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# Improving delivery of programmes through administrative reforms in India

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## **1 Deteriorating governance & its impact on delivery**

Poor governance and weak implementation are the main causes of poverty, backwardness and low human development in India. While the functions of the state in India have steadily increased, capacity to deliver has declined over the years due to administrative cynicism, rising indiscipline, and a growing belief widely shared among the political and bureaucratic elite that state is an arena where public office is to be used for private ends. Jockeying for positions of power has almost become a business today. Both politicians (this includes panchayati raj functionaries too) and government servants make huge investment in grabbing such positions, and then have to recover their investments (and save enough for the next round of power capturing) by milking the state.

Rajiv Gandhi described the nature of public mal-administration in the following words:-

We have government servants who do not serve but oppress the poor and the helpless, who do not uphold the law but connive with those who cheat the state and whole legions whose only concern is their private welfare at the cost of society. They have no work ethic, no feeling for the public cause, no involvement in the future of the nation, no comprehension of national goals, no commitment to the values of modern India. They have only a grasping mercenary outlook, devoid of competence, integrity and commitment.

A note circulated by the Department of Administrative Reforms and Public Grievances vide its letter No. K-11022/23/96-P dated 6<sup>th</sup> November 1996 observed -

"The public administration and the civil services at all levels are passing through difficult times in terms of eroded credibility and effectiveness of the civil service, growing public perception of an unholy nexus between certain elements among politicians and civil servants and criminals and increasing criticism of the low level of honesty, transparency and accessibility to the political and bureaucratic elements in-charge of administration.

The present lack of transparency and the scope for manipulation of the system results in the criterion of merit being undermined by considerations of personal loyalty and complicity with unethical dealings. The absence of a well-defined structure for rewards and punishments, and the confusion regarding the desirable service norms for civil service has led to low morale and pursuit of career advancement at the expense of ethical values."

In a well-functioning democracy, the political process would ideally find answers to governance problems, but this is not happening in India. The political system in many states is accountable not to the people but to those who are behind the individual Members of Legislative Assembly (MLAs); these are often contractors, mafia, corrupt bureaucrats, and manipulators who have made money through using the political system, and are therefore interested in the continuation of chaos- and patronage-based administration. The fact that half of the politicians in some states are either criminals or have strong criminal links and thus have no faith in the rule of law further compounds the problem. We need to build a new code of accountability for the

politicians and the officials alike, which would force them to perform their functions for the betterment of the people.

This is not to suggest that Ministers should have no role in administration; even MPs and MLAs should keep a watch over the performance of the services. Political pressure can be healthy if it results in greater demand on administration for efficiency and better services to the people. Pressures properly regulated and wisely tempered, improve the spirit of administration and help to keep it on an even keel. Unfortunately the main problem today is that the politics of the country has itself become divorced from public welfare and is more concerned with narrow sectarian interests. Politicians think that electoral behaviour can be manipulated through precipitating caste or other populist wave at the time of elections, which does not require sustained work in the constituency. At the same time elections require funds which have to come through the looting of the Government treasury. A vast gap exists between stated and unstated objectives of government. On paper the avowed objective of government is to give clean administration, but in some departments and states many posts are auctioned to the highest bidder. People have unfortunately accepted the position as *fait accompli* and resigned themselves to their fate. They too tend to seek short cuts and exploit the system by breaking rules or approaching mafia gangs and politicians for favours.

To be fair to the modern brand of politicians, it must be admitted that except for high integrity, neutrality towards party politics, and provision of minimal administrative services in times of emergency, the senior civil service even in the past had little to commend for itself. Efficiency in the civil services was always very narrowly defined; it was in terms of contempt for politics and adherence to rules, but never in terms of increased public satisfaction. Over the years, whatever little virtues the civil services possessed - integrity, political neutrality, courage and high morale - are showing signs of decay. Many civil servants are deeply involved in partisan politics: they are preoccupied with it, penetrated by it, and now participate individually and collectively in it. This is understandable, though unfortunate, because between expression of the will of the State (represented by politicians) and the execution of that will (through the administrators) there cannot be any long term dichotomy. In other words, a model in which politicians will continue to be casteist, corrupt and harbourers of criminals, whereas civil servants would be efficient, responsive and change-agents is not a viable model. In the long run administrative and political values have to coincide.

### **Box 1: Governance in the X plan**

Chapter 6, Volume I of the Tenth plan on GOVERNANCE AND IMPLEMENTATION candidly admits delivery problems in the implementation of poverty alleviation schemes. We quote below from this chapter:

‘The Mid-Term Appraisal of the Ninth plan, for instance, points out that an amount of at least Rs. 400 billion per annum flows for rural development by way of Central and State schemes in sectors like health and family welfare; social justice and empowerment; watershed development and agriculture; tribal development; subsidies on food and kerosene; and through schemes of rural development. This is in addition to public investment in infrastructure like roads and power which also directly

benefits the rural poor. All this is directed to about 50 million poor families who, on an average, are thus being allocated roughly Rs. 8,000 per annum. This amount is sufficient to buy nearly 3 kg of foodgrain per day at the average rate of Rs. 7.50 per kg., potentially permitting them to overcome their state of deprivation significantly. The reason that this money is not being directly transferred to the targeted poor, and is being spent on State run development schemes, rests on the assumption that such initiatives are likely to build capacities, raise income levels and have multiple spin-off effects in the long run. The fact that benefits are not percolating at the desired pace is a reflection on the governance of these schemes.'

The challenge is extremely difficult but other countries have surmounted it in the past. In Mexico, for example, which possessed a notoriously corrupt electoral system until quite recently, reforms have yielded one of the cleanest systems in the world, relying heavily on public funding for elections, high but realistic campaign ceilings, an independent supervisory body charged with monitoring party and campaign spending on a regular basis, and stiff penalties for candidates and political parties that violate the new rules; candidates who do so are liable to criminal prosecution, while political parties can lose their registration and right to participate in elections if found guilty by the Electoral Tribunal. Indeed, the Electoral Tribunal recently imposed a fine of \$100 million on the former ruling party, the Institutional Revolutionary Party (PRI), for violating electoral laws in the 2000 presidential elections, the largest such fine imposed on a political party in the world, and is now investigating the party in power, the National Action Party (PAN), for violating spending laws in 2000.

In India too, deterioration in governance is not uniform throughout the Indian states. Whereas states like Andhra Pradesh, Karnataka, and Madhya Pradesh have taken concrete measures to improve the responsiveness of their administration, many officials and politicians in other states such as Bihar, UP, Punjab and most of the north-eastern states have often tolerated and even encouraged corruption and have looked upon the State as an open treasury. Even if political will in these states were not lacking, technical capacity in the civil service to reform itself is almost zero. There is complete paralysis of decision-making in Bihar, for instance, especially in the secretariat. The harm caused by indecision cannot be attributed to any particular individual or political party, and hence has no political costs. Thus the goal of 'development' does not appear attractive to the rulers, nor is the road map very clear.

In these states the civil servants think that government is not a level playing field, one cannot expect fairness from government, and one has to approach the politicians with right kind of contacts for favours, whether due or undue. There emerged a new culture which can be best summarised as "lick up and kick below", and "rules are for fools". Authority is delinked from accountability at most levels, and in respect of most functions. As a result most state functionaries have realistic and plausible alibis for non-performance. All organs of state are affected by the malaise of governance. The political executive, legislators, bureaucracy and judiciary – no class of functionaries can escape responsibility. For instance, 20-25 million cases are pending in courts, and

justice is inaccessible, painfully slow and costly. Police reforms will remain ineffective if criminal cases are not disposed off expeditiously.

While Article 311 of the Constitution gives the bureaucracy lifetime security, the individual official has no security of tenure in specific assignments, irrespective of quality of performance. There is no incentive for better performance as promotions are often time-bound. In several states, the average tenure of key public officials is less than one year. Whimsical, arbitrary, and partisan transfers have tended to reward dishonest public officials. Public interest is severely compromised, and power has become highly personalized and unaccountable. In many states, government power is reduced to exercise of patronage and arbitrary bureaucratic placement to serve transient, partisan, personal or sectarian interests of those in authority. Many governments are incapable of controlling or guiding the bureaucracy. They often end up serving the interests of bureaucracy at the cost of the public, collecting taxes only to pay wages.

Perverse incentives are not the only factor undermining the effectiveness of the bureaucracy. Its composition is also skewed. For instance, in most states, about 70% of all government employees are support staff unrelated to public service – drivers, peons and clerks. A highly feudal culture of hierarchies detrimental to clear lines of accountability or effective decision-making prevails. Key public services – education, healthcare, police and judiciary are starved of people, whereas many wings are overstaffed. Even when employees are deployed in productive sectors, their productivity is low and accountability is weak. The prevalent rent-seeking behaviour makes most basic services inaccessible to the poor and marginalized sections.

**Bad governance and the poor** - If power is abused, or exercised in weak or improper ways, those with the least power—the poor—are most likely to suffer. Weak governance compromises the delivery of services and benefits to those who need them most; the influence of powerful interest groups biases policies, programs, and spending away from the poor; and lack of property rights, police protection, and legal services disadvantage the poor and inhibit them from securing their rights. Thus, poor governance generates and reinforces poverty and subverts efforts to reduce it. Strengthening governance is an essential precondition to improving the lives of the poor.

For instance, teachers need to be present and effective at their jobs, just as doctors and nurses need to provide the care that patients need. But they are often mired in a system where the incentives for effective service delivery are weak, and political patronage is a way of life. Highly trained doctors seldom wish to serve in remote rural areas. Since those who do serve are rarely monitored, the penalties for not being at work are low. Even when present, they treat poor people badly.

Although many civil servants hold the view that it is the nature of politics which largely determines the nature of the civil service and the ends to which it would be put, and therefore civil service reforms cannot succeed in isolation, causation is also in the other direction. The reasons for decline in administrative capacity may be linked to politics, but the civil service too has its own autonomy. Non-performing

civil service leaves little choice to the politicians but to resort to populist rhetoric and sectarian strategies.

The vicious cycle of distortions in politics leading to bureaucratic apathy (and vice versa), and both resulting in poor governance can be set right through taking a large number of simultaneous measures. A discussion on political and electoral reforms (restriction on the number of ministers through law is a good beginning), though absolutely vital, is outside the scope of this paper. But at the same time bureaucracy must realise that good governance is also undermined by lack of transparency, weak accountability, poor organizational and technical capacity, lack of responsiveness, inefficiency and poor motivation. These are the areas where civil servants have to take initiative. A vibrant movement towards good governance would itself create a demand for better services from the people, thus putting pressure on politics to move away from non-issues or sectarian gains to take more interest in the real livelihood issues of the people.

However many states in India, especially the poorer ones, have lost the dynamism and capacity to undertake reforms on their own without any external pressure. These states are ruled by people who understand power, patronage, transfers, money, coercion and crime. The language of professionalism, goal orientation, transparency, building up of institutions, and peoples' empowerment is totally alien to them. In these states neither politics nor administration has the capacity for self-correction, and therefore only external pressure can coerce them to take hard decisions that will hit at their money making tactics. In the Indian situation (where foreign donors provide very little aid to the states as compared with what is provided by the Centre) this can come only from the Centre, backed by strong civil society action.

GoI must, at the very least, do the following:

1. Improve incentive mechanism by linking fund transfer with performance
2. Improve monitoring mechanisms so that authentic information is available to planners about the quality of implementation for all important schemes
3. Amend the All India Services Rules to control the flourishing transfer industry in the states
4. Improve governance in central government departments, especially those with public interface, before lecturing on this to the states. For instance, GoI asks states to provide long tenures to senior officers, but the average stay of a Secretary to GoI Ministry was only 11 months in 2000, with only six out of 82 Secretaries having completed two years on the same post. GoI circulars to the states lose their credibility if it cannot demonstrate strong political will to control short tenures.

While points 2 to 4 are discussed elsewhere in this paper, we elaborate how performance can be improved by linking it with devolution.

**Link devolution with performance** - GoI transfers roughly Rs 1,50,000 crores annually to the states, but very little of it is linked with performance and good delivery. Often incentives work in the other direction. For instance, Finance

Commission gives gap filling grants so that revenue deficit of the states at the end of the period of five years becomes zero. Thus, if a State has been irresponsible and has ended up with a huge revenue deficit, it is likely to get a larger gap-filling grant (West Bengal is a good example). In other words, FC rewards profligacy. States that have tried to reduce its revenue deficit are likely to suffer.

Similarly Planning Commission transfers roughly 50,000 crores to the states, but without linking it to performance. It may be recalled that in May 1999 the Planning Commission decided to link the central assistance under its mandate with performance, and a circular to this effect was sent to the states. It was felt that measures to improve accountability and transparency, and to make the civil service more productive and pro-poor would not be taken by the states on their own unless a superordinate body monitors and helps the states in such an endeavour, coupled with a threat of withdrawing assistance in case of default on agreed programmes. Commitments to reform have been made several times in the past but these have remained mere rhetoric because there were no immediate disincentives associated with inaction.

However, the states resented such monitoring by the Planning Commission, and pressurised the Deputy Chairman to continue approving central assistance without linking it to performance. The circular issued in May 1999 died a natural death. Since then there has been no new initiative in that direction.

The states argue that the GoI does not have any moral authority to improve governance in the states, as it has done little to take similar steps to reform its own administration. Whether it is downsizing or reduction of subsidies on fertilisers, food, gas and higher education, or passing a Freedom to Information Act, or reducing the number of centrally sponsored schemes, or providing long tenure to its senior civil servants GoI's record is almost as dismal as that of the many recalcitrant states. Constitutionally too, the states are elected governments in their own right and GoI does not have any constitutional right to 'discipline' them through administrative measures.

It is interesting to note here that the states accept several stringent conditions while borrowing from the World Bank and other donors (including conditions such as implementing any transfer of project staff only after consultation with donors) but fiercely defended their autonomy when the Planning Commission sought to introduce financial discipline and monitor projects in 1999.

The concept of good governance needs to be translated into a quantifiable annual index on the basis of certain agreed indicators such as infant mortality rate, extent of immunisation, literacy rate for women, sex ratio, feeding programmes for children, availability of safe drinking water supply, electrification of rural households, rural and urban unemployment, percentage of girls married below 18 years, percentage of villages not connected by all weather roads, number of class I government officials prosecuted and convicted for corruption, and so on. Some universally accepted criteria for good budgetary practices may also be included in the index. These would include, among others, revenue deficit/surplus, quantum of fiscal deficit, outstanding loan repayment liability, interest burden, capital expenditure and the extent of

government guarantees. Once these figures are publicized states may get into a competitive mode towards improving their score. Central transfers should be linked to such an index.

I hope the present Planning Commission would have the courage to revive the proposal of linking devolution with performance. An annual fund of about 10,000 crores should be created at the Planning Commission to augment plan resource of those states who agree to improve governance on the lines suggested in this paper. This fund would be available to the individual State only when it signs a MOU with the Planning Commission about the proposed reforms the State would undertake and the time period of completing various bench marks to be identified jointly by the Planning Commission and the State. Six-monthly meetings would be held with the participating states and the progress of implementation of various commitments made by the state governments would be reviewed. In addition, quarterly progress reports would be obtained from the state governments, on the basis of which monthly releases would be made to the states. In case the progress is not rated satisfactory, funds meant for the particular State would be transferred to other states in the same category. States will be divided in three categories, those whose per capita income is below the national average, those where it is above the national average, and the special category states (such as the north-east and hill states). The advantage of this categorisation, which already exists in the Planning Commission, is that poorer states like Orissa will not be competing with better off states like Tamil Nadu.

Through a process of stratified random sampling five to ten villages can be identified in every State for impact studies and obtaining progress report in these sectors. This work can be given either to the academic institutes or consultants approved by the Planning Commission or to the Programme Evaluation Unit wherever possible. The allocation of additional funds to the states can be made in such a manner that the states which perform better get a corresponding weightage over the states which do not implement these programmes effectively.

## **2 Improving delivery: practical suggestions**

The success of public administration depends on the quality of the civil service and its accountability. The initial capacity of India's civil service is among the highest in the World, with meritocratic and fair recruitment. Yet India's civil services, the principal "face" of the government to the public and responsible for implementing government programs, must shoulder some of the responsibility for dissatisfaction with government's performance in providing a sound business environment, curbing corruption, and providing public services. The problem is not initial capability but institutional deficiencies. Non-transparency, limited accountability, poor incentive structure, and inadequate performance appraisal weaken the civil service's administration, as do the standard problems of political interference in specific situations and government's widespread and intricate interventions that delay actions, create unwarranted power and provide opportunities for corruption.

## 2.1 *Accountability*

As a consequence of its colonial heritage as well as the hierarchical social system administrative accountability in India was always internal and upwards, and the civil service's accountability to the public had been very limited. With politicisation and declining discipline, internal accountability stands seriously eroded today, while accountability via legislative review and the legal system has not been sufficiently effective. Often too much interference by Judiciary (as in Bihar) in day to day administration further cripples administration. In the absence of reforms to improve accountability, downsizing and better remuneration may result in a smaller, better-paid, but still corrupt and ineffective civil service. The question that needs to be asked is: accountability for what and to whom? (For example, greater “accountability” of civil servants to the political leadership may compromise their integrity and autonomy).

Strengthening civil servants' accountability to their administrative superiors (and, one hopes, to their subordinates as well) may be necessary. But strengthening internal administrative accountability is rarely sufficient to produce an improvement in government efficiency and the quality of services to the public, because internal controls are often ineffective—especially when the social ethos tolerates collusion between supervisors and subordinates.

“Outward accountability”, therefore, is essential for greater responsiveness to the needs of the public and thus to improve service quality—whether it is the individual civil servant who is directly accountable, or the service unit, or the ministerial department as a whole. Outward accountability can be increased in a variety of ways—user surveys, investigative journalism, media access (e.g., radio talk programs), external monitoring, public opinion polling, etc. Various devices to this end have been pioneered in Australia, U.K. and New Zealand.

Priorities for enhancing both internal and external civil service accountability should also include: improved information systems and accountability for inputs; better audit; face-to-face meetings with consumers and user groups; publishing budget summaries in a form accessible to the public; a stronger performance evaluation system; scrutiny and active use of quarterly and annual reports; and selective use of contractual appointments.

One way to bring in accountability is to start the system of holding public hearings in matters pertaining to the works handled by each office. Prominent social workers and NGOs should be associated with this exercise for more productive results. Departments such as the Police and Revenue, which have more dealings with the people, should be assessed once in three years by an independent Commission, consisting of professionals such as journalists, retired judges or members of the armed forces, academicians, activists, NGOs, and even retired government servants. These should look at their policies and performance, and suggest constructive steps for their improvement. At present the systems of inspection are elaborate but often preclude the possibility of a 'fresh look' as they are totally governmental and rigid. The system should be made more open so that the civil service can gain from the expertise of outsiders in the mode of donor agency evaluations of projects. The teams would

undertake surveys of quality of service delivery in key areas; scrutinize policies programs and delivery mechanisms. Civil servant's views on work constraints and reporting fraud and corruption should be elicited. The reviews conducted should also form the basis of time bound changes and improvements which should be monitored.

## ***2.2 Accountability through decentralisation***

Consequent on the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Act political decentralisation has taken place in almost all the states where elections have been held. Though providing a framework for decentralized development, trends so far suggest that the panchayati raj and the municipal system have not been able to enhance participation and empowerment. Despite the fact that some village level panchayat leaders have done commendable work, on the whole the PRIs have not benefited the people to the extent of funds provided by government. Several empirical studies on the working of panchayats have brought out the following features about the functioning of these bodies.

- Gram Sabha meetings were regularly held only in a few places, and in most cases, participation in gram sabha meetings was low. Often such meetings were only on paper.
- There was little knowledge in the villages, of the amounts of funds received by the panchayats and the heads under which expenditure had been incurred.
- The criteria for the selection or rejection of beneficiaries was not clear to the poor. In many cases, it was obvious that lists were manipulated by the village chief and/or officials, and that only those who had the ability to pay bribes were selected as beneficiaries.
- Elected village sarpanches have spent huge amounts, often up to several lakhs in elections.
- The quality of delivery of benefits to the poor was low and leakages ranged from 20 to 70 percent. Most elected officials had the propensity to make money, and almost in all cases, panchayat sarpanch/beneficiaries paid 'commissions' to officials. In effect, there were only a small proportion of cases - perhaps 25-30 percent where the delivery of programs had improved after the recent spell of decentralisation.
- Although not hostile to the process, local and Block level officials were still not facilitators of the devolutionary process.

Reasons for limited improvement are many.

Firstly, the control which is exercised by the Block level officials over the village panchayats and gram sabhas (which rarely meet) has not only buttressed corruption and diluted accountability, but it has also led to pessimism that villagers at their own level cannot change and improve performance. The Constitutional Amendment mandates political decentralisation, leaving issues of design and implementation on sectoral, administrative and fiscal aspects to the states. The transfer of sectoral, administrative and fiscal responsibilities to PRIs has not taken place in most states. The State Acts have not clarified powers and responsibilities of the different tiers of

PRI's nor the jurisdictional issue between PRI's and administration. The latter has been left a grey area deliberately so that in the absence of clear jurisdictions the state administration retains the power. Today PRI's are not yet 3<sup>rd</sup> tier of the government, but an extension of the 2<sup>nd</sup> tier. They are not functioning as institutions of self-governance, but only as agencies for executing a few programs of the state government/GoI.

Secondly, the system of reservations (though desirable from equity point of view) adversely affects the sustainability of these institutions. The seats held by women and scheduled castes/scheduled tribes are to be allotted by rotation to different constituencies. In practice, this implies that a woman or a scheduled caste/tribal elected to a panchayat will normally have a term of five years, with no prospect of re-election (In Karnataka the term is only for 20 months). This goes against the spirit of democracy, as people work hard for their constituencies in the expectation that they would be returned to power in the next elections.

Thirdly, the elected members of the PRI's at the block and district level behave more or less as contractors, with no institution of the gram sabhas at that level to put moral pressure on them. ZP and panchayat samiti members look upon devolved funds as equivalent to MP or MLA quota funds, and the Adhyaksha and the block President have been coerced to distribute these funds equally between all members. They in turn choose the contractor and the nature of schemes. Obviously schemes that offer maximum commission and least risk of verification (such as earth work, which of course is done by machines but shown to be performed by fake labourers) are preferred.

Fourthly, heterogeneous and unequal village societies often throw up leaders who have little concern for the poor.

Fifthly, factional fights at the local levels divert the energies of the elected officials from working for public welfare to consolidating the power of their group.

Sixthly, panchayats are mostly busy implementing construction oriented schemes, which promote contractor - wage labor relationship. These do not require participation of the poor as equals, on the other hand these foster dependency of the poor on Sarpanch and block staff. In such a situation panchayat activities get reduced to collusion between Sarpanch and block engineers. Panchayats are not active in education, health, SHGs, watershed, pastures and forestry programs, which require people to come together as equals and achieve consensus.

And lastly, PRI's are excessively dependent on the State and Central Governments for funds. Rather than receiving a share in taxes and Central grants the panchayats should have the right to levy and collect taxes on their own in order to reduce their dependence on state and central governments. Today the PRI's hesitate to levy and collect taxes, as they prefer the soft option of receiving grants from GoI or state governments. This must be discouraged and the local bodies be encouraged to raise local resources for development and then receive matching grants from the Center/states. Therefore panchayats should not only collect taxes on land, irrigation drinking water, power, and houses, but also be given the authority to levy taxes on politically unpopular subjects such as agricultural income tax on large holdings. Even

if one percent panchayats start doing it, the fear that collecting such taxes is a political liability will disappear.

The more dependent a PRI is on the mass of its citizens for financial resources, the more likely it is to use scarce material resources to promote human development and reduce poverty. External funds with no commitment to raise internal funds make PRIs irresponsible and corrupt. Flow of funds from the State/GOI should be dependent on good work or mobilization done by them. For instance these could be linked to the efforts made by panchayats in population and disease control, cleanliness, school attendance of females and their performance, and negatively with hunger deaths, crime, and civil and revenue suits.

Because of the factors stated above, panchayats have not emerged as responsive and equitable organisations. Mechanisms of accountability and in particular Gram Sabhas are not working, and neither are the right of recall, the vigilance committees or recourse to higher authority. People do not see Panchayats making decisions that are relevant to their lives, probably because PRIs have neither the resources to undertake development, nor the power to influence existing programs. Gram Panchayats (GPs) have become multi-village institutions and the resolution of competing village demands is made through less than perfect, sometimes opaque decision processes. Voting and rules of voting procedures within PRIs are not specified as mandatory in the Panchayat Acts. And caste and gender bias pervade the workings of PRIs, despite the reservations.

Limited progress so far does not mean that panchayats or other peoples' organisations have no potential. The following steps may improve their performance:

- Finance Commission and other Development funds to local bodies should not be given to states unless effective powers are transferred to them.
- As already argued, rather than panchayats get a share in taxes they should have the right to levy and collect taxes. External funds with no commitment to raise internal funds make PRIs irresponsible and corrupt.
- Panchayats should be graded and the amount of funds plus the degree of autonomy should be linked to their grading.
- Constitution should be amended to enable the states to abolish either the district or the block level tier of the panchayats, if they so wish, and retain only one out of these two, in addition to the village tier, which has the highest potential for direct democracy and participation through the institution of the gram sabha.

### ***2.3 Audit of panchayats***

Large expenditures are now being incurred by PRIs. Their accounts are to be audited by Local Fund Audit, but there are several problems. First, there are huge arrears, and in some cases accounts have not been audited for more than ten years. Secondly, the quality of their reports is very poor, therefore the utility of such audits is doubtful, the impact it makes on improving systems is at best marginal, perhaps negative. Thirdly, there are complaints of corruption, and the general impression is that audit reports can

be bought. Lastly, elected officials are not held accountable for any lapses noticed in their reports, only officials are, which breeds irresponsible behavior on the part of non-officials.

The quality of work done by panchayats should be closely monitored by a team of journalists, civil society members, panchayat leaders from the neighbouring districts (who have already done excellent work), and stakeholders. Based on these reports, panchayats should be graded, and future funds should be linked with their grade. Strengthening financial management and audit procedures will also strengthen accountability of the local bodies, their standing committees and its representatives.

In fact their capability for achieving transparency, participation, inclusion and ownership can be enhanced by sustained work among the poor and marginalized people for increasing their awareness. Non-governmental and voluntary organisations have a particularly key role in obtaining and disseminating information on the working of government (including local government), making people aware of their entitlements and obligations, and enabling them to vent their grievances and seek redress. Therefore to support panchayats in India GoI and donors should mainly invest in two types of initiatives: (i) efforts to build the capacity of panchayats and of citizens, especially from disadvantaged groups, and (ii) advocacy efforts to persuade state governments to devolve more responsibility especially for tax collection to panchayats.

Rural decentralisation and PRIs are a profound change in the Indian rural institutional scene. They may ultimately offer a better option for rural development and poverty alleviation. Disadvantaged jurisdictions could then be the main winners. It is an important opportunity. However, it was a mistake to think that PRIs will emerge as caring institutions in an environment of rent-seeking politics and unresponsive and inefficient bureaucracy. If district level civil servants and politicians are indifferent to public welfare, it is too much to expect that village and block level politicians will be any different. To hold that the directly elected MLA is wily, corrupt, and irresponsible, while the indirectly elected Adhyaksha or Samiti President can be trusted with crores, is honest, and committed to public welfare is neither a good theoretical argument, nor has any empirical validity.

Thus there are big risks in premature promotion of PRIs. Past attempts at decentralisation failed in India, in part because of resistance of the vested interests of the bureaucracy and state level politicians. These vested interests remain. Steep deterioration in political morality has further distorted the scene. If not carefully designed, sequenced and implemented, decentralisation can increase the fiscal burden on the states and lead to a break-down in service delivery<sup>1</sup>, in particular to the poor. Strengthening PRIs, institutional reforms, and civil service reforms should all go together.

To sum up, effective panchayats/user groups would also require effective district and block level administration, hence need for better governance on the lines indicated in

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<sup>1</sup> A cynic remark is that PRIs have only succeeded in decentralisation of corruption.

this paper should precede any expectation that the elected ZP and block leaders would change their perception of the Indian state being an 'open treasury'.

### **3 Improving M & E capacity for better impact**

Officials at all levels spend a great deal of time in collecting and submitting information, but these are not used for taking corrective and remedial action or for analysis, but only for forwarding it to a higher level, or for answering Parliament/Assembly Questions. Field staff reports only on activities, it is not involved in impact assessment, or in qualitative monitoring. The concept of stakeholder monitoring is unknown. No indicators exist for assessing public participation or their awareness.

Emphasis is laid only on the initial or current expenses. After five years, little is done or monitored. Secondly, when money has been allocated for a particular activity in a particular area, it is assumed that the work in question has been done, and that it was sufficient. This ignores the fact that either of the above assumptions could be wrong. The primary monitoring activities have to do with fiscal accountability. While it is necessary, it should not be allowed to overshadow the need for technical and resource monitoring and planning work accordingly. At present, there is great pressure on the field staff as a whole to account for funds utilized, but not in terms of longer-term results, because those are not monitored. Thus financial planning is divorced from physical planning.

The need for evaluation, both concurrent and post-project, as a part of the project schedule has yet to be recognized. In this respect, Externally Aided Projects are definitely on an advantage since the donor agencies have regular evaluations of their projects. Absence of evaluation mechanism in case of other national projects makes it difficult to know the progress in various components and apply mid-course corrections. Project and policy are seen as separate inputs, impact of projects is monitored, but not of policy.

There is a vested interest all along the line in bogus reporting. For instance, according to NFHS -2 (1998-99), 54 percent children in Orissa under three years of age are underweight, out of which 21 percent are severely malnourished. But the data collected by the State from districts shows that the percentage of severe malnutrition in the age group 0-3 years was only 3.8 percent in Sept 98 which came down further to less than 2 percent of the children weighed in Feb 2001!

Similarly in UP the number of fully immunized children that is being reported by the state government is almost cent percent, as can be seen from the following Table:

#### **Percentage of children that were given immunization in 2001-02 in UP**

|         |     |
|---------|-----|
| BCG     | 104 |
| DPT     | 103 |
| Polio   | 103 |
| Measles | 97  |
| TT      | 100 |

However, independent surveys put the figure of fully immunized children in UP as between 16 and 20 percent only, and this figure seem to be falling every year. According to NFHS (II), this was only 16.1 percent in rural UP as opposed to 26.8 percent in MP and 43.3 percent in rural Orissa.

This kind of reporting defeats the very purpose for which information is collected. No learning takes place from this.

### ***3.1 Mechanisation in employment programmes***

Recent reports point to an alarming trend of “mechanisation” of public projects and even relief works. Machines are being used in employment generation programmes in flagrant violation of the guidelines. In many states projects are being executed by using excavators, trucks and tractors instead of more labour intensive approaches. The use of labour-displacing machines (e.g. tractors and excavators) on public projects is increasingly common, even in cases where these machines do not serve any clear purpose other than lining the pockets of enterprising contractors and intermediaries. This is being done with full knowledge of the senior officials. For example in one of the study in Krishna district – out of 54 works, excavators were employed in 40 cases. Poclaines (the trade name for a kind of earth excavator) are becoming the preferred machine for undertaking a variety of village works through all kinds of programmes from the point of view of the rich (often MLAs and other political leaders) who own the machines and hire them out for public works. The ideal policy should be to discourage its use even by construction Ministries, such as Railways and CPWD, and compensate them financially to build incentives for employing more manual labour. However, the reverse is happening. Not only labour is being displaced in the so-called employment oriented schemes, food meant for the poor is then sold in the market, thus distorting market for farmers.

In Sendhwa (Madhya Pradesh), a public hearing held on 29 May 2003 exposed the widespread use of tractors on relief works in the area, and this practice appears to be common elsewhere as well. Clearly, the use of labour-displacing machines defeats the purpose of relief works and other “labour-intensive” employment programmes. It can be seen as a violation of the right to work, and this practice should be nipped in the bud. This also leads to fudging of records and other malpractices. Clearly state governments and central government need to be more vigilant on this score, by stepping up its monitoring.

In some cases academic institutions are asked to review the schemes. Their approach emphasizes rigour, but often its completion requires years and policymakers lose their patience with their work. There are also reports by professional consulting organisations, especially on centrally sponsored schemes. However, the Ministries look upon giving of funds to consulting organisations as a patronage activity. Little interest is taken in ensuring the quality of the report, or in following up on their recommendations. The apathy of senior managers leads to poor quality reports, thus rendering the entire exercise futile.

It is not enough that the central government departments and the state governments use professional and academic organisations to undertake impact studies from time to

time. Their findings must be publicised and discussed with key stakeholders so that improvements in design and delivery can be effected at the earliest. Governments should also put on its website findings of the impact studies, and distribute these in the workshops it organizes. Dissemination of results is critical for use.

### ***3.2 Role of the CAG and Audit in enforcing accountability***

Independent audits by the CAG are a major institutional mechanism to ensure accountability of the executive. Yet, this admirable institution too has been unable to curb mismanagement of expenditure. The CAG audit focuses mainly on financial irregularities and while systems or performance appraisals are carried out, these fall short of management audits and do not indicate how management can be strengthened. Also, physical inspection is rarely undertaken. CAG should involve social scientists and professional experts in auditing schemes and programs. There is no effective system to establish individual accountability for lapses pointed out by the CAG. The problem stems, in part, from the nature of program management since individual responsibility is not easy to establish under existing management procedures. In any case, all Departments and Ministries should publish in their Annual Reports action taken on CAG's findings in the last two years.

The reports of the CAG are discussed in the Public Accounts Committee (PAC) of the Parliament and State Assemblies, but general public is not sufficiently informed on the working of the PAC or their potential for safeguarding the public interest. Committee's hearings are also not open to the public, in line with best practice. Furthermore, the role of the PAC appears to be reactive. It does not inform the CAG on the kinds of issues that it believes are significant for independent assurance nor does it normally call outside expert, civil society or private sector witnesses to contribute to its recommendations to the legislature. Other issues that may constrain the PAC's effectiveness include the time lag between the audit finding and the PAC's deliberation, a hiatus that delays government action in response to audit.

It is necessary to underline that the only justification for any government activity is that it subserves the interests of society, and particularly its economically and socially weaker sections. In this light, it is necessary that the work of all wings of the government is reviewed periodically and audited by the stake-holders themselves. It is obvious that this function is not done adequately by the audit of CAG which concentrates excessively on compliance with the formalities laid down for incurring the expenditure and neglects the output and outcome generated by such expenditure.

Rather than wait for the reports of the CAG, state governments should on their own announce their intention of conducting social audit of some of its main spending departments through well respected, knowledgeable and non-political bodies of individuals, who will involve in a transparent manner all categories of stakeholders. Special care will have to be taken to see that the composition of the social audit committees will command universal respect and will be above any party politics.

### ***3.3 Shift focus from input controls to monitoring of outcomes***

The root cause of the implementation problem is that government (both politicians and bureaucrats) is neither adequately focused on nor accountable for social outcomes

-- the health status of the people, learning by students – and do not hold personnel providing the service accountable either. The literacy level of scheduled tribe women in Malkangiri (Orissa) is just two per cent, and yet no one's explanation has ever been called for this dismal outcome. Incentives to public providers are not such that anyone feels responsible for better or worse outcomes. The policy makers have insufficient means of influencing the incentives facing service providers. This weakness of administration hurts the poor and denies them basic services.

One way to make outcomes more of a motivating factor in service delivery is to generate and disseminate information regarding rights that people have vis-à-vis government services. Parents and patients should know what they are entitled to and have a place to lodge complaints when they are not received. Public officials should know whether the public is satisfied or not. Providers and policy makers should know (and be constantly learning) about what works. This requires outcomes to be more regularly measured and their determinants analyzed. One critical role of the state government, when panchayats and departments have the primary responsibility for the delivery of publicly-funded services, is to be an independent source for this measurement. Initially, measurement of outcomes may just be for information and the sake of openness. Over time, such measures could be used to hold districts and departments accountable for improvements – perhaps to the extent of conditioning fiscal transfers to panchayats based on progress. It is in the experimentation that such flexibility allows that solutions to the problem of implementation can be found. Lessons learned will help all districts and panchayats improve their performance.

The basic problem is most Secretaries, both at the GoI and State level, are not prepared to accept the reality of poor service delivery in their files, lest they and their Ministers would be taken to task in the Parliament/Assemblies. Thus vested interest develops from top to bottom in hiding the reality and resorting to bogus reporting. This is where PMO, Cabinet Secretary or the Chief Secretary can clearly lay down that government would encourage honest reporting, and the secretariat staff should exercise greater control over the HOD, who in turn should have greater operational autonomy than at present.

### **3.4 Social audit**

Financial audit aims at making organizations accountable to the government and to the legislature. Social audit makes them accountable to their stakeholders especially in relation to the social objectives. The key concern of social audit is the relationship between resource use and achievement of the social objectives. There is also an implication of how effectively resources can be mobilized so that the objectives can be fully met. Unlike conventional audit, social audit cannot be fully done relying on records and documents. It has to build in the judgments of the stakeholders who are associated with the organization. And, in addition to accountability, efficiency and effectiveness, equity also is a major theme for social audit.

Social audit helps an organization to understand its functioning and improve the quality of its decision making. It enables the organization to set right its relationship with its stakeholders. In a broad sense it is not fault finding and punitive but it is fact-

finding and corrective. This is the formal kind of social audit, which requires an organization or a trained group to carry out the audit.

Rather than rely only on the reports of the CAG, governments should on its own conduct social audit of some of its main spending departments through well respected, knowledgeable and non-political bodies of individuals, who will involve in a transparent manner all categories of stakeholders. Special care will have to be taken to see that the composition of the social audit committees will command universal respect and will be above any party politics.

Such an audit will supplement conventional audit and will often provide leads to it. It will help public agencies to understand their performance as perceived by the stakeholders and subsequently draw up action plans to improve on that performance.

At the same time of much more relevance in the context of decentralisation is the recently emerging version of social audit, which is citizen audit of spending by governments particularly local governments. This is an advanced form of participation and affords a new kind of continuous accountability to the citizens going beyond the traditional paradigm of democratic accountability at the time of elections. It offers a challenge to conventional practices and privileges like secrecy of public accounts and public expenditure decisions and patronage in dispensing benefits. This form of citizen or community audit is also a micro level performance audit where both actual investment of funds and its propriety are examined by the people. This kind of local audit helps citizen intervention in public matters to influence the development process.

Governments should introduce social audit service delivery performance by assessing the experience of the people service providers are intended to serve. With community participation, the evidence will be collected from households, communities, and the service itself. The social audit which has already been used by national and international agencies will promote accountability, equity, effectiveness, and value for money.

#### **4 Citizen's Charter**

All talk of improving performance is meaningless unless a bottom line of minimum acceptable standard of performance is stipulated. This has to be at two levels viz. organisational and individual. It is imperative that each Ministry/ Department of the central and state governments and all departments and agencies under the district administration, have a well defined and spelt out criteria by which performance of their functionaries can be evaluated. For example the Railways/ Airlines promise running of trains/planes as per the announced schedule. Non-adherence to this should entail adequate compensation for non-delivery of promised service. This concept could also be extended to other service sectors, such as urban bodies, Telecommunications, and Post Offices.

Citizens' charters are one vehicle to empower the public in their dealings with service providers. The Charter is essentially a statement on the part of government department on the levels of services which the citizen is entitled to, and which it is willing to guarantee to him. It is important, however, that such charters be developed

in consultation with major stakeholders and widely disseminated. NGOs can also play a vital role in collecting raw data, transforming it into usable information, and disseminating it to a wider audience. One model charter is that developed by the Greater Mumbai Municipal Corporation (BMC) in June 1999, with assistance from an NGO, Praja.

Many countries in the world have used concepts like the citizen's charter or service delivery agreements to attempt a prior specification of the service to be delivered. This ensures that the people who avail of services know what they can expect in terms of the quality and quantity of services. Therefore each department should select some pilot institution which would draw up citizen's charters for specific activities under them. This would begin with the identification and selection of those activities, which impact the maximum number of people and use the largest share of resources allocated to improving that activity. Gradually the citizen's charters would be extended to cover more and more activities under each department or agency. Finally performance in Government can only be enforced if non-performance invites due sanctions and penalties and good performance comes in for recognition and reward. This calls for introduction of some clear-cut changes in the management of the civil service in the State. The people cannot be penalized for the inefficiency of the public service. Gradually this will foster a more pronounced commitment to act in accordance with the value and ethics of the civil service.

Most government offices present a shoddy, dusty and neglected look. From the moment a citizen enters a government office, he is put off by its appearance. Working in such environment adversely affects the efficiency, productivity and motivation of the staff. Therefore adequate maintenance budget should be provided, and HODs should compete with each other in proper maintenance of the office premises.

All employees, including the senior ones, should wear name tags while on duty in their offices. There should be computerised attendance system to ensure that everyone attends office on time. Let GoI introduce it in its various Bhawans first to set a good example.

There should be periodical exit polls of all government offices which have large interface with public. Some of the questions could be:

How long did it take to have his work attended to? Did he receive courteous and helpful treatment? Was he asked to pay any bribe? Etc.

During introduction of citizens' charters, it should be noted that merely notifying citizen's charters should not be an end in itself. Each department should organise large-scale capacity building programmes to bring in attitudinal change in their employees. Officials should interface with public on at least one fixed day in addition to routine interaction, so that a system is devised for ensuring a speedy disposal of grievances at all levels of governance.

The Central Government has taken an initiative to get Citizen's Charters framed by various Ministries/Departments/Organizations. The Center has framed 61 such Charters and six states/UTs have framed about 93. Some state governments have issued citizens charters under pressure from the donors, but without any commitment

to reforms. As the example of UP given in the box shows, such charters and transparency GOs remain only on paper and are not taken seriously in the absence of constant review and monitoring of such practices by the senior departmental heads.

**Box 2: Making Governance Reforms Work: Transforming Ground Realities remains a significant challenge**

In pursuance of the World Bank initiative, 15 Departments in UP introduced citizen's charters in 1999. An effort was made to verify the ground reality with respect to two important pieces of reform. - the Citizen's Charter issued by a number of government departments and an order issued by the Panchayati Raj Department to ensure transparency of functioning of the PRIs and giving people the right to obtain copies of muster-rolls etc at nominal costs ("Transparency GO").

In order to check whether Citizen's charters were operational, two offices of the government - the office of the Senior Superintendent of Police and that of the Chief Medical Officer were visited in a district of the State. Functionaries in the Police Department were unaware of any Citizen's Charter having been issued for their Department. In the Health Department, it was reported that an order with instructions to publicize the Charter for their Department had been received, but since there were no funds for the publicity, the order had been filed.

In order to analyse the implementation of the "Transparency G.O.", we made enquiries in a village panchayat with the Pradhan, the panchayat secretary and other villagers and asked them whether they were aware of such an Order. The enquiry was then pursued upwards through the administrative chain right up to the District Development Officer and the Chief Development Officer. The answer at every level was "No".

Finally, officials of the Panchayati Raj department (the originator of the Order) were asked. They also expressed ignorance. But the Deputy Director (Panchayats) was generous enough in directing the enquirer to two volumes of government orders on PRIs, and sure enough one of these related to ensuring transparency!

However, nothing much has changed since the issuing of the GO regarding the Charters. Both the political and administrative will has been lacking. Not much thought has been given as to what services can be guaranteed to the citizen, and what would happen if these services are not provided.

**Unleashing Citizen Pressures for Change:** The highly complex institutional terrain, particularly at the district level, dilutes the potential impact of attempts to mobilize public pressure to bear on the system to effect change. Pressure in this context thus becomes less efficient in realizing its objectives. Yet, without pressure from citizens, the prospects for change dim further. NGO's, for example, can generate public pressure for change through Report Cards, user surveys, and public hearings ("jan sunwais"). In Bangalore, the Public Affairs Center (PAC) has focused on user surveys and report cards, Janagraha on analyzing local-level budgets and making that information as widely available as possible, and the MKSS in Rajasthan on public hearings for improved local-level accountability. Other groups have concentrated on

public interest litigation (PIL) to prod the government into taking action to improve performance in laggard services. NGO's have also played a significant role in improving service delivery: In Bangalore, the PAC conducted a user survey of maternity wards that provided necessary feedback to restructure the service by the Bangalore City Corporation (BCC), while Civic, another Bangalore-based NGO, helped design the Transport Department's new citizen charter. The PAC has since conducted several additional surveys, including the first millennial survey of key services across states, particularly basic education, primary health, drinking water, public buses, and public distribution, as well as an evaluation of Karnataka's *Bhoomi* program, which revealed that land records computerization has resulted in a steep decline in the perception of corruption to negligible levels.

**Citizen Report Cards** - The phenomenon of citizen report cards has been popular in developed countries since the early 80s. Its evolution followed the idea of looking at "citizens as customers" and public services as commercial products. Thus, market-based instruments such as consumer satisfaction surveys were used to measure citizen satisfaction with the services that they receive from government.

The strength of this model lies in the fact that it is very quantitative. The data generated from the surveys are very rich source of information for planning and can provide precious information for targeting of services. The biggest impact of the report card model is the presentation of its result to the public. Since no one can dispute customer satisfaction, the glaring evidence of public dissatisfaction that the report card makes public can heighten public pressure on non-performing government agencies. The critical success factors of the model are: availability of technical group that will pilot the methodology and will have the desire and capability to transfer such technology to citizen groups, the availability of external financing to pilot the system, the availability of resources as well as interest of citizen groups to sustain the project and an effective strategy to make the result of the report card public.

However successful replication of the model would require involvement of a large number of NGOs. These organisations need to be trained, appropriate partnerships with government need to be developed, and their findings should then be discussed in workshops with delivery agents and policy makers. Hopefully such discussions and its wide dissemination will lead to formulation of pro-poor policies, better design of development programmes, and improved delivery. The recommendations of such workshops can also be used by civil society for policy and legal advocacy, so that institutional improvements can be sustained on a permanent basis.

## 5 Nurturing civil society in India

The central and state governments, while replicating or adapting these concepts in its settings, will need to pay close attention to the prerequisites for its success. One of the areas where public-private partnerships can be introduced in the states is in the running of care homes. Asking government servants to run such homes is expensive (as salary and pension burden in government is two to three times what the civil society pays to corresponding levels), and they lack the skills and motivation to provide care to the elderly or the disabled. Transferring such homes to the NGOs is cost-effective, as well as will ensure better services. Some other areas where GO-

NGO (and of course, panchayat) partnership can be effective in making administration citizen friendly are

- Peoples' participation in natural resource management
- Community health and sanitation
- Monitoring primary education
- Village development schemes

Yet, despite the enormous burden posed by mal-governance, civil society action has been weak. This could be a reflection on the general state of civil society in the country and its priorities, but largely it is because government has unwittingly promoted bogus or pliable organisations, and has either ignored or has hostile relations with those NGOs that wish to speak for the poor and empower them.

Government's efforts to nurture and bring into its fold good NGOs have been constrained partly due to the ineffectiveness of the eligibility criteria to debar a number of so called NGOs, whose activities are more akin to fly-by-night operators, from getting assistance from Government. For getting grants from government the proposal must look good on paper, and anyone who can produce such papers cannot be denied grants, as government cannot work on subjective satisfaction of the Joint Secretary! Government procedures are such that it is generally the corrupt and mediocre NGO who can wade his way through the maze of procedures and grab government largesse. Government's intention of weeding out fake organisations and thus setting up a stricter procedure for screening acts like a self-fulfilling prophecy, as procedures deter self-respecting NGOs and reward manipulative ones. Weak monitoring mechanisms in government has prompted social climbers and manipulators (that includes defeated politicians and civil servants' wives) who use their extra-professional 'resources' to obtain grants from several Ministries/Departments of Government and spend it fast, with no commitment to sustainable development or poverty alleviation. What used to be a sleepy office, the Registrar of Societies Office is now a prize posting for officials as they can extract rents from prospective NGOs for quick registration. Some well reputed NGOs notwithstanding; there are organisations that have sprung up in the last two decades for self-aggrandisement, and for the sake of easy money. These organisations have little interest or expertise in mobilising people's participation in development, and in empowerment of marginalised groups. They are contractor-type organisations who 'specialise' in raising awareness of the people (simply because it cannot be measured, often they would show expenditure of lakhs on workshops when actually they spent only a couple of thousands). They also like to take up construction activities involving earth work for which again there is no measurement once the rains set in. Even when some assets are created its shelf life is short as felt-need for these assets has not been generated, nor adequate institutional building has been done to take care of maintenance of these assets. They have no clue about building up of village organisations.

A very large number of organizations funded by Government of India (specially from CAPART and Ministry of Social Justice and Emowerment) are such who are basically

promoting themselves rather than helping the poor. Even non-existent NGOs can get funding from Government, if they could manipulate a favourable report from the lower level officials or from manipulative consultants. This procedure of blindly relying on the report generated by the low level officials rather than on reputation of NGO in the field and face to face discussion with them encourages a very large number of self seekers to apply for grants. Instances are not wanting where the previous contractors, on finding drying up of state budgets for buildings and construction, floated their NGO organizations under a fancy name and succeeded in cornering Government funds.

Another reason for proliferation of bogus organisations<sup>2</sup> is the government's emphasis on fulfilment of targets and fund utilisation, which shifts the focus from the important task of supporting exclusively good and grassroots NGOs to funding as many projects and NGOs as possible. Some Ministries do have a system of sending NGO applications for pre-funding appraisal to monitors, but they are low paid consultants (often appointed on patronage considerations) whose intentions are not always honourable. Even non-existent NGOs could thus get funding from Government, if it could manipulate a favourable report from the monitor. When Ministers find NGOs pocketing government funds they do not plug the loopholes but encourage their own supporters to join the loot<sup>3</sup>. Bureaucratic reaction is to prescribe more formats and tighter procedure which deters good NGOs but crooks can always find their way through by bribing at all levels, and thus a vicious cycle is established.

**Box 3: NGOs: Dime A Dozen**

An article (Outlook 22<sup>nd</sup> Sept 2003) summed up the NGO scene in the hilly State of Uttaranchal as:

- 45,000 NGOs
- Nearly 10,000 NGOs and societies have come up since November 2000
- A large majority are non-functional or bogus
- Widespread misappropriation of funds by NGOs

Faced with reports and allegations of such misconduct, Dehradun's District Magistrate ordered a survey of registered NGOs and societies in June last year. Dehradun district is home to 7,469 NGOs, the largest concentration in the State. The initial results of the survey show that of 223 organisations checked so far, 139 NGOs and societies are fraudulent or registered only on paper. "It is quite evident that barely 10 per cent of the NGOs in Dehradun district are functional. The rest just sit there, waiting for funds to come by," says chief development officer P.S. Jangpangi. He says the situation in the rest of Uttaranchal is "even worse".

<sup>2</sup> It is interesting that there are a large number of studies on good NGOs, but not a single one on fake NGOs.

<sup>3</sup> A few years back CAPART had leaders with good reputation from the voluntary sector as chairpersons of the grant sanctioning committees. Today they are all political appointees who owe their position to proximity to the ruling political parties rather than to any credible reputation within the voluntary sector.

Moreover, even where the NGOs were genuine, Government is not able to effectively monitor the large number of sanctioned projects, draw appropriate lessons regarding technology, reasons for success or otherwise and thus be able to guide the other NGOs wanting to intervene in that sector. The blind emphasis on fund utilisation played havoc with the quality of projects.

A third factor for the reluctance of good NGOs in applying for Government's support is the availability of Government's assistance to strait jacketed Government schemes only and keeping innovative proposals (i.e. those which do not fall within the framework of strait jacketed Government's schemes) outside consideration. Fourthly, Government has not played a pro-active role in establishing partnership with committed NGOs and has generally confined its attention to only those who apply for funds to its office. It has on its own not requested good NGOs to come to its fold and begin a relationship. Finally Government subjects all proposals including those from good NGOs to a uniform appraisal procedure inhibiting sensitive or well-established NGOs or those engaged in social activism from approaching Government.

Unlike Government which seeks satisfaction on paper before sanctioning grants, the donor agencies (such as Ford or Norad) follow an entirely different approach. There are a series of meetings held with the prospective recipients. The Program Officers or well paid consultants (whose integrity cannot be questioned) visit the NGO and see for themselves the past work done by the voluntary organisation. This procedure of aiming at subjective satisfaction of the Program Officer may increase overheads but it screens out the bogus societies, and reduces the scope of fraudulent practices. Since the number of grants that the donors make is limited (Ford makes less than 100 grants a year as against some 500 by CAPART with one-third of the total budget of Ford), it is possible to ensure quality and reduce the risk of grant going to a bogus organisation.

It must be recognized that improvement in governance would take place only when countervailing forces in society develop confidence and autonomy to oppose inefficiency and corruption in government. Therefore in addition to promoting genuine organizations, the Home Ministry should relax FCRA provisions so that NGOs have access to independent funding.

According to a large number of NGOs the FCRA is a major impediment for the voluntary sector. Getting registration is difficult and as a result a lot of very deserving and small NGOs are not able to access foreign funds. The premium on getting FCRA is such that it has led to corrupt practices. It has also resulted in NGOs obliging NGOs who do not have FCRA number, although it is not permitted under law. This would not be a problem if quality funding from Indian sources were available to the sector for long term institution building work and strengthening of civil society at the grass root level. For the private commercial sector there is a friendly and liberalised regime while for the important issues of development connected with the poor and deprived sections of society there are restrictions that are inconsistent with the spirit of democracy and pluralism.

Given the relatively low levels of human capital in certain states in India, NGO's and other groups will also have to play a leading role in mobilizing pressure to empower citizens in a fashion similar to the work of MKSS in Rajasthan or Parivarthan in Delhi (on the subject of public distribution of foodgrains) to improve access to information and combat corruption at the local level. Without citizen participation and involvement, there is always the risk that even the most carefully crafted reforms might eventually run out of steam and stall altogether. However, the experience of CAPART and the Ministries of Social Justice & Empowerment and Tribal Affairs shows that government looks upon giving of grants to NGOs as a source of patronage at its best, and a source of commissions at its worst. Government has thus corrupted the NGO sector or encouraged crooks to float NGOs, and thus given the entire sector a bad name.

Since it is not possible to change the work culture of the Ministries and Departments dealing with the NGOs, I suggest that GoI through the Planning Commission (which is the nodal agency for dealing with NGOs) make a direct contribution of, say, 100 crores to the recognised trusts, such as NFI, Ratan Tata Trust, Actionaid, who should be dealing with grassroots NGOs, without the direct intervention of government officials in sanction of grants. The Trust could have government officials on its Board to safeguard the interest of the public money.

Capable NGOs have several strengths, including their capacity for independent thought and action. They make strong partners because they maintain their independent voices, which allows them to represent beneficiary views to governments and donors clearly and without obfuscation. The strengths of the NGO delivery system are increasingly being appreciated by policy makers in government. In the 1990s, India has witnessed the rise of several governmental programmes in which the NGOs have been assigned an important role. The best examples of these programmes, in which both government and NGOs act as facilitators, are: the mass campaign for literacy; the Watershed Development Programme; and Joint Forest Management. Lately they are actively involved in the AIDS and anti-polio campaign. The major difference in these programmes from the past has been their focus on empowerment through mass mobilisation, motivation and organisation, with information on rights, laws and schemes through training.

Several changes in policy can be attributed to policy advocacy done by the grassroots organisations. The best example is the Right to Information Campaign in Rajasthan that has led to not only passing of a law but has vastly improved sharing of information by government with the civil society. There is anecdotal evidence to show that corruption is much less in Rajasthan's rural development programmes than elsewhere.

Because the philosophy of empowerment runs counter to the established image of government as a hierarchical and coercive institution, such efforts at policy advocacy are not very well understood by the bureaucracy, especially at the lower levels.

The relationship between the NGOs and bureaucracy in India is a complex one, characterised by mutual suspicion and hostility. While the NGOs regard bureaucracy as inherently insensitive, oppressive, inefficient, parasitic and corrupt, the image of

NGOs among government officers is that of trouble-shooters and wasters, and totally dependent<sup>4</sup> on government or foreign funding. The fact that most NGO staff today, unlike their predecessors 30 years ago, no longer have an austere life-style and are well-paid professionals opting for social work as a mainstream (and frequently globalised) career adds to such an impression. Several bureaucrats think that if a NGO professional frequently travels abroad and is well paid he must be a hoax. This is unfair. We should judge them by their deeds and output and not by their salaries.

As the best NGOs in India depend on external funding, we discuss some of the issues connected with such funding.

Government in donor projects often seeks NGO involvement in order to fill gaps, often short term. Gap-filling leads to contractual relationships where NGOs are employed for a fixed period for a fee. Continuity and, as a consequence, sustainability is often not expected. Contracts with NGOs are attractive to donors when they cost less than comparable service provided by government and because they offer flexibility. Contracts can be of short duration—and they enable donors to work outside the rules of public service employment, which are often seen as restrictive. But what is good for donors may be bad for NGOs. Narrowly defined contractual relationships allow little room for the innovation or flexibility that NGOs may bring to their work. Rather than look upon NGOs as cost-effective implementation mechanisms engagement with civil society has to touch all parts of development assistance, including core funding for institution building.

Often the agenda is set by donors who expect civil society to conform, and to conform very quickly. On the one hand donors on paper at least aim to put civil society in the driving seat but then tell the driver where to go! Is civil society in the driving seat or is it the taxi driver? NGO contracts are often written as if villages were identical when they were complex and varied and could not be organised or motivated at the same pace. NGOs also find the reporting requirements as excessive, raising the overhead costs of lean organisations to unreasonable levels.

Then, some of the better known NGOs are already over-funded and their capacity to absorb more funds is limited. Then, presently the reach of donors to remote NGOs is inadequate. Norad fears that NGOs based in Delhi might corner donor funds to the detriment of more deserving rural organisations. Most of the voluntary agencies in India are working in isolation and they are scattered, unorganised and operate at micro-level. They lack coordination and cooperation between themselves and with other institutions as well. This also explains why the lobby for aid is so weak in India. If the donors do not develop mechanisms to reach the remote NGOs, Norad's fears may well be justified. Therefore, not only the donors should expand their reach, but fund intermediate organisations, such as the National Foundation of India (NFI), which would then work through smaller and remote organisations. NFI and other such

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<sup>4</sup> Unlike NGOs in the developed countries, Indian NGOs are hardly able to raise public donations. For instance, PRIA gets about 75 to 80% of its grants (50 million Rs in gross terms) from external donors, and raises only 7-8% through donations, the rest from government and domestic donors such as Ratan Tata Trust.

intermediate organisations, such as IUCN, Oxfam, etc should also organise capacity building workshops, disseminate knowledge about best practices from other states, and document the grassroots experience for wider circulation.

Lastly, as already argued, best results are obtained when government collaborates with civil society in programme design and implementation, as it combines the scale of government with NGOs' empowering strategies supported by constant monitoring and reviews funded by the donors. NGOs are valued partners when they complement government rather than substitute for it. There are four main advantages in working through the Government system in spite of its flaws and bureaucratic approaches. Firstly, working through government in itself may contribute to strengthening and improving the government institutions. Secondly, working through government also gives better opportunities for replication and scaling-up of achievements and innovative approaches. Thirdly, this is the best way to avoid creating parallel structures which in the long run may generate problems. Fourthly, it is administratively more demanding to work through NGOs because of their small size and limited capacity. On top of this there is the problem of bogus NGOs and how to avoid them as well as the fact that NGOs are unevenly spread.

If government wishes to continue funding NGOs, it must do so in a transparent manner. GoI and the state governments should establish a system of grading of the NGOs based on their commitment and performance into 4 categories as follows:

- (1) NGOs that more than adequately meet the eligibility criteria - grade A.
- (2) NGOs which adequately meet the eligibility criteria - grade B
- (3) NGOs about which government does not possess adequate knowledge - grade C.
- (4) NGOs whose work was not found satisfactory in the past - grade D

Care would be taken to ensure that smaller but committed NGOs with new ideas and enthusiasm are not ignored in this process. They should find their due place either as Grade A or Grade B. Government grants should generally be limited to grade A or B NGOs only. Normal procedure of pre-funding assessment should also be relaxed for grade A NGOs.

## **6 Transparency**

An integral part of modernizing government is making it transparent and accountable. Public servants withhold information from citizens for many reasons. Relevant information that is jealously guarded by officials (this might include prices, forms, officers to be contacted for grievance redressal, and existing procedures to be negotiated by applicants) yields asymmetrical returns to them. Most manipulations succeed because of the environment of secrecy that pervades government functioning. There is no early check because decisions are taken behind closed doors. Greater access by the people and transparency cuts those returns to officials and reduces their capacity to extract rents from citizens seeking information. The sharing of information and making the entire system more transparent would certainly reduce the danger of the system being hijacked by the undesirable elements. Transparency builds external

demand for reform and makes administration more responsive and performance oriented.

The Government of India promulgated the Freedom of Information Act 2002, which empowers access to all its citizens to the administrative information, government records, and related data. Under this Act, information which can be made available to the members of the parliament or members of the state legislatures would also be accessible to the common citizen, but with a few exemptions and exceptions, which unfortunately seem to be rather wide and indiscriminate. However, the Act has still not become operational for want of Rules. This needs to be expedited.

If the right of the ordinary citizen to information is recognized, it will dramatically increase the strength of the citizen to understand and challenge corruption and the arbitrary exercise of state power. It should be the duty of each officer to pro-actively attempt to increase the power of the citizen in his or her relation with the state, through building in transparency into all official procedures and systems, and *suo-moto* making available all relevant information to the people.

In the context of development works, for instance, this would mean enforcing the rule that all muster rolls and bills are regularly read out and explained to the people in gram sabhas. To do this, no radical change in official rules is required. On the contrary, existing rules already provide for such sharing of vital relevant information with the public and gram Sabhas. However, such rules are mostly observed in the breach, because it suits the bureaucracy to conceal such information to enable its arbitrary, malafide, nepotistic and corrupt exercise of power. As an experiment, all muster rolls be put on the internet in at least one block of a district (choice to be left to district administration in consultation with local civil society) where internet facilities exist. GoI should provide funds for computerisation.

Sometime in 1998 GoI decided to start the practice of putting information kiosks in their offices. However, most of them today contain what has been called cynically as government junk like the annual reports and other reports which generally people do not read. What is needed is to provide in these kiosks information which the public needs and which is important for those who have to interact with that organization. It is possible for the non-government organizations and enlightened citizens to take up with the concerned departments the question of providing such information as is needed for greater transparency and checking of corruption in those departments.

Government departments should also mount surveys of the perceptions and experiences of the ordinary people and civil society in sectors which have a public interface. These surveys will both measure public perception and experience of the integrity of staff interacting with the public and overall performance in the delivery of services. Surveys should be carried out by an independent institute/survey body of recognized survey experience and integrity, and the results will be published in time bound manner. Implementation of the recommendations of these surveys should be ensured. Similarly publication of reports of state-sponsored commissions and key policy papers should be compulsory.

Transparency is also needed in internal matters relating to civil servants.

The Official Secrets Act, 1923, should be repealed and replaced with a law with more restrictive scope confined to certain matters such as national defence, national security, law and order, investigation of crime, external relations and atomic and trade secrets, etc, and pending such an enactment, the existing law be amended to provide at least for public interest as a defence by a person charged under the Act.

Rule 9 of the All India Services Conduct Rules which prevents information from being provided to an ordinary citizen should be deleted, and another rule is added highlighting the intention of the Government in favour of transparency and stating that all such information which is generally provided by the Assembly/Parliament to a Member of Legislature, should also be provided to any member of the public, including NGO. This would drastically reduce the cost of answering Parliament/Assembly questions, as today for an ordinary citizen the only route of getting information about administrative matters is to approach a Member of the Legislature who, in turn, would raise a question in the Legislature. This all can be avoided if information is provided at the point at which it is generated.

Property and tax returns of all senior officers and politicians should be available for scrutiny by the public. These could be put on a 'home page' of the government on the internet, so that anyone having access to internet could access such an information and inform government if the stated facts are contrary to his knowledge.

An officer seeking deputation to the GOI should be free to suggest the names of the Ministries where he would like to go, or the Ministries for which he would not like to be considered. This would avoid a great deal of heart burning and frustration that results when an officer lands up in a Ministry where he does not like to work.

In view of the large-scale misuse of the power of suspension by some state governments, the rules should, inter alia, provide that suspension of an officer can be effected only after preliminary enquiry and after seeking the advice of the civil service board (CSB). In the case of an IAS officer, the suspension order should be signed by the Chief Secretary, and it should be a speaking order fully explaining the circumstances leading to suspension.

The control that the politicians exercise on the civil servants often amounts to backseat driving. In the present system it is difficult to fix responsibility for decisions, or for not taking decisions. The term public interest is most abused today, as it is used to cover hidden and malafide motives knowing fully well that the public is not in a position to challenge the bonafides of decision-makers. It is here that a fundamental change is required in the Rules of Business. It should be mentioned in each government order the level at which decision has been taken. The reasons for disallowing a petition should be fully mentioned, that is, it should be a speaking order, and the reasons for delay in disposal of petitions should be fully explained. For instance, it is seen that the requirement of seeking FCRA clearance by NGOs before getting foreign funds has been misused for harassment and extortion by the IB officials, because the order that is ultimately passed by the Home Ministry is not required to disclose the reasons why the application has been rejected. Often the IB official does not even visit the NGO, and just gives a one line report that the reputation of the NGO is not satisfactory in the field. Things would be different if the

order from the Home Ministry is required to mention in detail the date on which the official visited the organisation, persons contacted, and disclose the reasons for rejecting FCRA clearance.

### **6.1 Corruption in Registration Offices**

Rent seeking appears to be on a massive scale when it comes to getting sale deeds registered. A study found that formal transaction costs (registration fees and stamp duties) totalled about 17 percent of the value of the land transacted, but informal transaction costs upon sale (e.g., making repeated visits to *tehsildar's* and registrar's office, "unofficial" payments to expedite issuance of relevant documents, but *not* accounting time and other opportunity costs) total at least another 17% of the land's value. The study also indicated that effecting the necessary changes in land records following a sale transaction in Orissa can take a minimum of 3 months, but more typically took 3-5 years, and could take as long as 12 years. [R. Mearns & S. Sinha, Social Exclusion and Land Administration in Orissa, India, World Bank Policy Research Working Paper No. 2124, May 1999 at 28-32]. Such rigidities make land markets imperfect and obstruct productivity. Government also loses revenue, as often sellers/purchasers adopt cheap and simple practices for transferring de facto 'title', including the General Power of Attorney, Agreement to Sell, and Wills, none of which is legally required to be registered, and all of which is to a greater or lesser extent uncertain. Heavy transaction costs in land sale-purchase markets falls disproportionately on the rural poor.

**Recent changes** - Although the office of Stamps and Registration is generally considered to be very corrupt, given proper will and leadership it is possible to introduce transparency and reducing rent seeking even in the registration of sale deeds, as the experiment in Maharashtra has shown. The Government of Maharashtra (GoM) has upgraded service delivery in the State's 360 sub-registries, responsible for registering documents relating to property and other transactions, and stamp/registration duties. The discretionary power of sub-registrars about when and whether to register a document or return it was eliminated; now documents that meet specified requirements (and these have also been simplified) will automatically be accepted for registration and returned within a specified time. Other improvements in Registration in Maharashtra include:

- The time required to register a document has dropped from weeks to an average of 30 minutes per transaction.
- The number of documents registered per day has increased substantially (e.g. by 30% in some offices).
- Revenue has jumped by 25% from Rs.2,000 crore in 2001/02 to Rs.2,500 crore currently.
- Opportunities for corruption have been vastly reduced in the Department.
- Feedback forms collected by the Department indicate greater public satisfaction stemming from the greater transparency and speed of its operations.

## 7 Fighting corruption

Honesty at lower levels was as rare in the colonial past as it is now. The British appeared to believe that as long as the man at the top was honest, corruption at lower levels would not really do much damage and would remain confined within manageable limits. As corruption today is on the increase even in higher echelons of bureaucracy, the fear in the minds of lower level officials against making money has disappeared, and corruption at all levels has become a 'low risk and high reward' activity. People in the past looked upon functionaries at the cutting edge levels as an organised band of exploiters. In the not so recent past, senior Class I officers were not considered a part of this mafia. Rather they were looked upon by the people as saviours from the tyranny of lower level functionaries, and were never considered corrupt. But of late the distinction seems to have got blurred in public perception, if not totally eliminated. Corruption at the top has emboldened lower level officials who now openly exploit the masses with impunity.

Implementation of a comprehensive anti-corruption strategy should include:

- Immediate compulsory retirement of officials whose record and reputation is tainted, and prosecution against those whom there is evidence of corruption
- Strengthening of powers of the state Vigilance Departments, Lok Ayukta and the Anti-Corruption branch of the State police enabling them to effectively initiate and pursue investigations independently of government direction
- Guaranteed protection of civil servants who expose corrupt practices
- Annual awards for whistle-blowers – Governments should in each department institute annual awards for recognition of the contribution made by such persons in exposing wrong-doings in the government.
- In particular, property and tax returns of all senior officers should be available for scrutiny by the public. These could be put on a 'home page' of the government on the Internet, so that anyone having access to Internet could access such information and get in touch with government if the stated facts are contrary to his knowledge.
- In addition, each State should be asked to pass the Corrupt Public Servants (Forfeiture of Property) Act, already drafted by the Law Commission. This will ensure that the illegal wealth of the corrupt is confiscated and is not enjoyed by them. There is already a law called, the Benami Transaction Prohibition Act 1988. Under this Act benami properties (bought in some one else's name to avoid declaring the source of income) can be confiscated. The states should be asked to frame rules and procedure for this law. The number of cases prosecuted under this law should be monitored.
- The Lok Ayukta should be the appointing authority for at least 50 percent of the staff under his control and he should be allowed the freedom to recruit, transfer, promote and terminate the staff independently.
- Action against corrupt officers cannot be initiated in many states as the power to sanction prosecution is vested in state governments. This should be declared a

semi-judicial process, and the powers to sanction prosecution should be vested with a designated authority, which should pass a speaking order on receipt of complaint from CBI or other agencies.

## **8 Making the Civil Service e-governance friendly**

There are several reasons why e-governance should figure prominently in any programme of administrative reform and modernisation. First and foremost, technologies have advanced rapidly and cost effectively in recent years to bring e-governance applications within the reach of governments. Second, these applications are easier to implement today than many other types of administrative reforms. A lot of experience has now been gained with respect to their introduction. Technology can inject greater transparency, discipline in terms of deadlines, systematic monitoring, and security of data that standard administrative systems are unable to enforce. Third, they can make the citizen- state interface much easier, reducing transaction costs and public dissatisfaction. Finally, e-governance is less threatening to those in authority in contrast to some of the complex administrative reforms that have remained dormant in official reports. An e-governance application may look simple and limited in scope, yet it may have far reaching implications for the operating culture and performance of governments.

Conventional administrative reforms in India have had a mixed record for several reasons. A major problem is in mobilizing the kind of political and administrative will necessary to implement them. Vested interests are able to block many reforms and make it difficult to monitor the few that tend to get adopted. It could also be that people are not certain about the final outcome of some of these reforms. As a result, many ambitious reforms are proposed in official reports that are seldom acted on. Much time and money are wasted on exercises that produce no impact on the ground. Today, technology can be used to bypass these barriers, using a low key approach that need not be so threatening to many interest groups. We need not therefore wait till complex administrative reforms are accomplished to tap the potential that technology has to offer. E-governance applications are a good example of how the discipline of information and communication technologies could be used to compensate for the inherent difficulties in implementing organization intensive administrative reforms. They could in fact be used as short cuts to demonstrate “quick wins” while the ground is being prepared for the more difficult administrative reforms.

What are the expectations from e-governance? What has this approach achieved elsewhere? Developed countries are at the forefront in e-governance applications. They have used new technologies to streamline and speed up their interactions with and services to the public in almost all sectors of activity. They have also used IT in a big way in improving the internal management of their systems with respect to funds, personnel and assets (internal housekeeping). Based on this experience, the benefits of e-governance can be summarized as follows:

- It improves government’s overall productivity.
- It promotes greater transparency and public accountability.

- It simplifies and speeds up the delivery of a wide range of public services.
- It improves service quality and thus increases citizen satisfaction
- It aids dissemination of information and thus empowers people.

**Box 4: Discretion and truck inspection in Gujarat, India**

Inspectors responsible for enforcing restrictions on overloaded trucks in the Indian State of Gujarat were notoriously corrupt. They had considerable discretion over which trucks to stop for inspection. Moreover, since there was no system for reporting to the motor vehicle department the number of trucks found in violation of overloading rules, individual inspectors could negotiate a combination of reported fines and unreported bribes with individual truckers. In 1998 a program to reduce corruption using information technology was implemented. Individual checkpoints—and their weigh-scales—were connected by computer to central offices, so that information on vehicle weights and collected fines was automatically reported to the motor vehicle department. In addition, inspectors' discretion over which trucks to stop was removed. The combination of these two measures to reduce discretion dramatically reduced opportunities for corruption.

Source: [www1.worldbank.org/publicsector/egov/gujaratcs.htm](http://www1.worldbank.org/publicsector/egov/gujaratcs.htm).

Some of the areas where computerization would improve delivery are described below.

### **8.1 Creation of individual database for BPL population for selected villages**

At present, for getting various certificates, a citizen has to apply and furnish various details to support his claims. The Village staff do the enquiry and then issue necessary certificates. This consumes a lot of time. There is no comprehensive individual database available in the Village Office. It is suggested that a Village level individual database should be created to begin with only in selected large villages and for BPL population. With spread of computers the experiment can be upscaled to more villages. It should be possible to keep the database of the BPL population of the selected villages by using comprehensive forms so as to cover a variety of purposes and certificates. Once the database is created, the same can be used effectively for fast and efficient service to the general public.

One may also mention here that a large number of government departments in the states collect information on the households. These are Social Welfare, Food & Civil Supplies, and Rural Development, to name a few. These are parallel activities which consume a great deal of time, which can be reduced through proper coordination and sharing of information through computers.

### **8.2 Police**

By introducing e-governance in Police one could simplify procedures for filing FIRs, or for getting police verification done for passport, etc. For instance, if the list of those who have been convicted or prosecuted for serious offences is computerised it may be possible to do away with field verification of a person's reputation through constables

for the purpose of issue of a passport, and verification formalities could be completed centrally on the basis of the computerised database only. Similarly, it may be examined if FIRs should be accepted through fax, or through email. The objective should be to reduce personal contact with the Police personnel to the extent possible.

### **8.3 Computerise pensions**

There are several Social Security Schemes in the states, some supported by GoI, such as pension schemes. These are at present sent through moneyorders once in three or six months causing financial burden on the schemes, as moneyorder commission. In some states the distribution is via local government officials, where it is prone to distortion for personal gain. Besides, it causes delay.

In some states, the old age pension scheme (NOAPS) provides for payment on a monthly basis through an account either in the Post Office or a bank. It has been observed that this method of payment is least prone to corruption or delays. It may therefore be appropriate to restrict payment through Post Office or bank channels only. However, the scope for discretion by local officials resulting in long waiting periods for registration, bribes and inappropriate inclusion or exclusion is substantial, and needs to be reduced. Once those eligible have been registered, there is a high degree of automaticity and transparency in payments. Computerisation can do much to strengthen the automaticity of transfer processes. Many district-level development offices are now equipped with computers, and some of the more progressive states, these have broadband access to State government databases.

Pursuing the following objectives by the states would be both equitable and feasible:

- Link the payment of pensions and allowances to computerised records of births, deaths and marriages
- Ensure that the personal discretion of local level officials or politicians over beneficiary selection is kept to a minimum
- Provide all adults with a printout of their personal identification details as held on the computer
- Ensure that the various rights enshrined in these records to claim benefits, to vote etc. are 'portable' – i.e. can be used by migrants wherever they are
- Consider the range of information to be stored in the computers to serve several schemes
- Ensure that records are periodically updated (ideally, through updates sent via broadband; as an interim measure, by mailing out CD-ROMs), and put on a website for verification by civil society.
- Put in place safeguards on access to data, manipulation of data, virus protection and so on.

Such a system will not be entirely 'watertight' – there will remain problems of élite capture and leakage – but careful piloting, and some experimentation with the 'watchdog' roles that civil society organisations can play, will create mechanisms that deliver a far higher portion of intended benefits to the poor than do present ones.

#### ***8.4 Redressal of public grievances***

Villagers today spend a lot of time and money in sending petitions by registered post, and often they do not get any acknowledgement of their application. One could introduce a system of on-line receipt of such applications for which the petitioner needs to go only to a kiosk, and send his application by email. Even copies of documents can be scanned and sent along with the application. The applicant should immediately within seconds get an acknowledgement with a particular number so that he could trace the movement of his application on the computer itself. In a World Bank funded program on drinking water (described above) for poor localities of Hyderabad similar procedure has been evolved where people do not send any written application, but they only have to dial a toll free number and get their complaint registered as well as trace its movement.

One of the prime reasons for the harassment of citizens by government agencies is the need of the people to approach state agencies for various requirements from time to time. It is not uncommon to hear from people complaints regarding harassment, waste of time and money, repeated visits to offices, and institutionalized systems of informal payments which have to be made for getting services. A great deal of corruption and harassment can be reduced if these requirements can be met, without approaching the government departments, through single-window stations such as the TWINS, in Hyderabad, funded in the course of time by private operators. A beginning can be made by permitting payment of all government dues through banks and even post offices.

#### ***8.5 Computerisation of land records***

Many states have tried to computerize land records (CLR), but feeding incorrect and out-of-date entries in the computer without field verification has not added to consumer satisfaction, and for most states it is 'garbage in, garbage out'. Absence of periodic updation made by the revenue authorities led to an anomaly as the computerized data was not current and did not reflect reality. Only in Karnataka, the "mutation" process was made online as a result of which the data base of land records was updated as soon as a mutation was approved. This has been the crucial factor behind the success of the CLR project in Karnataka.

The CLR scheme has succeeded in states like Karnataka, Andhra, Gujarat, and Rajasthan. These are the states which have created an overall acceptance or ambience for absorbing IT in their work culture. These states have also taken steps to improve administrative delivery in other sectors. The scheme of CLR needs an ecology at the field level to grow up. In Bihar it has not been implemented even in one district at the data entry level. In general it may be taken as reflection of the general state of affairs. In UP, data entry has been done but delivery of ROR (record of rights) is not being done at field level. Due to frequent changes in government and thereby in bureaucracy, UP has not been able to adopt a long term sustainable approach for implementation and monitoring.

However, even in southern states, its ultimate success would depend whether it is able to reduce the dependence of the landowners on petty bureaucracy, by making records available on-line through a web-site. In Karnataka where computerisation has

satisfactorily progressed, role for private kiosks is still to be sufficiently developed. The farmers still have to come to the tahsil (sub-district) for a copy of land records. Since the Karnataka government has banned giving manual copies, dependence of the ordinary land owner on government machinery has in no way declined. He has now to travel all the way to the tahsil as compared to the old system of getting it from the village accountant. Often in a tahsil only one clerk is authorised to issue the certified copy. If by chance he is on leave the journey of the land owner to the tahsil will be wasted. Delay also takes place because rural tahsils have frequent power failures.

Land Records Manuals in the states lay down detailed procedure for creating and sharing the records. But these were designed from the point of view of manual record keeping. If we are replacing manual system with the electronic system, there is need that all IT related issues should be addressed in the revised Land Record Manuals and procedures, because in day to day working, the field level functionaries adhere to them as standards. However, this subject has not received much attention in many states.

## **9 Curbing transfer industry**

Appointments and Transfers are two well-known areas where the evolution of firm criteria can be easily circumvented in the name of administrative efficacy. Even if the fiscal climate does not allow large numbers of new appointments, a game of musical chairs through transfers can always bring in huge rentals to corrupt officials and politicians. As tenures shorten both efficiency and accountability suffer. Rapid changes erode the mandate of the Department or Organisation. It leads to lack of confidence to act firmly and equitably for the public good.

In U.P., the average tenure of an IAS officer in the last five years is said to be as low as six months. In the IPS it is even lower, leading to a wisecrack that 'if we are posted for weeks (Haftas) all we can do is to collect our weekly bribes (Haftas). Chronic political stability in states such as UP has led to the frequent collapse of government, which has in turn led to a new round of transfers as the next group of political leaders has sought to reward supporters and put their "own" staff into place. Transfers have been used as instruments of reward and punishment, there is no transparency, and in the public mind transfer after a short stay is categorised as a stigma. Officers who are victimised are not in a position to defend themselves. Internally the system does not call for any reaction to explain one's conduct, while externally public servants are debarred from going public to defend themselves.

The topic of reducing political interference is a sensitive one, for the right to transfer civil servants is clearly vested within the political leadership under Article 310 of the Indian Constitution, which maintains that civil servants serve at the "pleasure" of the ruling authorities. Yet few would disagree that this power is often abused by both civil servants and politicians -- the former in seeking prime postings, and the latter for a variety of legitimate and occasionally illegitimate reasons. The prime concern of the political executive is to manage jobs and favourable postings for their constituents. This means a high degree of centralisation at the level of the state government and little accountability.

Frequent transfers and limited tenures are playing havoc with public organisations. With every quick change in the head of the office, a funereal air is noticeable and down the line the respect for authority is wittled away. Rapid changes erode the mandate of the Department or Organisation. There are two other consequences. The incumbent himself is not sure of how long he will stay. This affects his attention to detail, the capacity to master the situation and begin thinking, even incrementally, about how to change things and improve them. Since he is not too sure of what has to be done, the preference is to opt for whatever was tried out in the past and seemed to have sufficed. In the process, changes which may have been initiated by the predecessor are either disregarded or thought of as being disruptionist. Most public organisations do not possess the 'memory' which will absorb change and continue it even under adverse circumstances. Second, there are even more deleterious consequences down the line. Other staff in the organisation do not extend the commitment so necessary for change to be institutionalised. Their assessment is that everything new being temporary administrative improvement and practice, different from the ordinary way of doing things, represent the foibles or prejudices (at worst) of the incumbent, to be sent packing immediately on the departure of the officer. An attenuated hierarchy, which disorients intent and initiative, further impels the status quo.

It is in this context that it is crucial and critical to remove uncertainty and imbue the officers with a certain security of tenure in every post.

### **9.1 Rationalising transfers**

A good transfer policy should have several objectives, such as;

- the need to curb the overall incidence of transfers
- eliminate 'transfer industry' and politicized transfers
- the policy should be seen as fair, objective, and leading to career development

in Punjab, the total period IAS officers of Punjab from 1967 to 1987 batches have spent on their current posts on 25<sup>th</sup> October 2003 was as follows:

| No. of months | No. of officers |
|---------------|-----------------|
| Less than 3   | 18              |
| 3 to 6        | 20              |
| 6 to 12       | 5               |
| 12 to 18      | 3               |
| 18 to 24      | 6               |
| more than 24  | 5               |
| Total         | 57              |

Of the five officers who had spent more than two years on their posts, four were holding posts which are 'dumping ground' with no challenge; such as Principal

Secretary Freedom Fighters, Principal Secretary Programme Implementation, Secretary, Department of Relief and Settlement, and Commissioner of Departmental Enquiries. Thus the more important Secretaries were being shuffled quickly to deny them the leadership role that they could potentially play in promoting reforms.

Similar is the story in Police, a priority sector in Punjab. The tenure of SHOs (Station House Officers) was about 7 months, where as for DSPs it was 8 to 9 months.

Several suggestions can be considered to reduce this menace.

To begin with, the Department of Personnel in each State should calculate the average tenure of Principal Secretaries, Secretaries and Deputy Commissioners/Supdt of Police every quarter, and publicise this fact, so that political consensus is built up on the need for longer tenures.

There should be adequate publicity about who can transfer officials at various levels in government. This will ensure that government does not meddle with the transfers of low level officials. Powers of transfers of all class II officers should be with the HOD, and not government. This will however not eliminate the menace of oral or unsigned orders from Ministers to the HODs, but might reduce secretariat's interference in transfers which would be within the powers of the Deputy Commissioners and Divisional Commissioners, as these officers can resist oral orders from Ministers much better than the HOD placed at the State capital.

In many state governments, secretariat departments (at the behest of their Ministers) have assumed powers, which were earlier delegated to heads of departments and district officers, to transfer personnel within the district. For instance, postings within a district of doctors, Naib Tahsildars, and Block Development & Planning Officers is now being done by government (by Ministers with Secretaries being merely post offices, or helping their own favourites in the process) although this power should be the district Civil Surgeon or the Deputy Commissioner. This is contrary to the role that government should play. Government should deal with transfers of only HODs and Addl HODs, or at the most of Class I officers. After all government's role is policy making and objective impact assessment, and to ensure that the transfer policy as laid down is being followed by senior people in the field. If government itself violates norms for fair play, what moral right will it have to enforce discipline in its workforce?

Stability index should be calculated for important posts, such as Secretaries, Deputy Commissioners, and District Supdt of Police. An average of at least two years for each group be fixed, so that although government would be free to transfer an officer before two years without calling for his explanation, the average must be maintained above two years. This would mean that for every short tenure some one else must have a sufficiently long tenure to maintain the average. Just as every government order carrying financial implications has to quote the authority of the Finance Department, every transfer order must indicate in arithmetical terms how the average has been affected by the transfer in question.

The maximum period of three years prescribed in the government circular should be changed to five years for at least all such higher positions where leadership qualities are important.

For each cadre post, officer of the higher rank could also be posted. In other words promotion should not mean transfer.

There should be a high powered and statutory Civil Services Board (with representation from eminent and non-political people), which should process all proposals of postings and transfers and there should be an ACC kind of procedure (followed by the Government of India whereby an officer joins a Ministry for a fixed term of 4 - 5 years). The ACC system does ensure stability of tenure at the Centre. If it is operated properly in the states there is no reason why it should not succeed there too.

At least for higher ranks of the civil services e.g. Chief Secretary and DGP, postings may be made contractual for a fixed period of at least two years, and officers be monetarily compensated if removed before the period of the contract without their consent or explanation. A statement giving reasons therefor should be recorded on the file and placed on the table of the legislature/parliament; whenever cabinet secretary or chief secretary or director general of police is proposed to be shifted preemptorily before completion of his term and/or retirement.

Transfer policy should not be seen in isolation, it calls for other reforms in the personnel policy. For instance, in many cadres and departments there are useless posts which have little challenge and need to be abolished. The very existence of unimportant posts causes an unhealthy attitude amongst officers and divides them in their service interests, which is exploited by politicians. This also leads to a tendency of using the mechanism of transfer for punishment.

At the same time it must be recognized that some posts would have more attraction for the employees than others. These may be due to better location where good schools or cheap government housing is available, more challenges, the pull of private practice for doctors, or simply more opportunities to make money. Except for the Indian Foreign Service, no other service categorises posts according to its demand so as to ensure that everyone gets a fair chance to serve on both important and difficult (such as in remote and tribal areas) assignments. One should categorise posts in each department according to the nature of duties and geographical location into A, B and C posts, and chart out the kind of mix that should dictate the average officer's span of career. At least for Group A officers, one should be able to know through websites that total transparency is being observed and whether some 'well connected' officials have not been able to get 'plum' postings and avoid difficult areas.

Some of the suggestions given here could be incorporated in the form of a legislation on the pattern of Maharashtra to improve the prospects for effective implementation.

It is not correct to assume that there would be political resistance to the idea of stability of tenure. Many Chief Ministers would welcome this proposal, as they are often pressurised by their MLAs to resort to frequent transfers, and with a change in procedure, they would be able to resist the pressure in a better manner. It may also be

mentioned here that many transfers are initiated at the request of the officer himself, and this tendency will also get curbed with new Rules.

One progressive element introduced by some states relates to the computerised counseling system based on transparent consultation with departments, with decisions on transfer being related to incentives and objective criteria. Based on the recognition that staff transfers in the past have been too frequent, and not sufficiently based on merit criteria, it is important that transparent policies are adopted, which increase employees' morale and faith in professionalism.

It may be mentioned here that countries like Japan and Singapore do not pursue the practice of annual transfers. If an employee is corrupt or inefficient, the traits would get displayed wherever the employee is posted. What is required is effective supervision and the prompt commencement of disciplinary action against such employees instead of shifting them to another place.

### ***9.2 Reduce post-retirement temptations***

Another area of reform relates to post- retirement bonanzas. The Fifth Pay Commission while recommending the age of superannuation as 60 years, suggested the complete abolition of the provision of extension in the service rules. The State and Central Governments as well as PSUs should implement this particular recommendation and also avoid post retirement jobs to the civil servants as also the judiciary. If the talent of any particular individual needs to be used even after his retirement, it can be on a short term consultancy basis to meet a specific time bound requirement at the end of which the contract should be terminated. In any case no officer above the age of 60 should get government housing. By throwing open the jobs in the organizations like Administrative Tribunals, Commissions of Inquiry, Pay Commission, Vigilance Commission and the other regulatory authorities etc. to the serving civil servants as against the retired, the prevalent congestion at the top levels of the civil service can also be substantially reduced.

As the service conditions of the three most powerful services at the State level – the IAS, IPS, and the Indian Forest Service- are all controlled by the Center, a few changes in the All India Services Rules and close monitoring by the Department of Personnel in GoI can help in professionalizing the three services, help prevent their decay, improve their backbone, so that they not only resist plundering of the treasury by the unscrupulous elements, but also provide pro-poor and efficient administration in the states.

### ***9.3 Reduce administrative fragmentation***

Within GOI and in many states, the number of ministries and departments has proliferated far beyond any rational assignment of functions. Compounding the problem are relatively weak mechanisms for policy coordination in many states, since most departments report directly through their own minister. Nor does fragmentation end with administrative structures. Budget heads are not always closely aligned with departments. The civil service is divided into dozens of cadres, each with its own service terms and conditions, whose controlling authorities are widely disbursed throughout the various departments. Rigid terms and conditions make it difficult to

transfer staff between cadres where they can be better utilized. Therefore, institutional reforms are needed to reduce the current administrative fragmentation, and align the size and structure of the civil service more closely with modern-day functions.

For Group A & B posts requiring high performance, one may continue with recruiting them young, but one should retire 25% to 50% of the officers at the age of 48 to 55, as it is done in the Army. For new recruits to government service for this category it should be a compulsory condition in their rules of recruitment that they would be asked to take leave with pay for two years and without pay for 5 years at a stretch after they have put in 10 years of service. This will build their capability and confidence, giving them a backbone so that they can resist temptations and stand up to sectarian pressures. At the same time many posts at the top should be earmarked to permit lateral entry of people from NGO/ professional institutions at various levels to bring in a fresh outlook.

An important factor which contributes to the surrender of senior officers before political masters is the total lack of any market value and lack of alternative employment potential of government officers. Beyond government they have no future, because their talents are very few. As the process of liberalisation of the economy catches momentum, the only job for which they were suitable, that of liaison officers for private sector, would also no longer be available for them. Most senior officers thus end up as dead wood by the time they reach mid-career. Their only talent lies in manipulation and jockeying for positions.

Therefore one needs to encourage officers to join NGOs, educational and research institutes during mid-career. The Department of Personnel should play a more active 'placement' role by maintaining a list of officers who wish to be out of the service for a temporary period, and liaise with the desirous NGOs and other institutions.

## **10 Summing up**

A good civil service is necessary but not sufficient for good governance; a bad civil service is sufficient but not necessary for bad governance. Thus, a dilapidated civil service has been a key factor in Africa's economic decline. Conversely, a strong civil service is one of several reasons why in several east Asian economies, especially Japan and South Korea, authoritarianism has co-existed with excellent economic performance. It can be argued that the link between authoritarianism and economic decline, so evident in Africa, has been inoperative in these Asian countries largely because of their strong civil service. Greater responsiveness and openness can legitimately be demanded of public administrations in some East Asian countries. Clearly, however, civil service systems in most East Asian countries cannot be considered a problem; they are, rather, an important part of the solution to these countries' other problems.

Civil service reform is intractable under a "kleptocracy" that exploits national assets for its own benefit and is, by definition, uninterested in efficiency and development. For this type of regime, the real risk of reform is loss of control. A pliable and unskilled civil service is actually desirable from its point of view--public employees dependent on the regime's discretionary largesse are forced to become corrupt, cannot

quit their jobs, and reluctantly become the regime's accomplices. Providing financial assistance to such states without linking it with performance and reforms would be a waste of resources. In all other cases, civil service reform is manageable, albeit difficult, complex, and slow.