workers between the ages of 15 and 35 years in rural areas. At the same time, the world is expected to face a shortage of 57 million workers by 2020.
- This presents a historic opportunity for India to transform its demographic surplus into a demographic dividend.
- The Ministry of Rural Development implements DDU-GKY to drive this national agenda for inclusive growth, by developing skills and productive capacity of the rural youth from poor families.
- There are several challenges preventing India's rural poor from competing in the modern market, such as the lack of formal education and marketable skills. DDU-GKY bridges this gap by funding training projects benchmarked to global standards, with an emphasis on placement, retention, career progression and foreign placement.

Features

- **Enable Poor and Marginalized to Access Benefits:** Demand led skill training at no cost to the rural poor.
- **Inclusive Program Design:** Mandatory coverage of socially disadvantaged groups (SC/ST 50%; Minority 15%; Women 33%).
- **Shifting Emphasis from Training to Career Progression:** Pioneers in providing incentives for job retention, career progression and foreign placements.
- **Greater Support for Placed Candidates:** Post-placement support, migration support and alumni network.
- **Proactive Approach to Build Placement Partnerships:** Guaranteed Placement for at least 75% trained candidates.
- **Enhancing the Capacity of Implementation Partners:** Nurturing new training service providers and developing their skills.
- **Regional Focus:**
  - Greater emphasis on projects for poor rural youth in Jammu and Kashmir (HIMAYAT)
  - The North-East region and 27 Left-Wing Extremist (LWE) districts (ROSHINI)
- **Standards-led Delivery:** All program activities are subject to Standard Operating Procedures that are not open to interpretation by local inspectors. All inspections are supported by geo-tagged, time stamped videos/photographs.

3.3.3. Financial Assistance for Skill Training of Persons with Disabilities

- The Scheme aims at providing financial assistance for skill training for persons with disabilities.
- The scheme covers Persons with Disabilities (PwDs) with not less than 40% disability and having a disability certificate to this effect issued by a competent medical authority.
- **30% reservation for women candidates:** As an endeavor to encourage women, 30% of the total intake of each training program shall be earmarked for women candidates.

3.3.4. National Apprenticeship Promotion Scheme

- National Apprenticeship Promotion Scheme aims to promote apprenticeship training in the country.
- **Objective:** The main objective of the scheme is to promote apprenticeship training and to increase the engagement of apprentices from present 2.3 lakh to 50 lakh cumulatively by 2020.
- **Scope:** The scheme covers all categories of apprentices except the Graduate, Technician and Technician (Vocational) apprentices which are covered by the scheme administered by Ministry of Human Resource Development.
- **Implementing Agency:** Regional Directorates of Apprenticeship Training (RDATs) under the control of Directorate General of Training act as implementing agencies in their regions for Central Public Sector Undertaking and establishments operating their business in 4 or more States. State Apprenticeship Advisers act as implementing agencies for state public sector and private establishments under their jurisdiction.

3.3.5. Skill Development for Minorities

Following are the few schemes implemented by Ministry of Minority Affairs that aim for skill development.

- **Seekho aur Kamao (Learn & Earn):** This is a placement linked skill development scheme implemented since 2013-14 for minorities aiming to upgrade the skills of minority youth in various modern/traditional skills depending upon their qualification, present economic

trends and market potential, which can earn them suitable employment or make them suitably skilled to go for self-employment

- **USTTAD (Upgrading the Skills and Training in Traditional Arts/ Crafts for Development):** This aims to preserve the rich heritage of traditional arts/crafts of minorities.
- **Nai Manzil:** The scheme aims to benefit the minority youth who do not have a formal school leaving certificate, in order to provide them formal education and skills and enable them to seek better employment in the organized sector and thus to equip them for better lives.
- **Maulana Azad National Academy for Skills (MANAS):** MANAS provides an all India level training framework based upon tie-ups with Local/National/International training organizations on PPP model, for imparting training to the Minority population in skill sets that are in line with emerging market demand.

3.4. Social Security

3.4.1. National Social Assistance Program

- The National Social Assistance Programme (NSAP) represents a significant step towards the fulfillment of the Directive Principles in Article 41 and 42 of the Constitution recognizing the concurrent responsibility of the Central and the State Governments in the matter.
- In particular, Article 41 of the Constitution of India directs the State to provide public assistance to its citizens in case of unemployment, old age, sickness and disablement and in other cases of undeserved want within the limit of its economic capacity and development.
- National Social Assistance Programme is a social security and welfare programme to provide support to aged persons, widows, disabled persons and bereaved families on death of primary bread winner, belonging to below poverty line households.
- The NSAP at its inception in 1995 had three components namely
  - National Old Age Pension Scheme (NOAPS)
  - National Family Benefit Scheme (NFBS)
  - National Maternity Benefit Scheme (NMBS)

3.4.2. National Pension System

- The National Pension System (NPS) is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life.
- NPS seeks to inculcate the habit of saving for retirement amongst the citizens. It is an attempt towards finding a sustainable solution to the problem of providing adequate retirement income to every citizen of India.
- Under the NPS, individual savings are pooled in to a pension fund which are invested by PFRDA regulated professional fund managers as per the approved investment guidelines in to the diversified portfolios comprising of government bonds, bills, corporate debentures and shares.
- These contributions would grow and accumulate over the years, depending on the returns earned on the investment made.
- At the time of normal exit from NPS, the subscribers may use the accumulated pension wealth under the scheme to purchase a life annuity from a PFRDA empanelled life insurance company apart from withdrawing a part of the accumulated pension wealth as lump-sum, if they choose so.

3.4.3. Atal Pension Yojna

- Atal Pension Yojana (APY) addresses the old age income security of the working poor and the longevity risks among the workers in unorganised sector. It encourages the workers in unorganised sector to voluntarily save for their retirement.

Benefits:

- Fixed pension for the subscribers ranging between Rs.1000 to Rs.5000, if she or he joins and contributes between the age of 18 years and 40 years.
- The same pension is payable to Spouse after death of subscriber.
- Return of indicative pension wealth to nominees after death of spouse.
- Contributions to the Atal Pension Yojana (APY) is eligible for tax benefits similar to the National Pension System (NPS)

3.4.4. Pradhan Mantri Jeevan Jyoti Bima Yojna

- It is available to people in the age group of 18 to 50 and having a bank account.
- People who join the scheme before completing 50 years can, however, continue to have the risk of life cover up to the age of 55 years' subject to payment of premium.
- Risk covers Rs.2 Lakh in case of death for any reason.

3.4.5. Pradhan Mantri Suraksha Bima Yojna

- It is available to people in age group 18 to 70 years with bank account. With a premium of Rs. 12 per annum, it covers following risks:
  - Death Death - Rs 2 Lakh
  - Total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot – 2 Lakh.
  - Total and irrecoverable loss of sight of one eye or loss of use of one hand or foot – 1 Lakh.

3.4.6. National Food Security Act, 2013

- The objective of the act to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity.

Salient Features of the act:

- **Coverage and entitlement under Targeted Public Distribution System (TPDS):** Up to 75% of the rural population and 50% of the urban population is covered under TPDS, with uniform entitlement of 5 kg per person per month. However, since Antyodaya Anna Yojana (AAY) households constitute poorest of the poor, and are presently entitled to 35 kg per household per month, entitlement of existing AAY households will be protected at 35 kg per household per month.
- **State-wise coverage:** An all India coverage of 75% and 50% in the rural and urban areas is envisaged. The then Planning Commission (now NITI Aayog) has determined the State-wise coverage by using the NSS Household Consumption Survey data for 2011-12.
- **Subsidized prices under TPDS and their revision:** Food grains under TPDS is made available at subsidized prices of Rs. 3/2/1 per kg for rice, wheat and coarse grains for a period of three years from the date of commencement of the Act.
- **Identification of Households:** Within the coverage under TPDS determined for each state, the work of identification of eligible households is done by States/UTs.
- **Nutritional Support to women and children:** Pregnant women and lactating mothers and children in the age group of 6 months to 14 years are entitled to meals as per prescribed

nutritional norms under Integrated Child Development Services (ICDS) and Mid-Day Meal (MDM) schemes. Higher nutritional norms have been prescribed for malnourished children up to 6 years of age.

- **Maternity Benefit:** Pregnant women and lactating mothers are also entitled to receive maternity benefit of not less than Rs. 6,000.
- **Women Empowerment:** Eldest woman of the household of age 18 years or above to be the head of the household for the purpose of issuing of ration cards.
- **Grievance Redressal Mechanism:** Grievance redressal mechanism at the District and State levels. States will have the flexibility to use the existing machinery or set up separate mechanism.
- Cost of intra-State transportation & handling of food grains and FPS Dealers' margin: Central Government provide assistance to States in meeting the expenditure incurred by them on transportation of food grains within the State and handling.
- **Transparency and Accountability:** Provisions have been made for disclosure of records relating to PDS, social audits and setting up of Vigilance Committees in order to ensure transparency and accountability.
- Food Security Allowance: Provision for food security allowance to entitled beneficiaries in case of non-supply of entitled food grains or meals.
- **Penalty:** Provision for penalty on public servant or authority, to be imposed by the State Food Commission, in case of failure to comply with the relief recommended by the District Grievance Redressal Officer.

3.5. Analysis by Niti Aayog's Action Agenda 2017-20

NITI Aayog's 'India: Three Year Action Agenda 2017-18 to 2019-20' outlines its vision of India across all sectors. It aims to better align the development strategy with the changed reality of India. Following are the analysis and recommendations of Three Year Action Agenda in the sectors discussed above.

3.5.1. Rural Development

- The rural landscape has been transforming with a clear distinction between rural and urban areas disappearing. This has resulted into more integrated economy.
- Job creation, however, has not kept pace with the shift from agriculture towards non-farm sectors. Other challenges facing rural areas include low literacy levels, inadequate access to health, drinking water and sanitation as well as insufficient linkages with and use of formal financial institutions.

Schemes and Transparency in implementation

- As SECC 2011 has become the basis for determining beneficiary level entitlements for several programs, there is need for institutional mechanism to update data on regular basis.
- This data could be analyzed at the Panchayat Levels to ensure convergence among schemes for addressing the challenge of multi-dimensional poverty faced by the vulnerable households.
- The State Institutes of Rural Development (SIRD) could play important role in facilitating this convergence as they are responsible for implementation of various programs of rural development and training of the representatives at the Panchayat level.
- GIS should be used to track assets and houses created under MGNREGA and Pradhan Mantri Awas Yojna.

Skill Development and Employment Generation

- Common Review Mission (CRM) constituted by Ministry of Rural Development (MoRD) in 2016 revealed implementation challenges related to Deen Dayal Antodaya Yojna – National Rural Livelihood Mission (DAY – NRLM). Human Resource issues and lack of funds were major challenges.
- Human Resource Challenges: Efforts should be done to ensure longer term for CEOs of State Rural Livelihood Missions (SRLM). Emphasis should be placed to retain project staff at district and block level.
- CRM team found out that the program has been successful in achieving SHG- Bank linkages, more efforts are needed for forming and strengthening Producers Group and Producers Companies in areas like sustainable agriculture and non –timber forests products.
- A mechanism for measuring key indicators for SHGs including household savings, income, asset creation, debt reduction and productivity needs to be developed.
- With respect to Deen Dayal Upadhyaya Grameen Kaushlaya Yojna (DDU –GKY), the focus should be on monitoring and improving the quality of placements.

Sub – group of Chief Ministers on Skill Development recommendation on DDU – GKY and NRLM:

- Modify operational guidelines to include self-employment in agriculture and allied vocations at par with placement in a job.
- Need for leveraging Recognition to Prior Learning (RPL) under the National Skills Qualification Framework (NSQF). All state departments should develop plans for assessment and certification of semi-skilled and skilled worker in agriculture and allied fields by the Agriculture Skill Council of India (ASCI).

MGNREGA

- There is need to strengthen monitoring over the next 3 years. Additionally, social audit facilitated by an independent unit should be made compulsory.
- Due to lack of maintenance, assets under MGREGA becomes unusable over time. Thus, there is need to create a separate maintenance fund for community assets created under MGNREGA.
- All technical Staff vacancies need to be filled and the personnel should have adequate capacity to supervise assets created under the scheme.
- Data indicates that the benefits of MGREGA have been disproportionately reaped by few states. Therefore, there is need for developing a set of inclusion, exclusion and deprivation criteria to target the program in favour of the poorest households.

Housing

- To meet the goal of Housing for All by 2022, there is need to develop state specific plans along with work schedules and explicitly defined targets. The plan should involve various types of low cost and disaster resilient housing models that can use materials found in various parts of the country.
- Another priority is to ensure that the funds are released on timely manner based on evidences of completion of each stage of the projects. The monitoring mechanism should be strengthened by the introduction of geo-tagged photographs of house construction as well as compulsory social audits.
- Recently cabinet has approved provisions of interest subsidy to every household that is not covered under PMAY –G. There is need to converge these provisions with PMAY –G.

Drinking Water and Sanitation

- To make India Open Defecation Free by 2019, 55 million household toilets and 115, 000 community toilets need to be built under Swachh Bharat Abhiyan – Gramin. Special attention should be paid to address the inequalities with respect to sanitation access to women, children, senior citizens and differently abled.
- Sub –group of Chief Ministers have recommended to engage a professional agency to monitor and evaluate and extensive media campaign which encourage people to maintain and use toilets as well as pay for the use of public toilets.
- There is need to make comprehensive analysis to assess why the Community Led Total Sanitation (CLTS) program which has been successful in other countries and states like Himachal Pradesh has not been scaled up at national level in India.
- Another priority should be to train and incentivize a cadre of community based sanitation workers or Swacchta Doots as envisaged in the Swachh Bharat Mission.

Energy

- To achieve the goal of electrifying every households in rural India under Deen Dayal Upadhyaya Gram Jyoti Yojna, there is need to focus on quality, reliability, affordability and legality of the supply in the absence of which electrification would not necessarily translate into rural households getting real power.
- Introduction of GARV – a dashboard and mobile app for making data available to the public on the real time basis will bring transparency.
- Further, 50 million BPL households, majority of which reside in rural India should get access to LPG under PM Ujjwala Yojna.

Road

- Over the three years, the goals should be to connect all rural roads to all weather roads constructed under PM Gram Sadak Yojna. In this regard, Comptroller and Auditor General of India has made few recommendations:
  - There is need to create GIS data base on rural roads.
  - Discrepancies and deficiency in District Rural Road Plan needs to be addressed.
  - Quality control and monitoring needs to be highlighted.
  - Data captured in the Online Management, Monitoring and Accounting System (OMMAS) should be updated on the regular basis.

Digital Connectivity and Literacy

- Along with improving connectivity, ensuring digital literacy is also crucial. In this regard, PM Digital Saksharta Abhiyan (PMDISHA) to make 6 crores rural households digitally literate is an important step.
- It will help them in widespread use of JAM Trinity.

Panchayats for strong local governance

- Panchayat buildings should be equipped with requisite facilities including electricity and computers with functional internet connections.
- States should confer on the Panchayats full administrative and financial control over the staff working with them. They should also have the authority to recruit the staff.
- According to Annual study on the Panchayat Devolution Index (PDI) conducted by Ministry of Panchayati Raj highlighted above mentioned reasons for better perfomrace of some states.

- Panchayats should be supported for acquiring ISO certification. For instance, Kerela Has been ranking no. 1 in PDI as Local Self-government Department has extended support for bringing panchayats under ISO class.

3.5.2. Urban Development

Urban Housing

- The most important issue is high cost of lands, which in result affects availability of affordable housing.
- According to Niti Aayog, 4 supply side factors have contributed to the artificially high urban property values in India.
  - Large pieces of land are tied up in litigation
  - Many sick PSEs own large pieces of unused land in prime urban areas
  - Central & state government own substantial urban land that remains unused or encroached.
  - Land Acquisition Act, 2013 fixes compensation at higher rate. It makes housing projects unaffordable.
- Niti Aayog offers following solutions to these issues:
  - Expedite resolution process of tied lands.
  - Close these PSEs (Already under process)
  - Monetize these urban lands to finance infrastructure & other critical expenditures.
  - Amend the act
- In addition to this, there is issue of stringent land laws/rules. Vast tracts of lands are lying unused on the periphery of the urban space. But to use these lands, it needs to be converted from agricultural to non-agricultural land. But state revenue departments are reluctant to do so.
- The scarcity of horizontal space should be countered by vertical expansion. Unfortunately, Floor Space Index (FSI) permitted is very low – ranging from 1 to 1.5. Thus tall buildings are absent in India. There is need to relax permitted FSI.

Low Rent Housing

- Ultra high land prices lead to low rental yields which in return act as a barrier to the emergence of institutional investors in low rent housing. Also according to Census 2011, about 11.09 million urban properties remained vacant across India.
- In most states, rent control laws disproportionally protect the tenet. Rent is kept at low level and eviction is difficult. This leads to paradoxical situation of unsatisfied demand for rental housing while many units lie vacant.
- There is need for replacing current rent control laws by modern tenancy law, which would give full freedom to tenant and owner to negotiate the rent and length of the law. In 2015, Ministry of Housing and Urban Poverty alleviation drafted Model Tenancy Law.
- Without correction of land prices, rental yields will remain low. Reform of land markets to better align the rental yields to the interest rate remains critical to low-rent commercial housing.
- **Ownership Titles**: In a longer run, there is also need for legislation providing for conclusive ownership titles giving protection to the owners. Rajasthan is the only state that passed legislation in this regard.
- **Dormitory Housing:** It will address the housing woes of migrant workers who come to cities without families. It will also discourage the growth of slums.
- **Rental Voucher Scheme:** The government is considering a rental voucher scheme for the urban poor in 100 smart cities. In view of the fact that urban poor receive very limited government, this scheme is an important positive step.

Urban Sanitation (Swachh Bharat)

- **Municipal Solid Waste (MSW) Disposal**: Mountains of waste which lie around all cities in India is a serious public health issue. On the methods of final disposal, options such as Biogas and composting are not sustainable solutions in larger cities since they generate by-products and residues in high volumes.
- Only incineration, also called Waste to Energy, thermal pyrolysis and plasma gasification technologies offer sustainable disposal solutions. Considering India's highly diverse waste generation and high cost of plasma technology, incineration offers best solution.
- Report of the **Sub- group of Chief Ministers on Swachh Bharat Abhiyan**, recommends Waste to Energy Plants in big municipalities and cluster of municipalities and composting method of waste disposal for smaller towns and rural areas.
- **Niti Aayog** also recommends setting up an authority named **Waste to Energy Corporation of India (WECI),** on the lines of National Highway Authority of India.

Urban Transport

- Indian roads are notorious for being pedestrian unfriendly, poorly surfaced, congested and constantly dug up. An important and urgent transformational reform is to draw up national design standards and contracting standards for city roads to address these challenges.
- The flow of traffic also needs to special attention in Indian cities. Unlike western cities, motorized vehicles in India change lanes with high frequency and in unpredictable ways. **Niti Aayog** recommends running pilot projects to see if strict enforcement of traffic rules through fines in case of violations can induce behavioral change and persuade drivers to the benefits of obeying all rules.
- **Metro rails** has proved to be an efficient source of public transportation in Indian cities. This highlights the need for a **National Metro Rail Policy** that will ensure that metro projects are not run is isolation, but under overall national transportation plan.

3.5.3. Skill Development

- According to estimates, only about 2.3% of the Indian population have undergone formal skill training as compared to UK 68%, Germany's 75%, USA's 52% , Japan's 80% and South Korea's 96%.
- Creation of new ministry of skill development marked a paradigm towards a new trajectory. The Skill India initiative aims to impart skills into 50 crores Indians by 2022. In addition to this, number of schemes and policies have been initiated.
- But mere promulgation of schemes is not enough. It is estimated that our demographic divided will last for only 25 years. Thus, India needs to significantly scale up its skill development initiatives ensuring quality and speed with efforts from both public and private sectors.
- Apprenticeship is an effective method for skill development as they offer efficient industry relevant training.
- In India, we do not have independent regulator overseeing various skill development initiatives. Ministry of Skill Development and Entrepreneurship (MSDE) is acting as both policy setting and regulatory body. The next step should be to set up an independent regulatory body at arm's length distance from the government.
- According to Skill Development Achievements Report, 2016 the placement rate of those skilled under government schemes is less than 50%. It should be enhanced to 80% over next three years.
- Following indicators should be used to report on the aggregate performance of the NSDC
  - Per Cent of certified candidates employed
  - Longevity of certified candidates in their chosen job field.

- Wage difference between certified and unskilled candidates.
- Number of entrepreneurs created through the vocational training ecosystem.
- No. of certified candidates employed on overseas vocational jobs.

- A National Level Overseas Employment Promotion Agency (OEPA) should be set up under MEA to consolidate all promotional activity of the government.
- The skills and expertise of the Indians living abroad or returning should be recognized and exploited. Further, there should be separate focus on the skills developed by foreign immigrants in India as they offer global experiences and perspectives.
- In addition to Recognition of Prior Learning, special focus should be on the identification of transferrable skills.
- The role of NSDC needs to delineated better. Currently most of the NSDC's bandwidth is consumed by managing PMKVY which primarily does not address higher levels of skills or market led non-sponsored skilling program. There is need to set up a dedicated cell for PMKVY so that NSDC has focus on its envisaged role.

4. Democracy and Development

4.1. Procedural Democracy and Substantive Democracy

India opted for the parliamentary form of government in order to make the nation-state based on the principles of universal adult franchise and periodic election in contrast to the village-level government in the light of Gandhian principles.

The assessment of democracy depends on the indices used to indicate or measure it. There are mainly two models of indices regarding democracy - first related to the institutional minimal i.e. **procedural democracy** and second related to the **substantive** or effective democracy.

Procedural Democracy

- The observers of the procedural democracy largely believe that democracy in India has been successful. The criteria for this assessment are - participation and competition. These are indicated by the frequency of the elections in India and competition among political parties to contest elections.
- Procedural democracy was meant to contribute to the nation-building in India. Theorists believe that universal adult franchise and periodic elections usher modernization process. It would be accompanied with socio-economic modernization, urbanization, spread of mass media, education, wealth and equality.
- It was believed that development in India would strengthen democracy and divisions based on caste and religion would disappear.
- But these hopes were belied in 1960s and 70s. The decade of 1960s witnessed recurrent episodes of linguistic and ethnic violence. Unable to meet the challenge democratically the political executive responded to these by authoritarianism, personalization of the institutions and imposition. Imposition of emergency was one such example.

Substantive Democracy

- Believers of this form of democracy highlighted that elections and universal adult franchise are not sufficient conditions for democracy. Democracy has to be situated in the society and has to be taken out from institutional mode.
- The rise of identity politics – dalits, OBCs, women, tribal, ethnicity and environment – have necessitated the focus on substantive democracy. This is viewed both as a challenge to the nation-state and as an increase in the democratic content of the country.
- With the introduction of 73rd and 74th Constitutional Amendments, the decentralization has been democratized and the scope of democracy has expanded to include the women, OBCs and dalits at the grass root level.
- This is an attempt to change 'top – bottom' to 'bottom – top' democracy.

4.2. Role of Democracy in Development – Appraisal and Criticism

Are democracy and development compatible?

To most global theorist of democracy, India is an embarrassing anomaly. They believed that democracy in India should not have survived as it is marred with massive poverty, largely rural and uneducated population, weak civic institutions, wealth inequality and social divisions like caste, regionalism and communalism. Yet India has proved to be a remarkably resilient democratic polity.

Then comes the question about the compatibility of democracy with development. Do democracy and democratic institutions facilitate economic development?

The empirical answer to the question is not in always affirmative. Some argue, for example, that the experiences of Korea, Taiwan, or Indonesia show that a strong authoritarian state is better able to engineer a successful process of economic development than an electoral democracy such as India.

However, it is established fact that it is democracy that ensures economic development of **'right kind'**.

What is economic development of the right kind?

Economic development of right kind has several dimensions:

- Growth in the productive capacity of society i.e. growth in productivity of labor, agriculture, and capital. It ensures growth in per capita income and per capita assets.
- Improvement in quality of life of the poor.
- Distribution of economic assets and incomes.
- Improvement in conditions of health and safety in workplace.
- Improvement in quality of life - improved access to health care, clean water, education
- Sustainable environmental change
- Gender equity

Indian scenario

- However, there is a school of thought that highlights the negative correlation between democratic institutions and economic development. Some have maintained that democratic regimes are in general less capable of managing effective economic development than authoritarian regimes.
- The central premise of this reasoning stems from the observation that development requires change, and that change affects some voters adversely. So governments dependent on electoral support in the next election will typically tend to avoid choices that impose hardship on significant numbers of voters.

- In India this is a norm. Election years' witnesses' series of populist measures targeted at different voter groups and fiscal discipline is thrown out the window. This trend, in fact, has corrosive impact on the Indian democracy.
- Numerous analysts are skeptical of India's ability to leverage its democracy for national development, arguing that special interests and inadequate per capita wealth make India still unsuitable terrain for true democracy.
- Political commentator like ***Fareed Zakaria*** argues "What we need in politics today is not more democracy but less." Allowing politics to be guided by the principles of the market will save democracy from itself, particularly in a billion-person state. Especially in country where, as ***Arun Shourie*** sometimes complains, "everyone has a veto."
- There is also the reverse argument as well. That India needs more democracy of the local, civic kind in order to break free of its notorious bureaucratic culture of red-tape and corruption.
- In a country as variegated as India, expanding individual freedoms and local empowerment are the keys to more equitable development. Particularly at low incomes, ***Amartya Sen famously argues in Development as Freedom***, the intensity of economic needs requires the constructive involvement of target populations to both define and exercise their rights. Short of this, democracy is neither responsiveness nor a successful vehicle for delivery.

Democratic Lessons from China?

- Despite the fact that the North-South divide is quite stark in China, there is plenty to learn from china - which in some ways acts more democratically than India.
- Though China lacks federal electoral democracy, its institutions focus on delivering services to its people and foreign investors. By raising crop prices and upgrading transportation and electricity networks, extreme poverty has fallen to under ten percent of the population.
- Locals have been involved in the design and implementation of massive micro-credit schemes in rural China, and almost $1 billion is spent annually on alleviating urban poverty.
- In many respects, India faces similar challenges. Ranked only 133 out of 188 countries in the UN Human Development Index, India's per capita GDP still hovers under $1710. Its population growth of 1.7% reduces the impact of economic growth to about 4%.
- Malnutrition is estimated as high as 40% and real literacy is well below the official 65% statistic.
- Both India and China face rapid urbanization. Energy and water demand are greatest challenges to India. Both fear the spreading AIDS epidemic, which could cost India a generation in the words of Bill Gates. Like China, India's bureaucracy either siphons or absorbs much of the meager expenditures on social development.

Democratic Dilemma

- The situation in India poses a classic ***democratic dilemma of affluence or influence*** i.e. those who can afford access to resources and benefit from privatization are less likely to be interested in supporting public efforts to benefit society.
- The Agriculture still accounts for 25% of GDP and involves 80% of India's population. Thus the real engines of widespread growth must remain in manufacturing and traditional sectors. But excessive bureaucracy and poor infrastructure have held back opportunities to engage the massively expanding labor force.
- The BPO economy can neither solve India's broader governance crisis nor fund the solutions. The sprouting of Silicon Valley style campuses will not solve the water shortage which forces poor people to pay up to 15 times more for bottled water than the potable drinking water to which they have no access. These are challenges that the outsourcing of jobs to India simply cannot solve.

Where lies the solution?

- None of this implies that less democracy is the solution to India's woes. What it instead means is that greater accountability and transparency will allow citizens to insist on implementation of government promises, and provide the opportunities for citizens to take control of their economic future.
- Thus there is no contradiction between greater democracy and greater economic liberalization and openness—the two must go hand in hand.

Need for more as well as less democracy!

- The answer to the democratic dilemma is therefore both more and less democracy. A lot more local ownership and self-governance, with less special interest, bureaucratic and other distortions at the top.
- A study by the management firm McKinsey & Co. concurs that greater privatization, removal of restrictions on foreign investment and reform of land ownership laws could virtually double India's GNP and raise the real incomes of farming families by over 40%.
- Poor people must be empowered to literally make their own business plans, as successful micro-credit schemes have encouraged, and fiscal management must be decentralized.
- In addition to this government must focus on stimulating spirit of entrepreneurship.

Lessons from Asian Tigers

- The Asian Tiger success stories all involve capitalism preceding democracy, indicating an uphill climb for India which has taken matters "in reverse."
- But the Tigers learned an important lesson from their late 1990s financial crises. The Illiberal democracies are conducive to economic development up to a point. But overly centralized regimes ultimately impede growth and prosperity.
- Empowering individuals to control and manage their resources, however, can propel social and economic development to the levels people have come to expect and demand.
- The mere fact of being the world's largest democracy with an emerging global economic presence is not enough to claim India's greatness. After the elections is when the real work begins.

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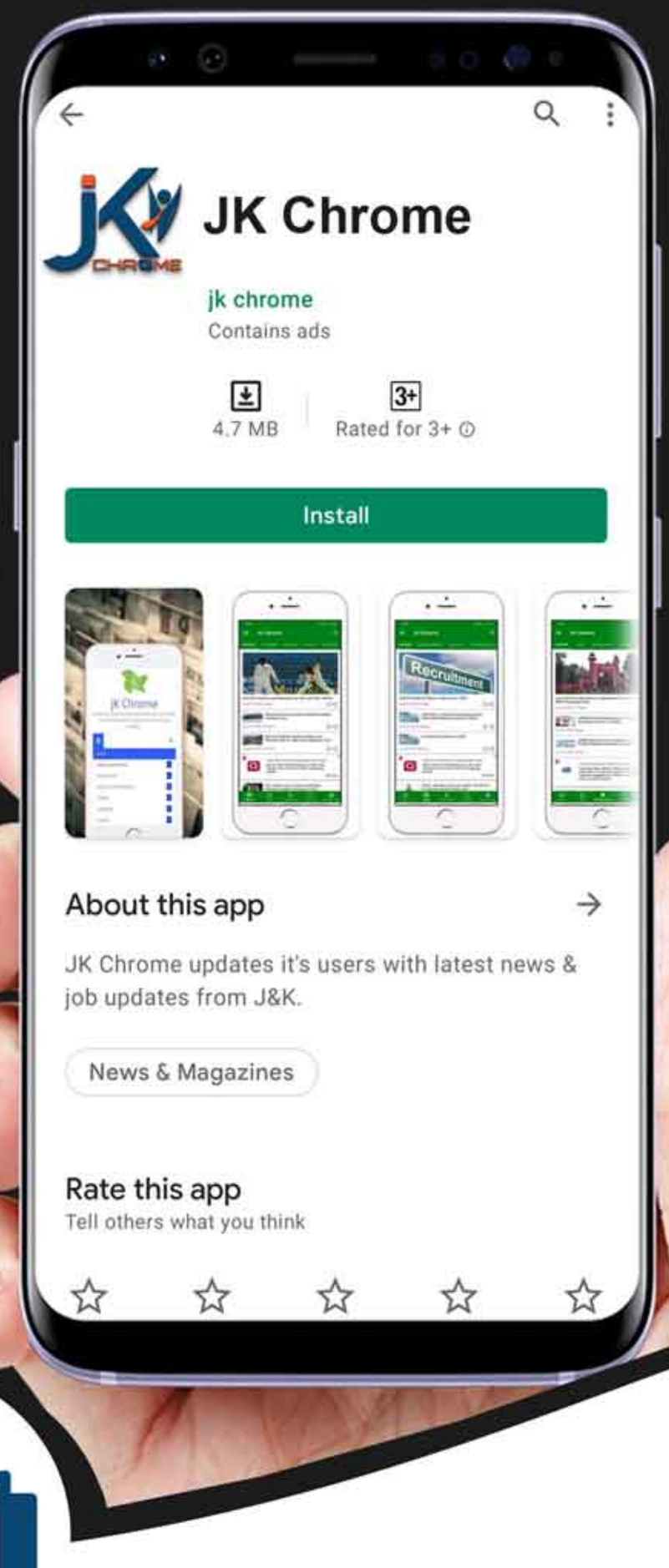

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