



**VENKATESHWARA
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PUBLIC ADMINISTRATION AND MANAGEMENT

**MA [POLITICAL SCIENCE]
[MAPS-104]**



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**MA [Political Science]
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SYLLABI-BOOK MAPPING TABLE

Public Administration and Management

Syllabi

Mapping in Book

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Financial Administration: The Budget (Types, Preparation and Implementation of budget), Performance Budgeting, Zero base Budgeting, Audit, Planning, Political Economy and Globalization - Role of Transnational Companies (TNCS) and Multinational Companies (MNCS)

Unit-1: Financial Administration
(Pages 3-28)

Unit-II

Major Issues in Administration: Relationship between Permanent Executive and Political Executive, Generalist - Specialist Controversy, Public Policy in India - Economic Liberalization Model (Privatization, Marketization, Disinvestment, Corporate Governance).

Unit-2: Major Issues in Administration
(Pages 29-43)

Unit-III

Personnel Management: Recruitment, Training and Development, Employees Morale, Worker's Participation in Management, Conflict Management, Employee-Employer Relationships.

Unit-3: Personnel Management
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Unit-IV

Civil Service Conduct: Neutrality and Anonymity, Role, Accountability and Legislative Control - Legislative, Executive and Judicial, New Trends: Good Governance, Citizen's Charter, E-Governance, Time Bound Service, Corruption handling mechanism - Lokpal and Lokayukta

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INTRODUCTION

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Public administration refers to the process of implementation of governmental policy by the people who have been appointed for the same, namely, the civil servants. It is also an academic discipline that studies this process of implementation and also prepares the civil service aspirants for the task ahead. It is an essential subject for the students of political science as well. Public administration has a direct influence on the overall quality of life of the community. Public administrators are looked upon as people who design important public policies aimed at the betterment of the cities through planning, development and management. Simply put, public administrators help to improve the future of the community in general. A study of public administration would require focus on many issues including citizen participation, local autonomy, public administration strategies, innovative governance, public service, resolution of conflicts, demographic imbalances/transitions and healthcare.

This book, *Public Administration and Management*, is divided into four convenient units. **Unit 1** provides an overview of financial administration. **Unit 2** deals with major issues in administration. **Unit 3** takes a critical look into personnel management. **Unit 4** focusses on the conduct of civil servants.

The book follows the self-instructional mode wherein each unit begins with *Introduction* and *Unit Objectives* before going onto the presentation of detailed content in a simple and structured format. *Summary* gives you a brief outline of the topics discussed in the unit. *Key Terms* hold the pulse of the main diagnostic principles forming the basis of the discussion. *Check Your Progress* questions are provided at regular intervals to test the student's understanding of the topics. *Questions and Exercises* are provided at the end of each unit. *Further Reading* section holds the prospects for advance learning and understanding in the field.

UNIT-1 FINANCIAL ADMINISTRATION

Structure

- 1.0 Introduction
- 1.1 Unit Objectives
- 1.2 The Budget: Types, Preparation and Implementation
 - 1.2.1 Preparation
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1.0 INTRODUCTION

An important component of the financial administration of a nation state is the budget. The term 'budget' has been derived from the term 'bougette', which in French means a leather bag. It came to be used in the form of a satire in 1733 called 'opened the budget'. There is a pretty interesting story behind this. Chancellor Walpole of Oxford had the habit of carrying a leather bag which contained financial plans regarding the 'House of Commons'. So, when he used to open the bag, it was denoted as if he was presenting his budget before the committee. Therefore, budget in contemporary times means those documents which contain the estimates of expenditures and revenues of the nation. In layman's term, budget is prepared to gauge the financial condition of the state. This unit begins by discussing the concept of budget and its various types. The unit goes on to discuss planning.

1.1 UNIT OBJECTIVES

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

- Describe the process of preparation and implementation of the budget
- Describe the salient features of zero-based budget
- Discuss the fine nuances of audits
- Understand the concept of planning

1.2 THE BUDGET: TYPES, PREPARATION AND IMPLEMENTATION

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

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

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

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

According to Rene Gaze,

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

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

As Wilne puts it,

Budget is a detail of estimated revenues and expenditures- a comparative chart of revenues and expenditures- and over and above this is an authority and direction of the competent authority given for collection of revenues and expenditure of public money.

Thus, on the basis of these definitions we can sum up these significant features of budget:

- Budget is an account for the proposed expenditures as well as the expected revenues
- Budget requires an authority who sanctions it
- Budget is usually annual. In any case it has to be for a certain period of time
- Budget also puts forward a particular process through which the whole administration and collection of expenditures and revenues has to be carried out

Kinds of Budgets

The budgets can be of different types. Their classification being based on certain principles which are:

- The estimated period to be covered
- The numbers of budget that are to be announced in legislature
- The kind of method to be adopted
- The financial position which is depicted through the budget
- The classification of revenues and expenditures

Hence, on the foundation of the above mentioned principles we can propose five types of budgets illustrated in Figure 1.1.

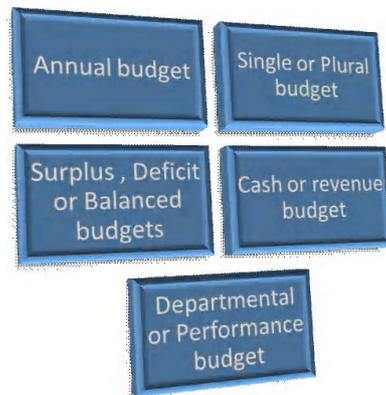


Fig. 1.1 Types of Budgets

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Process of Long-term Budgeting

Public budgeting usually is, and has been, annual. The legislature can, thus, have a closer look and can control governmental activities. This in no way means that the government does not want or needs to take a look into the future planning and, therefore, the annual budget has to be proposed with a vision for the future. Long-term budgeting is imperative. So in reality long term budgeting is not an actual budget for a certain time period but a process of making provisions for the future and making annual budgets accordingly. This process includes the following steps:

- Determining and estimating the requirements of the nation, for the coming years and a plan to meet those requirements.
- Exploring the sources of raising revenue-taxation, borrowing, savings, etc.
- Preparing a program that is balanced as well as one which contains all the features mentioned and required for development in the proposed period. Also, the program should be flexible so that modifications can be made accordingly.
- Implementation of improvement projects
- Incorporating a portion of long-term budget within the annual budget and getting it passed through the legislature.

Single Budgets vs. Plural Budgets

In most countries the method of preparing a single budget is used. One single budget is made where all the estimates regarding all the departments get covered. The reason behind preparing a single budget is an argument that the financial position and standing of the government gets revealed this way. This also makes the job of the government easier as the government knows beforehand the surplus and deficits of all the departments and thus can make necessary adjustments, balancing the whole budget. This saves the government from complex adjustments and calculation to be performed at a later stage. This system is used in Germany, Switzerland, to name two.

India however has the method of plural budgets as two budgets are prepared. The two departments for which these budgets are made separately are:

- Administrative departments
- Commercial enterprises

In India, making a separate budget for the Railways was in practice since 1921. This was initiated on the recommendations of the Acworth Committee. Another example is the budget for Damodar Valley Corporation which is laid before the legislatures of Bengal and Bihar.

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Social and Economic Implications of Budget

The philosophy of 'laissez-faire' is used to govern and administer the activities in a state.

Budget was not that important earlier and was merely a medium of management for state finances. These philosophies have changed in contemporary times, as it is an industrial age and prosperity, progress and welfare of a nation has to be looked upon by the government under complex circumstances. Thus, the significance of preparing a budget that suits the welfare of the society is vital for the state. The kind of objectives both social and economic which need to be realised are as follows:

- Increase in production
- Addressing inequalities of income and wealth distributions
- Taking care of inflation which may be caused through a variety of circumstances such as war or natural calamity
- Another goal which should be realized by the government is securing of full employment

Production can be increased through protecting the industrial and agricultural sectors and allowing subsidies.

Inequalities in distribution of wealth and income can be addressed through imposing taxes on people with large incomes. The income thus earned can be used in providing social services such as health and education, and houses for the poor sections of society.

Similarly, inflation which is caused because of issuing vast amount of paper money, especially during war times can be fought by heavy taxation and borrowing money which in turn curtails the purchasing power. This method, however, is criticised and thus needs to be implemented with care and only during emergency.

Surplus, Deficit and Balanced budgets

If the approximate revenues are over the approximate expenditure, the budget is called a surplus budget. Similarly, a deficit budget is one where the expected expenditure is in excess of the revenues approximated. Clearly deficit budget shows that the country is progressing in the right direction as the economists have pointed out. When the approximate revenues and expenditures are almost equal and at par, it is called a balanced budget. Usually, all budgets are deficit.

Departmental Budgets/Performance Budgets

In a departmental budget the expenditures as well as the revenues concerned under it are collected under one roof. In the case of Performance budget, the budget proposed for any particular project gets divided under various programs on the basis of activities and functions related to that particular project. For instance, if there is a project regarding education, the division could be on the basis of primary, secondary and high.

Cash Budgets/Revenue Budgets

In cash budgets there is an estimate of various forms and expenditures and incomes on the basis of amount that is to be spent or received in one year. In case of revenue budget the amounts are attributed in the budget whether or not they actually spent or received in the form of expenditure and revenues in one single year. Cash budgets are prepared in countries like India and USA. Cash budgeting is done in countries like France along with other continental nations.

1.2.1 Preparation

It may be mentioned that there is no single budget for the entire country. States have their own budgets, as the Indian Constitution is federal. Even at the Union level, there are two budgets.

Types of Budget

- (i) General Budget
- (ii) Railway Budget

General budget is one of the greatest democratic instruments of growth. It helps bridge the economic disparities among different communities and sectors and helps take a step forward towards a more inclusive development. It contains the following documents: *Key to Budget, Budget Highlights, Budget Speech, Budget at a Glance, Finance Bill Memorandum Receipt, Budget Expenditure, Budget Customs and Central Excise Implementation of Budget Announcements, The Macro Economic Framework Statement, The Medium Term Fiscal Policy Statement, The Fiscal Policy Strategy Statement and The Outcome Budget.*

The Railway Budget was separated from the General Budget in 1921. The advantage of this arrangement is, first, that a business approach to the railway policy is facilitated, and, secondly, the railways, after paying a fixed annual contribution to the general revenue of the country, can keep their profits for their own development.

The separation of the railway budget from the general budget is justified by India's Railway Board on Railways for 1924–25. The Board observes:

The new procedure (the separation of railway finance from the general finances) has already resulted in a definite improvement in the railway outlook, and while the general revenues are now assured of a stable annual return from railway, the Railway Board is enabled to carry out a continuous policy of improvements based on upon the responsibility for obtaining a fixed dividend coupled with an assurance of adequate funds for any operation which will secure such dividend. They have the further security that surpluses will be available for railway purposes and particularly for building up reserves and a depreciation fund.

The institution of a separate railway budget enabled the railways to develop a coherent railway policy in the country.

Role of Finance Ministry in Budget Formulation

The Ministry of Finance, dealing with the financial business of the Government, has overall responsibility for framing the budget. The Finance Minister is the steward of the nation's purse. It is his paramount duty that the national finances are conducted prudently and efficiently. The Finance Ministry, responsible for raising necessary revenues for the State, must have a predominant voice in determining the amount, and, in some degree, the character of the expenditure. The Financial Rules of the Union Government confer the financial powers upon the Ministry of Finance. This arrangement has been envisaged under Article 77(3) of the Indian Constitution, which authorizes the Union President to make rules for conducting the business of the Union Government. The Finance Ministry is responsible for the preparation of the Annual Financial Statement (i.e., the Budget), for piloting it through Parliament, for supervising its execution by the various departments, for collection of revenue, and for giving financial control generally. This position the Finance Ministry did not always enjoy. Its control over other Ministries/ Departments grew only gradually – it was, to be sure, resented in the beginning by other members of the Governor General's Council on the ground of departmental autonomy and prestige. The gradual development of popular control over government

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and that of parliamentary government strengthened the position of the Finance Department. The Montfort Reforms of 1919 that provided for financial control by the Finance Department over other Departments, the constitution of the Public Accounts Committee of the Legislature and the appointment of Comptroller and Auditor General to scrutinize and audit the accounts of the Departments went in the direction of enhancing the power and prestige of the Finance Department.

Organizations Involved in Budget Preparation

In the preparation of budget estimates for the ensuing financial year in India (the financial year commences on April 1, and ends on March 31) four different organs are involved:

- (i) the Finance Ministry,
- (ii) the Administrative Ministries,
- (iii) the Planning Commission, and
- (iv) the Comptroller and Auditor General.

The Finance Ministry has the overall responsibility for the framing of the budget, but it is the administrative ministries which have the detailed knowledge of administrative requirements. For incorporating the plan priorities in the Budget, the Finance Ministry has to be in close touch with the Planning Commission. Also, the Comptroller and Auditor General come into the picture since it is they who provide the accounting skills necessary for the preparation of the estimates.

The work in connection with the preparation of the budget estimated begins 6 to 8 months before the commencement of the next financial year. The initiative comes from the Finance Ministry which dispatches a circular to the various administrative Ministries and departments, asking them to start preparing estimates of expenditure. The general rule is that he who spends the money must also prepare estimates for it. The 'skeleton forms' are supplied wherein the estimates and the other requisite information have to be filled in. The administrative ministries, in turn, pass on these printed forms to the disbursing officers, i.e., the heads of offices (e.g., Deputy Commissioners in districts). These disbursing officers prepare the estimates on the prescribed form. Given below is a specimen copy of the estimate form:

Budget Estimate for the Year

Each form contains columns for the following:

- Actual of the previous year
- Sanctioned estimates for the current year
- Revised estimates for the current year
- Budget estimates of the next year
- Actual of the current year available at the time of preparation of the estimates and actual for the corresponding period of the previous year.

The estimates of the coming year are made on the basis of the following criteria:

- The revised estimates of the current year
- The 12 months' actual of the last and previous years
- Any recognizable regularity in past year's figures
- Any special circumstances causing variations

The estimates prepared by the disbursing officers are then sent to the head of the department in two parts. Part I relates to revenue and standing charges. Part II is

further subdivided into two categories. In the first category they figure those items which are continuing from year to year. The second category relates to entirely fresh items.

The head of department consolidates the estimates for the whole department after such review and revision as may be considered necessary. The estimates from the various departments are, then, sent to the Administrative Ministry where in the light of its general policy they are subjected to a scrutiny. These estimates are, then, passed on to the Budget Division of the Ministry of Finance, by the Administrative Ministry some time in the middle of November.

The searchlight of the Budget Division in the Finance Ministry is turned on these estimates sent by the Administrative Ministry. Its scrutiny is, to be sure, different in character from that of the latter (the Administrative Ministry). It does not go into the policy of the expenditure— this is, in the main, the responsibility of the administrative Ministry itself. It is mainly concerned with economy and has to keep the demands of the several administrative Departments/Ministries within the funds available to the Government. Its scrutiny is from the financial point of view, i.e., of economy and availability of funds. In carrying out this function, the Finance Ministry does not behave as an expert on the numerous proposals involving expenditure. It ‘possesses a traditional expertise in criticism and cross-examination, born of a long experience but continuously brought up-to-date. Subject to that, its attitude is somewhat that of an intelligent layman.

It asks such questions as:

- Is the proposed expenditure really necessary?
- How have we so long done without it? Why now?
- What is done elsewhere?
- What will it cost and from where to finance?
- Who will go short as a consequence of it?
- Are new developments likely to render it necessary?

It may be mentioned here that this exacting scrutiny is applied only to the proposals for new expenditure. For the rule is that no proposals for new or increased expenditure, for any department, can be incorporated in the budget without the concurrence of the Ministry of Finance. The administrative ministries should not get more funds than they really need in face of the limited resources available with the government.

Budget Approval

As the position stands, the Finance Ministry passes the demands of the several administrative ministries, calls for the justification of expenditure, and fixes a net figure for each Ministry. It may be borne in mind that neither the Finance ministry nor the Finance Minister is an autocrat in these matters, the imperative demands of the Five Year Plan, the policy decisions of the Cabinet, the current conditions in the country – all these must find a reflection in the budget and, to the degree, restrict the Finance Minister’s say. The Finance Ministry closely looks into all proposals that impose a new, or an increased, charge on the Government.

Classes of Charges

New charges are of two classes –

- (i) Grants for purchases, constructions, etc., and
- (ii) Grants for establishment.

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Big purchases or construction, like the atomic energy reactor in Bombay, are undertaken with the concurrence of the Cabinet. Evidently, the Finance Ministry's control in regard to inclusion of such charges in the budget may appear to be somewhat restricted. But it watches closely the establishment proposals involving extra expenditure. In case the Minister in charge of spending department finds the Finance Ministry's 'No' unpalatable, he may take the matter to the Cabinet, whose decision binds all individual members. If the member feels strongly over the matter and cannot reconcile himself to the decision of the Cabinet, he may sever his association with the government by resigning. Any way, the Finance Minister's position in the Cabinet is peculiarly a strong one; the Cabinet must give special weight to his views at any rate especially when the expenditure at stake is of a significant dimension. A former Finance Minister's pronouncement, albeit in a different context, that 'a Finance Minister can function adequately only from a position of strength and not from one of weakness,' is a pointer in this direction.

Special Powers to Finance Ministry

The Finance Ministry is endowed with control over the estimate of the spending ministries. Two reasons may be given for this. In the first place, the Finance Ministry is not itself a spending ministry and can, therefore, act as the disinterested guardian of the taxpayers' interests. In the second place, this Ministry has to find out ways and means to meet the proposed expenditure; logically, thus, it must have a say in determining whether it should be incurred or not. To quote the words of the Haldane Committee, '.... if he (the Finance Minister) is to be held responsible for filling the reservoir and maintaining a certain depth of water in it, he must also be in a position to regulate the outflow.' The Finance Ministry's predominant position vis-à-vis the spending ministry has, of late, come in for criticism on a number of grounds. It is useful to note the following observation made by Appleby:

'Under the present system, 'schemes' or projects of various kinds are presented to the Finance Ministry throughout the year, some for an early clearance and apportionment of funds, some as a hostage to later budgets.' These schemes are usually not much more than policy ideas; they are almost never actually administrative expenditure and nor the expenditure projections ready for serious consideration as such. Their shortcomings are the primary occasion for most of the delay and confusion now rather erroneously charged against the Finance Ministry. As time for making the budget is approached, all these schemes on a file are examined, some are selected, and these, in addition to normal 'establishment' expenditures, become the budget of a particular ministry. All schemes remaining in the file have been approved in principle. Those not actually included in the budget remain in the file, and may be activated in any subsequent year or at any time within a year. Years after they were first submitted and approved in principle, some or another may suddenly be activated, although by that time the original rough estimates of cost and even important elements in the scheme, may be wholly outmoded.

'This whole system requires the agencies to submit many schemes they have little hope of being able to put into action. It establishes a pattern of poor cost estimates and poor budgeting which, in turn, are justifications for a detailed financial intervention.'

'There is another element in the picture that deserves much attention. The Ministers, knowing that Finance will reduce their requests, are given too loose and extravagant estimates of cost. They are given positive encouragement to do this. When a particular Ministry submits a tightly estimated project, Finance complains: 'You put us in a difficult position by making it so hard for us to reduce your figures.'

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Actually a tight and sound estimate should be encouraged in every way possible, and endorsed by quick and unmodified approval. Conversely, the loose estimate should be over-penalized. The primary responsibility for Finance should be 'to encourage and to stimulate good budgeting in the agencies and its whole review should be based upon sampling analysis which constitutes a search for poor budgeting; if the sample reveals a good budgeting, the request should be given maximum approval.'

1.2.2 Implementation

It is a cardinal principle that no taxation can be levied and no expenditure incurred, without the prior approval of the Parliament. The journey of the Budget, or the 'Annual Financial Statement', through Parliament, is a vital part of the process.

Various stages to go through

In Parliament, it goes through the following five stages:

1. Presentation to the Legislature
2. General Discussion
3. Voting on Demand for Grants
4. Consideration and passing of the Appropriation Bill
5. Consideration and passing of the Taxation Proposals, that is, the Finance Bill

Same Procedures Followed for Railway Budget

Besides the General Budget ('the Annual Financial Statement'), there is also, the Railway Budget, separated from the former as early as 1921.

Same procedures govern both the budgets. The Railway Budget is regularized by Rule 134 of the Rules of Procedure and Conduct of Business in Parliament, which makes provision for the submission of budget in two or more parts, each part to be dealt with in the same manner as if it were a budget. The Railway Budget precedes the General Budget.

Parliamentary Provisions

The powers of Parliament in respect of the enactment of the budget are enshrined in the Constitution itself. The relevant Articles are 112 to 117 of the Constitution. The following provisions in this respect may be worth noting:

- No demand for a grant shall be made except on the recommendation of the President.
- No proposal relating to expenditure can be brought without the recommendation of the President.
- Parliament cannot increase a tax though it is empowered to reduce or abolish it.
- 'Charged' expenditure upon the Consolidated Fund of India shall not be submitted to the vote Parliament, though it is subject to discussion.
- Parliament cannot amend the Appropriation Bill in a way as to have the effect of varying the amount, or altering the destination, of any grant or of varying the amount of any 'charged' expenditure.
- Powers of the Rajya Sabha are quite restricted in financial matters. Voting of demands for grants is the exclusive privilege of the Lok Sabha. In the passing of the Finance Bill as well, the Rajya Sabha has severely limited powers in that it must give its concurrence, with or without any recommendation, within

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fourteen days. The Lok Sabha may accept or reject any or all of these recommendations. The Finance Bill, however, does not go again to the Upper House; it is submitted to the President for assent. For the first time, in 1977, the Rajya Sabha made some changes in the Finance Bill. But the Lok Sabha reasserted its supremacy by rejecting these changes and adopting the Finance Bill in its original form.

The Budget – a statement of the estimated receipts and expenditures of the Government of India for the financial year – distinguishes the estimates of expenditure charged upon the Consolidated Fund of India from those made from the Consolidated Fund of India. The ‘charged’ expenditure includes the salaries and allowances of certain high officials, debt charges, certain pensions, sums required to satisfy any judgment, decree or award of any court or arbitral tribunals, etc. This part of the total (i.e., the charged expenditure) is not subjected to the vote of Parliament, though it can be discussed. The underlying idea of keeping away the salaries and allowances of the President, Judges of the Supreme Court, Speaker, Deputy Speaker, Chairman and Deputy Chairman of the Upper House of Parliament, Comptroller and Auditor General of India, from the influence of the vote is to reinforce their independence and remove them from the sphere of party politics. Debt charges, certain pensions, sums required to satisfy any judgment, etc., of a court or arbitral tribunal are, inevitably, of fixed nature, and can, accordingly, suffer no reduction or alteration.

Budget Speech

The Finance Minister presents the budget to the Lok Sabha on the last working day of February. This he does with the speech known as the Budget speech. The budget is laid before the Rajya Sabha at the end of the Budget speech in the Lower House. After the presentation of budget in Parliament, the latter passes vote-on-account, excess demands for grants. Vote-on-account varies from two to more months for the new financial year. Along with the annual financial statement (namely the budget) to Parliament, the Finance Minister submits the following five documents-

- (i) Key to Budget Documents
- (ii) Budget at a Glance
- (iii) Receipts Budget
- (iv) Expenditure Budget
- (v) Memorandum explaining the processes in the Finance Bill

General discussion of the budget

A discussion does not immediately follow the presentation of the budget. This occasion comes after a few days when a general discussion of the budget takes place. At this stage, which usually lasts for two or three days, the Lok Sabha discusses the budget as a whole on any question of principle involved therein. Details of the budget are, however, not discussed. There is no voting, nor are cut motions allowed. General discussion of the budget is a hang-over of the past when Indian Legislature could just air its grievances without any right of voting. Under the new dispensation, it serves some purposes – the members have an opportunity to discuss revenue estimates, the ways and means of programme of the government, and what is perhaps the most important purpose, the ‘charged’ expenditure. To the government, this stage provides a foretaste of the feelings of the House on budget proposals for taxes as well as expenditure. At the end of the debate, the Finance Minister makes a general reply, rebutting, as is to be expected, the various charges made by the members.

Parts of budget session

For convenience, the budget session has been broken down into two parts. The first part begins with the presentation of the railway and the general budget. The General Budget is presented on the last working day of February. March 21 is the last day for the first part of the budget session. Both Houses then adjourn for a month's recess to allow departmentally related standing committees to discuss demand of grants of individual ministers. The House meets again to pass the Budget.

After the approval of demands for grants by the Lok Sabha, a Bill is introduced to provide for the appropriation of money required to meet the grants. This is Appropriation Bill. A debate precedes the passing of the Appropriation Bill. The enactment of the Appropriation Bill completes the parliamentary authorization of the government expenditure.

Having authorized expenditure, Parliament must then approve the raising of the required revenue. This is done through the parliamentary approval of the Finance Bill. There is a discussion on the Finance Bill, and even at this stage, the Finance Minister may announce certain concessions. The budget is approved with the passing of the Finance Bill. One must thus note that the entire initiative in 'financial matters' rests with the Executive.

Demands for grants

It is pertinent to repeat here that no demand for a grant shall be made except on the recommendation of the President, and, further, the Lok Sabha shall have power to assent, or to refuse to assent, to any demand, or to assent to any demand subjected to a reduction of the amount specified therein. This means that the honorable members can only reduce or reject the proposed items of expenditure. In practice, they may not do even this because of the majority behind the Cabinet. Cut motions are, accordingly, symbolic; they just provide the honorable members with a stick with which to 'beat' the government. A criticism of the government is the main plank of the discussion, at the end of which Minister in charge of the subject makes a general reply to the criticism rebutting the charges and assuming the removal of the grievances pointed out by the members. At the end, the demand is put to vote. A demand becomes a grant after it has been duly voted.

A somewhat longer discussion of several demands for grants has been made possible since the introduction of a vote on account. The financial year begins on April 1, but Parliament continues discussing the budget even after the inauguration of the new financial year. Will not, therefore, the new year open without any financial provisions for it? It is precisely this contingency which the device of the vote on account wards off. A vote-on-account is an advance. Grant made by Parliament in respect of the estimated expenditure for a part of the ensuing financial year, pending the regular passage of the budget.

Execution of the Budget

The execution of the Budget is the responsibility of the executive government, and therefore, the distribution of power within the executive government determines the procedure for the execution of the Budget. Efficient execution depends upon the extent to which financial control combines operational freedom and flexibility with accountability for performance.

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Role of Ministry of Finance

Traditionally, Indian financial system has been highly centralized. The overall control for financial management has been exercised by the Ministry of Finance. As an instrument for carrying out the financial policies of the government, the Ministry of Finance used to supervise the spending authorities by checking over their expenditure at three stages: (a) approval of programmes or policies in principle; (b) acceptance of provision in the budget estimates; (c) prior concurrence to incurring of expenditure subject to such powers as may have been delegated to the administrative Ministries/Departments. At present, under the system of Integrated Financial Advisor, most of these responsibilities devolve on the spending authorities.

Composition of Executive Government for Discharging its Responsibility in Execution of Budget

The machinery which the executive government has devised for discharging its responsibility is composed of: (i) existence of controlling officers; (ii) a system of competent authorities who issue financial sanctions; (iii) a system of drawing and disbursing officers; and (iv) a system of payments, receipts and accounts. Ordinarily, the head of the Ministry/Department acts as the controlling officer in respect of that part of the Budget with which the Ministry/Department is concerned. When the Appropriation Act is passed, the Ministry of Finance advises spending Ministries/Departments about their respective allocation of funds. The controlling officers then distribute and advice about the money sanctioned to the various disbursing officers, restricting the expenditure of the latter to the amount advised by the former. It is the duty of the controlling officers to exercise continuous vigilance over recurrent and anticipated expenditure with a view to ensuring that the amounts so placed at their disposal are sent on the specified purposes and are not exceeded without additional funds being obtained in time.

Until recently, payments were made through the treasury system which also had the responsibility to compile primary accounts which were collected and adjusted by the various Accountants General. The departmental accounts were periodically reconciled with that of the AG. Banks are also being increasingly used for payments. At the centre, Pay and Accounts offices have been created in various departments to make payments and compile accounts.

The controlling officers keep track of the progress of expenditure in their respective Ministry/Department. The monthly reports of the various spending departments are compiled by the Ministry of Finance to assess the ways and means. The progress of expenditure is periodically reviewed. The first review is made sometime in September based upon four months' actuals. The second and third are made in December and January. The latter is based upon of expenditure nine month's actuals. These are done to approach the Parliament for Supplementaries/Departments. The overall responsibility regarding the execution of the Budget as an exercise of overall control of the Budget performance rests with the Ministry of Finance.

Factors which Influence the Execution of Budget

Execution of the Budget rests on the (i) proper collection revenues; (ii) proper distribution of funds. The Department of Revenue in the Ministry of Finance has an overall control and supervision over the machinery charged with the collection of direct and indirect taxes. Such control is exercised through the Boards of Taxes, namely, Central Board of Excise and Customs (CBEC) and the Central Board of Direct Taxes (CBDT). These Boards exercise supervision and control over the various administrative authorities who exercise powers conferred upon them to implement different taxation

Check Your Progress

1. What are the two types of budgets in India?
2. Who has the responsibility of framing the budget?
3. Whose responsibility is it to execute the budget?

laws. The network of treasuries and nationalized banks are engaged in the collection (receipt), custody and disbursement of funds.

1.3 PERFORMANCE BUDGETING

The traditional budget is generally an incremental line-item budget based on historical or empirical methods of estimating revenues and expenditures. Soon after Independence, the Government launched comprehensive socio-economic development through Five-Year Plans, divided into annual plans. Apart from a detailed planning process, these involved three major concerns: (i) raising and allocating additional resources, both internal and external; (ii) enlarging the responsibility functions of budgets; and (iii) strengthening the systems of expenditure control.

After Independence, there was a growing awareness among the legislators, the taxpayers and the budget authorities on the need for a structural change in the budget so that additional budgetary input could be compared with additional output. In 1965, the United Nations published a Manual for Programme and Performance Budgeting and suggested that the developing countries could adopt this technique with the view to obtaining a better return on resources. The Indian Government appointed a high-level Administrative Reforms Commission which recommended the introduction of a performance budget as an instrument for budgeting in terms of physical inputs and outputs, in addition to budgeting purely on financial terms.

As a result of this recommendation, performance budgets were developed taking into account international practices in conjunction with the national planning structure. The Planning Commission, which acts as the apex body of planning in India for all sectors, substantially performs the planning functions of the budget, in contrast to other countries where these are handled by the Ministry of Finance, the Treasury or other budgetary authorities. Performance budgets in India are prepared in addition to the budgetary documents required under constitutional or other legal provisions. Emphasis is placed on comparing the effects of financial inputs with physical outputs. These budgets provide various performance indicators in both financial and physical terms.

1.4 ZERO BASE BUDGETING

After a budgeting system has been in operation for some time, there is a tendency for next year's budget to be justified by reference to the actual levels being achieved at present. In fact, this is part of the financial analysis discussed so far. But the proper analysis process takes into account all the changes which should affect the future activities of the company. Even using such an analytical base, some businesses find that historical comparisons, and particularly the current level of constraints on resources, can inhibit really innovative changes in budgets. This can cause a severe handicap for the business because the budget should be the first year of the long-range plan. Thus, if changes are not started in the budget period, it will be difficult for the business to make the progress necessary to achieve long-term objectives.

One way of breaking out of this cyclical budgeting problem is to go back to basics and develop the budget from an assumption of no existing resources (that is, a zero base). This means all resources will have to be justified and the chosen way of achieving any specified objectives will have to be compared with the alternatives. For example, in the sales area, the current existing field sales force will be ignored, and the optimum way of achieving the sales objectives in that particular market for the particular goods or services should be developed. This might not include any field sales force, or a different-sized team, and the company then has to plan how to implement this new strategy.

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Following a considerable period of investigation and examination, zero-base budgeting (ZBB) was adopted in India in 1986 as a technique for determining expenditure budgets. Accordingly the Ministry of Finance instructed all the administrative ministries to review their respective programmes and activities in order to prepare expenditure budget estimates based on the principles of zero-base budgeting. Although this budgeting system has not yet been fully implemented in India, it is envisaged that the following essential steps should be taken by all ministries and departments:

- (i) Establishment of precise objectives for each function, and programme or project
- (ii) Identification and analysis of decision units
- (iii) Formulation of decision packages; and
- (iv) Ranking of decision packages

There has been some resistance by ministries and departments to the full implementation of zero-base budgeting. However, a much more stringent degree of scrutiny and cost benefit analysis with clear prioritization of activities and programmes will have to be done if budgetary imbalances are not to be allowed to go beyond control.

Zero base budgeting is an approach to budget formulation. It seeks to evaluate afresh the budgeted activity levels and related expenditure. Resources are released from projects and tasks that have outlived their utility. Zero base budgeting can serve as an effective tool for redeploying resources. The budget settlement process in banks is an exercise in distribution of targets rather than a plan based on the business potential of individual branches. Zero base review would eliminate the incrementation tendency of carrying forward the previous year's inefficiencies.

Zero based budgeting also refers to the identification of a task or tasks and then funding resources to complete the task independent of current resourcing.

- Efficient allocation of resources, as it is based on needs and benefits rather than history
- Drives managers to find cost effective ways to improve operations
- Detects inflated budgets
- Increases staff motivation by providing greater initiative and responsibility in decision-making
- Increases communication and coordination within the organization
- Identifies and eliminates wasteful and obsolete operations
- Identifies opportunities for outsourcing
- Forces cost centers to identify their mission and their relationship with overall goals
- It helps in identifying areas of wasteful expenditure and, if desired, it can also be used for suggesting alternative courses of action
- More time-consuming than incremental budgeting
- Justifying every line item can be problematic for departments with intangible outputs
- Requires specific training, due to increased complexity versus incremental budgeting
- In a large organization, the amount of information backing up the budgeting process may be overwhelming

According to Sarant, ZBB is a technique which complements and links to existing planning, budgeting and review processes. It identifies alternative and efficient methods

of utilizing limited resources.... It is a flexible management approach which provides a credible rationale for reallocating resources by focusing on a systematic review and justification of the funding and performance levels of current programmes.”

Zero-base budgeting becomes important in the present times when the Indian government is facing significant resource constraints. Many economists have suggested that governments in India, both at the Centre and the states, should adopt zero-base budgeting for planning their annual expenditures. Even the past governments at the Centre agreed in principle that zero-base budgeting should be adopted in all the government departments. This technique of budgeting was developed by Peter Phyr and was first implemented at Texas Instruments in the 1960s. In India, the system was first implemented in the Department of Science and Technology in 1983. The need for zero-base budgeting was also emphasized in the Seventh Five-Year Plan. However, not much has happened on this front since.

Zero-base budgeting is a method of budgeting in which all budgetary allocations are set to nil at the beginning of a financial year. It stipulates that all the departments seeking financial allocations should justify their expenditures every year. Money is thus allocated to the concerned departments on the basis of merit of their policy goals and no consideration is given to the sum of money allotted in the previous year to achieve them. Hence, each financial year begins with a clean slate for every department and they cannot assume that they will get the same budgetary grant that they got in the previous year.

Further, zero-base budgeting is a planning, resource allocation and control tool which requires a manager to justify his budget request for projected results starting from scratch. The unique feature of zero base budgeting is the zero-base review. It is a structured, systematic, and analytical process of questioning what we do and why we do and deciding what we should be doing and how we should be doing. The budget involves reconsideration and a fresh evaluation of each programme, project, and activity and every item of expenditure on it as if it were a new one. It is done without any reference to performance and resource utilization.

The first step in this exercise is the reprioritization of programmes, projects, and tasks. Unwanted activities and projects are dropped. Instead, desirable projects/activities/tasks are included. Resources released from low priority projects/tasks are shifted to those with high priority. A manager has to identify the minimum/basic requirements of resources to perform the functions of his unit. Expenditures above this minimum are identified as increments that must be justified before they are funded. Zero-base review of departments, projects, and activities can be made once every year as part of the annual budget exercise called zero-base budgeting. If carried out once in three or four years, it is called a zero-base review.

Anthony (1978) favoured the zero-base review and wanted that ‘each agency should be examined about once every five years’ as zero-base budgeting is a time consuming and traumatic process. Zero-base budgeting is especially useful for planning and controlling the operations of sections/departments providing supportive services. Many of these sections are of the discretionary expense type and it is difficult to clearly discern the relationship between their level of performance and the performance of the organization (Kaura, 1983). The banking industry, of late, has shown interest in introducing zero-base budgeting to improve the budgetary process.

Relevance of zero-base budgeting

The system of zero-base budgeting, if adopted by the Indian Government, would be beneficial in several ways considering the cost overruns, inefficiency, resource crunch

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and corruption in the government departments. The functioning of zero-base budgeting involves justifying each and every item of expenditure. Also, for every target set by the government, several options on the programme front called 'Decision Packages' are evolved and the best among them is selected. By way of zero-base budgeting, more resources get allocated to the areas needing immediate attention. The clear-cut advantage that zero-base budgeting offers over the traditional way of budgeting are the wasteful and unnecessary expenditures of the government agencies can be identified and eliminated. It improves the fiscal position of the government by increasing efficiency. It helps to channelize monetary resources from low priority to high priority areas. It enhances the accountability and credibility of the government machinery. It puts a curb on the instances of different departments spending money on same activity.

The critics of zero-base budgeting, however, say that the system is difficult to implement in the India on the following grounds:

- The paperwork involved in zero-base budgeting has been found unmanageable by most organizations.
- It is difficult to complete review and analysis of all the expenditure within a limited time frame.
- Inter-departmental rivalry may crop up if savings of one department are transferred to any other department.

Zero-base budgeting will have to be applied separately to plan and non-plan expenditure of the government despite a chance of duplication of expenditure. The whole exercise will be futile if the excess manpower is not retrained and redeployed much like the monetary and material resources. Some part of manpower may have to be retrenched which is difficult in the Indian situation. There is a lack of availability of trained personnel who are aware of the concept of zero-base budgeting. Training people could turn out to be a cumbersome process. Considering the pros and cons of zero-base budgeting, there is a need to implement this method in a staggered manner with frequent reviews and analysis to remove its shortcomings. Government should make efforts to ensure that it does not prove to be time-consuming exercise due to the heavy documentation involved.

The obvious problem of this zero-base budgeting process is the massive amount of managerial time needed to carry out the exercise. Hence, some companies carry out the full process every five years, but in that year the business can almost grind to a halt. Thus, an alternative way is to look in depth at one area of the business each year on a rolling basis, so that each sector does a zero-base budget every five years or so.

However, the Indian Government should try out zero-base budgeting as a Pilot Project in a few departments and constant modifications should be carried out to overcome its shortcomings. The advantages of zero-base budgeting far outweigh the drawbacks. Hence, the precedent-driven Indian Government should find out novel ways to implement zero-base budgeting for a healthier economy.

Check Your Progress

4. What do performance budgets provide?
5. When was zero-base budgeting adopted in India?

1.5 AUDIT

The government commercial concerns, the accounts of which are subject to the audit of the Comptroller and Auditor General, fall under three categories: departmental enterprises, government companies and public corporations.

The annual budgets of government companies are not subject to vote by the Parliament; only the total grants in respect of their capital investment programmes contributed by the government in the form of either the purchase of share capital or

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grant of loans are subject to parliamentary vote. It appears that two parallel sets of auditors conduct the audit of the account of these companies, namely, the statutory auditors of the companies who audit the accounts according to the principles of commercial audit and the Comptroller and Auditor General who conducts the audit of the same accounts more or less on the principles of financial audit applicable to government departments. Under the Indian Companies Act, these professional auditors (usually private firms of chartered accountants) are appointed by the union government on the advice of the Comptroller and Auditor General who can also direct the manner in which the company accounts are to be audited. He can also conduct test or supplementary audit if not satisfied with the audit of professional auditors. The observations of supplementary audit are incorporated in the annual audit report submitted by him to the Parliament. The Act provides that the professional auditors of the company shall submit a copy of their audit report to the CAG who has the right to comment upon or supplement the audit report in any manner he deems fit.

Public corporations are mostly free from regulatory and prohibitory statutes applicable to the expenditure of public funds and are not ordinarily subjected to budgeting and audit procedures applicable to ministries, departments or other governmental agencies. The budgets of such corporations are not voted by the Parliament; only the total grants in respect of their capital investment programmes financed by the government are voted. The accountability of such autonomous statutory corporations is, therefore, assured by their relevant statutes providing for the maintenance of accounts as prescribed of audit these corporations fall under three categories:

- (i) There are corporations like Air India, Damodar Valley Corporation and Indian Airlines Corporation in respect of which the responsibility of audit has been entrusted entirely to the CAG.
- (ii) There are corporations like the Industrial Finance Corporation and the Central Warehousing Corporation whose audit is done by professional auditors, i.e., private firms of chartered accountants. These auditors are appointed by the central government in consultation with the CAG, who also retains the right to undertake such supplementary audit as he may consider necessary either on his own motion or on a request from the government.
- (iii) There are still other corporations like the Reserve Bank of India, Life Insurance Corporation of India and Food Corporation of India for which the audit is done exclusively by the private firms of chartered accountants and the CAG does not come into the picture at all. Such corporations are required to submit their annual reports and accounts directly to the Parliament.

1.6 PLANNING

In simple terms planning refers to a systematic approach or procedure which is followed in order to achieve a desired and predetermined result.

Definitions

According to Dimock and Dimock, 'Planning is the use of rational design as contrasted with chance with reaching of a decision before a line of action is taken instead of improving after the action has started.'

In the words of Millet, 'Planning is the process of determining the objectives of administrative effort and of devising the means calculated to achieve them.'

He further elaborates in more critical terms:

A governmental system created to maintain order, administer justice, regulate international relations, defend the nation, and impose and collect taxes for the

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expense of these activities is not equipped for positive task of guiding, and controlling the conversation, development and utilization of national resources of integrating its economic and social life...it has become increasingly clear...that decision taken in a moment of crisis, or from a purely departments point of view, or under organized pressure from some particular interest, or on traditional lines, or with a wholly inadequate knowledge of material facts and probable consequences, and not good enough.

Planning, be it of any form which includes financial planning, thus, is an effort of certain interrelated steps, which are illustrated in Figure 1.2.

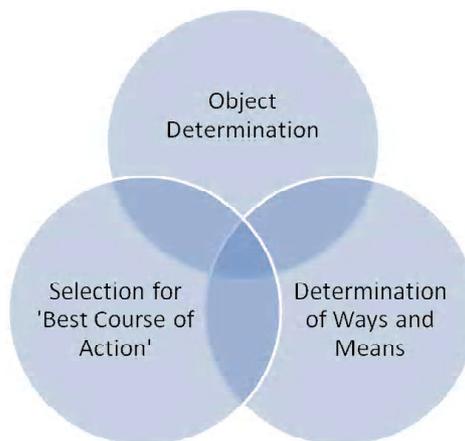


Fig. 1.2 Steps in Planning

- **Object determination:** Object determination lays stress on first-hand determination of primary as well as secondary problems and challenges which are to be faced in achieving the final objective. It means that all the alternatives need to be looked upon and examined carefully before a final decision can be reached upon regarding execution of a process. In financial administration, this process is political as this is part of policy making.
- **Selection for ‘Best course of action’:** This is the continuation of the first step. After looking upon all the available alternatives, the best one is chosen and implemented, and then the follow up program commences and takes its due course.
- **Determination of ways and means:** After a process is chosen, a system or series of sub-systems need to be carried out through which execution needs to be carried out. This is called the determination of means and ways through which diverse objectives need to be realized. This is the most crucial stage of any planning process.

1.6.1 Features of Planning

There are five main features of planning. Planning is:

- A broadly integrated procedure
- Fundamentally a staff function
- A dynamic and regional procedure
- Flexible
- A blend of various programmes

(i) Planning as a broadly integrated procedure

Planning is comprehensive and it cannot be restricted. It cannot apply to any single place or to any particular subject. Even if it is financial planning, it is an amalgamation of various subjects which are concerned with progress and development of society and the nation on the whole.

(ii) Planning is fundamentally a staff function

Planning is primarily and fundamentally a staff function as it is carried out with the help of personnel who work at different levels of the organization and/or administration.

(iii) Dynamic and rational procedure

The system of planning works like a chain. The present has its connections with the past, as the plans laid in past show their results, (whether positive or negative) in the future. This link or chain continues till the desired objective is achieved. Planning has to be rational as it is initiated for the fulfillment of a particular aim and, hence, cannot be futile.

In the words of Pfiffner and Presthus, 'Planning is rational because it demands a systematic analysis of several possible means and ends, followed by a selection of those means and ends, followed by a selection of those means though best suited to the designated end.'

(iv) Flexible System

Although the system of planning does not go through daily change as a devised system is put into effect to reach the objective, but still it must be flexible. Planning should be flexible as it should adapt itself to changes and demands of time.

(v) Blend of various Programmes

The system of planning in its path covers a variety of programmes. Even if it is a process of financial administration, the procedure covers a variety of programmes such as:

- Trade
- Education
- Agriculture
- Road and transport
- Health
- Welfare

Thus, the planning process can be seen as a 'synthesized whole' of various programmes.

1.6.2 Need for Planning

Planning is an old term. Its need for the process of administration is becoming more and more significant every day. It is the methodical achievement of social goals. Given below are the opinions of two important professors in their own words.

Prof. L.D White on the significance of planning in contemporary times:

A primitive society, bound by its customs and taboos and relatively static from generation to generation, can dispense with planning. Government in contemporary society necessarily implies planning in some measure, even the kind that would attend the ideal state of Herbert Spencer. The management of a more police state demands some foresight and arrangements, the management of a garrison state or a beleaguered state much more. In a state that proposes action to improve the lot of its

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citizens, planning becomes a function increasingly important, complex and hazardous. For better or for worse, most states now accept such a responsibility.

Prof. Arthur Lewi's views on planning in a free economy:

The control exercised by the market is none the less real and powerful because it is invisible. In a free economy, production is controlled by demand. Capitalists cannot produce what they like; self-interest drives them to produce what they can sell, and that is determined by what people demand, and by how much they demand of it. Production for profit is thus, by 'the invisible hand', transmuted into production for use. By the same agency the distribution of income is controlled. Producers cannot charge what they like for the forces of competition are ever driving prices down to the level of costs, and forever driving capitalists to improve their efficiency.

1.6.3 Types of Planning

As mentioned earlier, the process of planning is dependent upon various programs. Similarly in an attempt to understand financial planning or the process of budget making, it is required to understand the kinds of planning under different heads.

1. National planning

The purpose of national planning is to solve the problems, whether be they social, or economic or any other, at the national level. The scope of economic planning is usually carried out in three sectors, namely:

- Primary sector, which includes agriculture
- Secondary sector, which includes the industries
- Service sector

It is regarded as the most inclusive form of planning. In the words of L.D. White,

The most inclusive and the most challenged is the planning designed to control in some measure the economic system, at the expense of free-enterprise such as the Russian-five year plan and the British Labor Government nationalization program.

An example of the national plan in India is the Five-year Plan and the nationalization of banks in the year 1969.

2. Planning for error removal

This is the continuation of the above mentioned process. Through error removal planning, various errors of national planning are pointed out and a plan is proposed for their removal. So, it is not an independent plan on the whole.

In the words of Prof. White, 'A second type of planning is concerned with the correction of violent swings of the economic cycle without impairing the essential features of free capitalistic enterprise.'

3. Regional planning

Just as national planning covers the nation on as a whole, regional planning is concerned with a particular area of locality or region, for example, the state planning system in India.

In the words of White, 'A third type of planning is more modest and is designed to direct and facilitate the future growth of communities or regions.'

For the economic development of our country, various industries and corporations have been established at state and regional level, for example, the Damodar Valley Corporation.

4. Town planning

Town planning has been in use ever since the olden times, and various civilizations used to plan their towns, roads and housing. New methods for planning are devised and implemented in the modern times.

In the words of Prof. White:

A fourth type, less far ranging is planning of which the immediate objectives is often no more than the most effective construction of city plant and facilities: streets, sewers, public buildings. The secondary consequence of planning in these matters of course, are extremely important; the free flow of traffic, the convenience of citizens, and the facilitation of private building, and the like-zoning.

5. Socio-economic planning

Socio-economic planning has a wide scope, much wider than most other types with the exception of national planning. Also, it is the most comprehensive. Socio-economic planning is often looked upon as an attack upon 'laissez-faire' in the fields of economics and politics.

Socio-economic planning is concerned with realizing economic equality and removal of poverty. Thus, it aims at social welfare. This system of planning can be both complete and/or partial.

- **Complete planning:** Refers to planning with complete governmental control
- **Partial planning:** Refers to planning where the government acts in association with private enterprises.

1.6.4 Planning Machinery

At state level

There is no planning commission present at the state level, although there is the presence of State Planning Department. The State Planning Department runs under the authority of the chief minister of that particular state. The State Planning Department runs in harmony with the Central Planning Commission. Its main aim is devising plans for the economic and social development of the state. The plan prepared has to obtain approval of three bodies as illustrated in Figure 1.3.

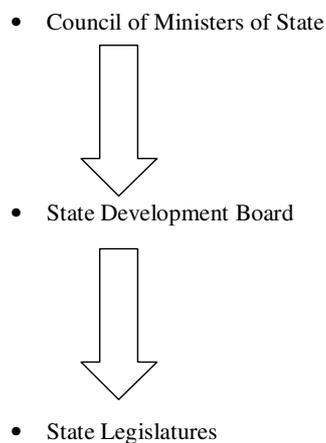


Fig. 1.3 State Planning Machinery

Methods for the economic and social development of the state are also suggested by the Planning Commission and once the plan has been approved at all the three stages, it is put into practice.

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District and block level

Planning at the district and block level is done through officers working under various departments of development along with members of District and/or Block Councils.

Village levels

Planning at the village level is still in its experimental stage in our country. The village plans are to be devised by the Panchayat in cooperation with the staff at village and block levels.

1.7 POLITICAL ECONOMY AND GLOBALIZATION: ROLE OF TRANSNATIONAL COMPANIES (TNCS) AND MULTINATIONAL COMPANIES (MNCS)

One of the major features of the contemporary transnationalization of the world economy is the increasing influence of 'global corporatism' in the international trading order led by Transnational Companies (TNCs) and Transnational Banks (TNBs). The American diplomat George W. Ball coined the term *cosmocorp* to suggest their increasing role in the international arena. According to the noted theorist, philosopher and activist Noam Chomsky, these transnational banks and companies are private centres of power that are accountable to no one but themselves, and thus pose a serious threat to democracy. Other scholars call the TNBs and TNCs an 'invisible parliament' that has the ability to influence decision making at the highest level of almost all nations in the world especially if one were to consider the fact that the net worth of many of these companies is more than the GDP of most developing countries. Many critics of the recent decision by the Government of India allowing FDI in multi-brand retail see it as an example of the invisible parliament at work.

1.7.1 Positive and Negative Aspects

The tremendous expansion of global corporatism has been seen as both a source of growth and development, and also a threat to the domestic economy and the sovereignty of the nation-state. Before we proceed to look into its implication for the Indian economy, let us have a quick look on positive and negative aspects of the global corporatism.

Positive Aspects

- TNCs and TNBs increase the volume of world trade and finance
- Assist the aggregation of investment capital that can fund development
- Finance loans and service international debt
- Lobby for free trade and the removal of barriers to trade, such as tariffs
- Underwrite research and development that allows technological innovation
- Introduce and dispense advanced technology to less-developed countries
- Reduce the costs of goods by encouraging their production according to the principle of comparative advantage
- Encourage training of workers
- Produce new goods and expand opportunities for their purchase through the transnationalization of production
- Disseminate marketing expertise and mass-advertising methods worldwide
- Promote national revenue and economic growth; facilitate modernization of the less-developed countries

- Advocate peaceful relations between and among states in order to preserve an orderly environment conducive to trade and profits
- Breakdown national barriers and accelerate the transnationalization of the world economy and culture and rules that govern international commerce.

NOTES**Negative Aspects**

- TNCs and TNBs give rise to oligopolistic conglomerations that reduce competition and free enterprise
- Raise capital in host countries (thereby depriving local industries of investment capital) but export profits to home countries
- Breed debtors and make the poor dependent on those providing loans.
- Influence policy in their favour in the countries that they operate
- Limit the availability of commodities by monopolising their production and controlling their distribution in the world market place
- Export technologies that are ill-suited for underdeveloped and developing economies
- Inhibit the growth of infant industries and local technological expertise in less-developed countries while making Third World countries dependent on First World technology
- Collude to create cartels that contribute to inflation
- Curtail employment by driving labour competition from the market
- Limit wages offered to workers
- Limit the supply of raw materials available on the international markets
- Erode international cultures and national differences, leaving in their place a homogenized world culture dominated by consumer-oriented values
- Widen the gap between the rich and poor nations
- Increase the wealth of local elites at the expense of the poor
- Support and rationalize repressive regimes in the name of stability and order
- Challenge national sovereignty and jeopardize the autonomy of the nation-state

The powers of TNCs and TNBs are often alleged to be exercised at great cost to their home countries. They are also charged with shifting productive facilities abroad to avoid demands by powerful labour unions for higher wages. It is therefore argued that the practice of shifting production from industrially advanced countries to industrially backward countries, where labour is cheap and trade unions weak or non-existent result in structural unemployment in advanced economies. The ease to shift production is facilitated by the fact that the mobility of capital is much easier than labour. However, there also exist contentions that TNCs and TNBs help to reduce the nation's balance of payments deficit, create new employment opportunities, and promote competition in both domestic and foreign markets.

1.7.2 Implications for India's Economy

In 1991, after having faced its worst economic crisis in terms of its forex reserves, India opted, under pressure from organizations like the IMF, to go for the policies of liberalization, privatization and globalization. The opening up of the economy including the core and financial sectors to private and foreign companies transformed India into a land of opportunities and subsequently numerous TNCs and TNBs entered into Indian market. The opening up of the economy was a critical decision that generated

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a fear in Indian industry, especially among small and medium scale industries that they might lose their base.

The experience of last two decades reveals a paradoxical picture. While there is no denying the fact that global corporatism has helped Indian companies enter aggressively into the international market and have acquired a prominent place, not only in the developing world, but also in the advanced developed economies. For example, the recent *World Investment Report-2012* ranks 8 Indian corporations in the top 100 TNCs of the world. At the same time, the opening up of the economy has had a serious impact on local manufacturing with many local enterprises subsumed by the TNCs. More distressingly, researchers have linked the recent spurt of farmer suicides in India to the monopolistic pricing policies adopted by companies such as Monsanto and its introduction of GM BT Cotton seed into Indian agriculture. The Maharashtra Government had placed a ban on Mahyco, a partially owned subsidiary of Monsanto Biotech. Mahyco was a key manufacturer of the genetically modified GM BT seeds in the state. The ban was in response to many farmers complaining about the inferior quality of these seeds and black marketing of the seeds created by artificial shortage by the company. The farmers had taken loans to buy these costly seeds. But these genetically modified seeds have harmed the soil of the region very badly. Researchers have proved that the traditional Indian cotton seeds are not only superior in quality to their genetically modified versions, but are also cheaper.

1.8 SUMMARY

- In the words of Harold R. Bruce, ‘A budget is a financial statement prepared in advance of the opening of a fiscal year, of the estimated revenues and proposed expenditure of the given organization for the ensuing fiscal year.’
- Budget is a detail of estimated revenues and expenditures- a comparative chart of revenues and expenditures- and over and above this is an authority and direction of the competent authority given for collection of revenues and expenditure of public money.
- The budgets can be of different types. Their classification being based on certain principles which are:
 - (a) The estimated period to be covered
 - (b) The numbers of budget that are to be announced in legislature
 - (c) The kind of method to be adopted
 - (d) The financial position which is depicted through the budget
 - (e) The classification of revenues and expenditures
- Essentially, budgets are of two types:
 - (i) The General Budget
 - (ii) The Railway Budget
- Zero base budgeting is an approach to budget formulation. It seeks to evaluate afresh the budgeted activity levels and related expenditure. Resources are released from projects and tasks that have outlived their utility.
- The government commercial concerns, the accounts of which are subject to the audit of the Comptroller and Auditor General, fall under three categories: departmental enterprises, government companies and public corporations.
- According to Dimock and Dimock, ‘Planning is the use of rational design as contrasted with chance with reaching of a decision before a line of action is taken instead of improving after the action has started.’

Check Your Progress

6. What are the three categories of the government's commercial concerns?
7. What does planning refer to?
8. What is regional planning in India concerned with?

- There are five main features of planning. Planning is:
 - (a) A broadly integrated procedure
 - (b) Fundamentally a staff function
 - (c) A dynamic and regional procedure
 - (d) Flexible
 - (e) A blend of various programmes
- The purpose of national planning is to solve the problems, whether be they social, or economic or any other, at the national level. The scope of economic planning is usually carried out in three sectors, namely:
 - (a) Primary sector, which includes agriculture
 - (b) Secondary sector, which includes the industries
 - (c) Service sector
- One of the major features of the contemporary transnationalization of the world economy is the increasing influence of 'global corporatism' in the international trading order led by Transnational Companies (TNCs) and Transnational Banks (TNBs).
- The tremendous expansion of global corporatism has been seen as both a source of growth and development, and also a threat to the domestic economy and the sovereignty of the nation-state.

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1.9 KEY TERMS

- **National planning:** Planning undertaken to solve the problems, at social, or economic or any other, at the national level.
- **Error removal planning:** Planning through which various errors of national planning are pointed out and a plan is proposed for their removal.
- **Regional planning:** Planning concerned with a particular area of locality or region.
- **Town planning:** Planning that involves formulation of towns, roads and housing.

1.10 ANSWERS TO 'CHECK YOUR PROGRESS'

1. The two types of budgets in India are: (i) The General Budget; (ii) The Railway Budget.
2. The Ministry of Finance has the overall responsibility of framing the budget.
3. The execution of the budget is the responsibility of the executive government, and therefore, the distribution of power within the executive government determines the procedure for the execution of the budget.
4. Performance budgets provide various performance indicators in both financial and physical terms.
5. Zero-base budgeting was adopted in India in 1986 as a technique for determining expenditure budgets.
6. The government commercial concerns, the accounts of which are subject to the audit of the Comptroller and Auditor General, fall under three categories: departmental enterprises, government companies and public corporations.
7. Planning refers to a systematic approach or procedure which is followed in order to achieve a desired and predetermined result.

8. Regional planning is concerned with a particular area of locality or region, for example, the state planning system in India.

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1.11 QUESTIONS AND EXERCISES

Short-Answer Questions

1. Why is zero-base budgeting difficult to implement in India?
2. What are the various stages that a budget needs to go through in parliament?
3. List the names of the organizations involved in budget preparations.
4. What is the difference between single and plural budgets?
5. What are the five main features of planning?
6. What are transnational corporations referred to as the invisible parliament?

Long-Answer Questions

1. Explain the process of long-term budgeting.
2. Explain planning, its features and its interrelated steps.
3. What are the positive and negative aspects of global corporatism?
4. What are the implications of global corporatism for India's economy?

1.12 FURTHER READING

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Structure

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NOTES**2.0 INTRODUCTION**

In the previous unit you learned about financial administration. In this unit, you will study about the various issues related to administration in India. The unit will begin with a discussion on the relationship between permanent executive and political executive in administration. Then the discussion will turn to the two broad functional categories in the government, that is, generalists and specialists. The unit will conclude with a discussion on the economic model followed in India known as the liberalization, privatization and globalization model.

2.1 UNIT OBJECTIVES

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

- Describe the role and importance of generalists and specialists in administration
- Evaluate the relative importance of political and permanent executives
- Discuss the economic liberalization model being implemented in India

2.2 RELATIONSHIP BETWEEN PERMANENT EXECUTIVE AND POLITICAL EXECUTIVE

The political executive derives authority from the people while the permanent executive derives strength from its administrative positions and technical know-how. The permanent executive is subordinated to the political executive because the latter represents the people. The unambiguous separation of powers between the three wings of government—legislature, judiciary and executive—marks a noteworthy beginning of a new system of power distribution. The exclusive goal in this system is to enforce proper checks on each branch of the government and more so upon the executive branch. The government's executive branch comprises two wings: (a) political executive, (b) permanent executive. As far as the political executive is concerned, it exercises power by virtue of its elections and the constitutional status. Hypothetically, it derives power from the people themselves. On the other hand, the permanent executive draws its strength and status partially from its administrative positions but mainly from its technical know-how and proficiency. Since the political executive represents the people and modern governments are based on the concept of popular sovereignty, the permanent executive is subordinated to the political executive on the

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practical level. In the parliamentary form of government, the political executive is responsible to the legislature which in turn is accountable to the people.

The political executives use their time and resources for the political mobilization of the masses and also for their political education. Apart from mobilizing the masses, they can judge the value preferences by comprehending popular moods and changing views and aspirations among different sections of society. In addition, they also discuss a variety of alternatives at a fairly high level. The permanent executive, on the other hand, can constantly evaluate its own field experience and draw meaningful lessons for subsequent programmes and plans. It can also supervise various schemes at day-to-day or step level to better understand the position. It can further devote more time to enhance its own managerial and technical skills for better and effective realization of the objectives. So this separation of functions and powers leads to division of labour which in turn contributes to a higher level of efficiency in the administration and society. There are various reasons for cooperation between these two executives becoming weaker during the recent decades. The following are some of the significant reasons for this worsening situation.

- (1) Firstly, the cooperation between the political and permanent executive is dependent upon the societal consensus on the goals that are being pursued. Some of the Western capitalist societies possess this advantage. They have a substantial consensus on developmental goals. Further, there is a certain degree of homogeneity in the societal formations. It provides an additional advantage to these systems. We can also say that the conditions prevailing in the society provide the basis for a better relationship pattern between the political and permanent executives. In Third-World societies such as India, where the consensus on development objectives has not yet emerged, certain problems are bound to exist. Both the political and the permanent executives share the heterogeneity of the society. In the absence of consensus on development and socio-political homogeneity, the political executives are subjected to political uncertainty. In the absence of long-range view of the society, the ideological base gets weakened, which in turn leads to a lot of ambiguity in policy preferences and choices. It leads to what has come to be popularly termed as adhocism. Adhocism is not a suitable condition to provide direction to the permanent executive. On the other hand, political processes are prone to occupy even the technical and managerial space under such circumstances. It results in narrowing down of the distinction between the political and permanent executives. It can definitely strain the relationship.
- (2) Secondly, the conflict between these two categories of executives partially originates from the historical processes and in part from the socio-economic developments. Historically, during the British period the permanent executive not only performed the administrative role but political as well. During the colonial phase, these two functions converged to a degree that to make a distinction between the two became almost impossible. The anti-colonial movement, aimed at political power for the elected representatives, led to the demarcation of separate roles. The freedom movement represented people's aspirations, whereas the bureaucracy emerged as a counterforce.

So the political elite had their own suspicions and doubts. On the other hand, the bureaucratic elite—deeply rooted in the colonial administrative culture—had an exaggerated view of their image and status. They suffered from the elements of ego and arrogance in their professional behaviour. With the attainment of freedom, we should have redesigned the whole bureaucratic system to make it

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fit to perform the new tasks and challenges. However, the political elite hesitated to recast the system. As a result the bureaucracy, which was used by the Britishers against the freedom fighters, remained the very same instrument of the elite of Independent India. The differences having roots in historical process made the task of achieving cordiality between the two branches very difficult.

- (3) Thirdly, one more dimension leads to conflict. There is a difference in the social origins of the political and administrative elites in India. It is a fact that both the elites do not come from the large masses. However, they differ in their middle class origins. The political elite are relatively more heterogeneous than the middle- and higher-level administrative functionaries. Most of the members of the political executive, particularly at the state level, are drawn from the rural and agricultural background. On the other hand, the top and middle level administrators draw roots from the urban middle and upper-middle classes. One can easily spot these differences in their living styles, communication modes, ways of looking at things, behaviour and mannerisms. So the differences get preserved and accentuated over a period of time. Although the character of bureaucracy is changing, but the rate of change has been very slow. The nature of political elite is also undergoing a change. Still, one cannot say that they are comparable or identical. In other words, the urban, industrial middle class on the one hand and rural agrarian upper or middle strata on the other dominate the permanent and political executives, respectively. The relationships are also partly decided by these basic factors.
- (4) Fourthly, several institutional mechanisms also heighten or widen the areas of conflict. Normally, the political institutions are empowered with more discretion and flexibility. They are also supposed to be comparatively more responsive because they are in regular contact with the social system. In the parliamentary system of government, the political executive takes even the legislature for granted. In various cases, they take the decisions to the legislature or Parliament just for ratification. Under such circumstances, the initiative does not lie with the legislature. In fact, the whole process gets reduced to either the ratification or rejection of what has been brought before the legislative houses. So the political executive has become quite strong.

Over a period of time, it is observed that parliamentary governments have become the cabinet system of governments. These, in turn, are turning into prime ministerial governments. Hence the executive branch has appropriated the powers of the legislative organs and grown quite powerful as a consequence. Equipped with this substantial power, they just want the matters to move faster. They also feel no constraints in exercising power. The permanent executive has also gained greater power for being an integral part of the executive branch of the government. Nonetheless, due to long colonial background and the rules, regulations and established procedures, the permanent executive is inclined to be less flexible. They also do not appreciate the political expediency. From their viewpoint, precedent is very important. In fact, the very nature of the institution is such that their authority is positioned in the law. Consequently, they are not enthusiastic about experiments and innovations. The political executive does try to change these institutions through administrative reforms. There have been a number of instances to prove that the permanent executives do not welcome the reforms. In fact, at the first instance they try to hold back the reform measures. The earnest habit of clinging to the rules and regulations continues to influence their approach and viewpoints. Hence, conflict arises

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between flexibility and rigidity, expediency and experience, and purpose and the process.

- (5) Lastly, in developing countries like India, where there is lack of resources and severe competition for the limited resources, the political executive is subjected to tremendous pressure. The political executive in turn puts pressure on the bureaucracy. In various cases, the inclination is to violate the norms that they have themselves formulated. The norms become essential for lawful governance, but pressures are built in scarce situations. Consequently, the permanent executive is pressurized to violate the norms and other rules and procedures. They resist these trends as they are rooted in the rigid rules and regulations. It gives rise to tensions and clashes. A section of them may make compromises. This process may end up in public offices being used for private purposes. It sometimes lands these officers in controversies and enquiries, etc.

2.3 GENERALIST: SPECIALIST CONTROVERSY

Basically there are two broad functional categories in the government: generalists and specialists. They have to play a very critical role in giving advice to the political executives, help in policy making and in implementing these policies. Presently, administration has become more specialized in nature. So it needs various types of personnel with essential skills, knowledge and qualities to fulfill challenging and complex functions. The debate between these two sets of functionaries, both of whom are irreplaceable in modern organizations, is very old. It is still one of the intensely fought-out issues in the domain of Public Administration. In 1958, James Fesler recorded the revival of this controversy in the UK. In 1968, the Fulton Report on Civil Services reopened the issue and provoked further debate. In India, following the tradition of the British-era Indian Civil Service (ICS), initially the preeminence of the generalists was more or less accepted and hence it was not challenged very seriously. The successor to the ICS, the Indian Administrative Service (IAS), gained prominence with its personnel usually occupying the top posts both at the central as well as state levels besides the positions of heads of various departments. However, this dominance of the generalists in administration bred discontent which has been gaining momentum during the recent decades.

2.3.1 Generalist: Meaning

Leonard White observes, 'General administration is understood to mean those duties which are concerned with the formulation of policy; with the coordination and improvement of government machinery and with general management and control of the departments.' So a generalist administrator basically deals with all types of administrative processes indicated by the expression 'POSDCORB', i.e., 'planning, organizing, staffing, directing, coordinating, reporting and budgeting'. The generalists enter administration on the basis of a university degree, irrespective of the subjects involved. This certain level of education indicates the indispensable minimum requirements of intellectual and mental status.

Further, the posting of a generalist civil servant in various government departments has nothing to do with his/her education or any administrative experience or skills. As per this approach, a generalist entrant having commerce background may be posted in irrigation department. From a purely negative point of view, a generalist is an individual who is not an expert or a scientist in a particular field. However, in a positive sense, the concept of a generalist is applicable to a person who is called a professional administrator, if administration is taken as a field and a profession like law, engineering, medicine, etc. In their professional capacities, the generalists possess the techniques

Check Your Progress

1. From where does the political executive derive its authority?
2. What does the government's executive branch consist of?

and skills of a manager as well as politician. Functioning as a manager, the generalist is given the responsibility of getting things done. Further, as a 'politician' he/she is made responsible for interpreting public opinion in the context of the multifaceted social, economic and even political problems of the times.

Role of Generalists

The descent of the generalist dominating the administrative machinery at the top is traced to the administrative philosophy of nineteenth-century England where generalism was made an absolute administrative principle. Northcote Trevelyan Report on the Organization of Permanent Civil Service (1854) and the Macaulay Report on the Indian Civil Service (1854) were the two authorities which helped in the build-up of a generalist image. These reports lent solid support for the recognition of generalist supremacy. Their emphasis was on young graduates, who with no particular education or technical background, could form the elitist administrative part. In India as well, like in England, this administrative arrangement came to be accepted as the logical extension of the same philosophy. The ICS during the British era dominated the administrative scenario. Its members were deployed in various governmental positions. During those days, the experts and specialists were smaller in number and the Indian Civil Service was groomed as an elitist service.

2.3.2 Specialists: Meaning

A specialist possesses special knowledge of some specific field. Therefore, specialists in government are those who are recruited to the posts for which professional, scientific, technical or other specialist qualifications are necessary. It includes engineers, doctors, scientists, lawyers, statisticians, economists and other technical people. In order to qualify as a specialist, the basic requirement is an institutional specialty, i.e., one must possess a pre-employment spell of either techno-professional academic education and/or pre-entry vocational or occupational training. Hence, the hallmark of a specialist is devotion to the discipline, unwavering commitment to the professional cause and practice and unflinching pursuit of a specialty. Critics usually view specialists as narrow, undisciplinary professionals who handle all issues from a very limited vision or angle. They also hold the opinion that they are incapable of comprehending in a holistic manner the complexities of live administrative and management problems and hence are not suitable for holding top policy positions.

Role of Specialists

Undoubtedly, the present day administration has become technical, professional and specialized in nature. The concept of 'development' is viewed as a dynamic process aimed at transforming the whole society including socio-political and economic aspects. It has a major impact on the bureaucratic functioning. In the process of modernization, if the state is taken as the economic and social diagnostician, as well as the regulator, mediator and provider of services, the bureaucracy must offer the basic support to the states playing this role. To accomplish this, the bureaucracy must be professionally equipped. It does not matter whether it is an administration dominated by generalists or specialists; the fact remains that all must be professional in the role because without professionalism the chances of success get diminished.

The postulation that the technical element in the administration is a negligible factor or that the experts do possess holistic and comprehensive approach is not totally valid. One of the basic reasons responsible for the narrow outlook of the specialists is the system of education and training. Similarly, it may not be appropriate to believe that generalists possess all the necessary specialized elements or can completely

comprehend and judge in conflicting circumstances. So, the services of both these groups are valuable in administration.

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2.3.3 Generalist vs. Specialist Debate in India

In India, the origin of the 'generalist vs. specialist' debate can largely be drawn to the concept of 'nearness' or 'remoteness' from the top policy-making spot. It is more post-centred than person-oriented. In fact, the tussle between the two is for holding certain positions. Nonetheless, the actual debate must be centred on formulating an acceptable and adequate staffing policy or evolving a progressive, constructive and goal-oriented, egalitarian personnel philosophy.

There are historical reasons for establishing the supremacy of the 'generalist' in Indian administration. These factors further accentuated the dichotomy between these two categories of personnel. During the British period, the public service in India was more or less a closed system having no lateral entry. It included young individuals who on the basis of a competitive examination got entry into it. From the structural point of view, it was a hierarchical career pattern from the district to the central level. In this system, majority of posts were reserved for the Indian Civil Service members. In the constitution of the generalist services, the 'intelligent amateur theory' reigned supreme. It continued even after Independence since it was felt that the old frame of public services was still useful to provide stability to the government. It was also found effective in tackling the problems of law and order, integration of princely states, etc. So the concept of All-India Services evolved with the Indian Administrative Service replacing the earlier Indian Civil Service. In this way, the preeminence of the generalist civil service was established in India. We can clearly see that it was the result of certain historical circumstances. It bred resentment in the technical and functional services which also desired to be entrusted with policy-making functions.

A Suitable Way Out

One way to handle this problem is to experiment with integrated hierarchy in place of present 'separate' and 'parallel' hierarchies. In case of separate hierarchies, policy is decided by the generalists and the specialists then execute it. On the other hand, in a parallel hierarchy each class has its own parallel sub-hierarchy and the work between the two is coordinated by frequent cooperation and interaction. The organization of specialists and generalists in distinct hierarchies, with the policy and financial aspects of the work exclusively reserved for generalist administrators, has some disadvantages like slowing down the decision-making process. Critics point out that it might also generate inefficiency and prevent the specialists from exercising the full range of responsibilities usually associated with their professions.

To overcome these problems and also to remove the hindrances which presently stop the specialists from reaching the top management levels, wider outlets are required through suitably modifying the prevailing concept of 'monopoly of generalism'. All this can be accomplished by facilitating liberal entry of specialists as administrative and policy functionaries at key positions. Further, the specialists should be integrated into the main hierarchy, and accompany other generalist administrators in sharing equal responsibilities for management and policy formulation. They should be given identical status, executive responsibility and authority. It would help in preserving their morale and confidence. Such integration schemes enable the technical experts to enter the 'central pipeline' to ensure that technical advice and policy structures are not separated into water-tight compartments. In fact, a complete distinction between policy making and executive functioning is neither possible nor desirable since policy usually flows out of the executive experience. Integrated hierarchy can be set up by constituting a

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unified civil service comprising both generalists and specialists having uniform emoluments and other service conditions. In India, no steps have been taken in this direction, while Pakistan has already created a unified civil service in 1973 in which all the services and cadres in their civil service were merged in one service.

2.4 PUBLIC POLICY IN INDIA: ECONOMIC LIBERALIZATION MODEL

Liberalization, privatization and globalization (LPG) are three words which probably have governed the world economy and culture for the last three decades. Liberalization is an economic term which refers to doing away with legal restrictions imposed by nations on trade with other countries (that is, freeing the economy from government control), whereas privatization means doing away with government control over public sector undertakings through disinvestment. Though globalization is mostly viewed from an economic perspective, it has ramifications in all aspects of our life. India was forced to restructure the Indian economy on this LPG model because of a series of events that occurred in 1991.

Broadly speaking, liberalization refers to a relaxation of previous government restrictions, usually in such areas of social, political and economic policy, while privatization means the transfer of ownership, property or business from the government to the private sector. Essentially, liberalization is a neo-classical idea, which calls for the dismantling of public ownership and government regulations. It also advocates low tax rates, especially for the wealthy, as well as a focus on growth, which will eventually lead to greater prosperity for all. A concept connected with liberalization is the 'trickledown' effect. Trickle-down effect is an economic theory that asserts that monetary benefits directed especially by the government to big business will in turn pass down to and profit smaller businesses and the general public. Critics of liberalization assert that liberalization essentially is an economic theory that is skewed to favour the rich. They point to the increasing inequality and the concentration of wealth in places where liberalization has taken effect. To give an example, twenty three years after liberalization, India has managed to create 56 dollar billionaires, whose total wealth accounts for about 25 per cent of India's GDP. At the same time, India has the highest number of people living under the poverty line. In fact, the Arjun Sengupta Committee Report stated in 2009 that 77 per cent of Indians, or 800 million people, live on less than ₹ 20 per day. As per the liberalization or the neo-liberal framework that India has adopted since 1991, more and more Indian public sector companies are being privatized or handed over to private owners. The most recent examples are the moves of the newly elected Indian government to disinvest from SAIL and Coal India.

Now let us look at the reasons why India in 1991 changed its economic direction from being a government oriented Nehruvian model to the neoliberal model.

In 1991, there was an unprecedented economic crisis facing the nation. This economic crisis may be called the balance of payment crisis. Before we go into detail about the restructuring of the Indian economy, it is necessary to understand the elements of the crisis. The crisis of 1991 was a complex external payments crisis with high fiscal and current account deficits, external borrowing to finance the deficits, rising debt service obligations, rising inflation and inadequate exchange rate adjustment. According to Bakul Dholakia, the major elements of the economic crisis were the deepening foreign exchange crisis, growing fiscal imbalances, increasing rate of inflation, the slackening of overall economic growth and the deceleration in industrial growth. The immediate causes of the crisis were the Gulf crisis and the global recession. However, the root cause of the crisis was the structure of Indian economy itself.

Check Your Progress

3. What are the two broad functional categories in the government?
4. In the Indian perspective, draw the roots of the generalists dominating the administrative machinery.

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Let us discuss some key factors that led to the severe economic crisis in 1991:

- There was a sharp decline in foreign exchange reserves in early January 1991. In fact, India had barely enough reserves to finance the country's imports for 13 days.
- Although the country always had a sizeable trade deficit during the 1980s, the level of trade deficit increased sharply during 1990-91 to cross the ₹ 10,000 crore mark for the first time in Indian economic history.
- There was a significant deterioration in India's credit rating. Standard and Poor (S&P) reduced India's credit rating to the speculative grade. Similarly, the Japanese Bond Research Institute (JBRI) and Moody's Investors' Service lowered India's credit rating to the lowest level in the investment grade. This led to a decline in the availability of short-term credit even on relatively more stringent terms and conditions, thereby further accentuating the problem of financing the country's monthly import requirements.
- A high degree of fiscal imbalance emerged as another major problem facing the Indian economy especially after 1986. The latter half of the eighties had been marked not only by high and growing budget deficits, but also by attempts on the part of the government to create a surplus in the capital account to finance its revenue deficit. This unhealthy tendency of borrowing money to finance current consumption expenditure of the government reached an alarming proportion in 1990-91.
- The other major problems faced by the Indian economy especially during the years of the economic crisis were declining growth rates of GDP as well as industrial production and a rising rate of inflation.
- The cost of petroleum imports in 1990-1991 increased by half US \$5.7 billion due to the crisis in the Gulf in August 1990. The Gulf crisis in August 1990 also exposed the Middle East's strategic relevance for India. Along with the rising cost of petrol, the government also had to bear the additional weight of airlifting and rehabilitating 112,000 Indian workers from the Middle East. Remittances from the Middle East also declined because of the crisis in the gulf.
- The recession that was hitting the entire world during the time also contributed to deepening the economic crisis in India.
- Finally, during the period of 1990-1991, India was also growing through a period of political instability, which added fuel to the economic crisis.

2.4.1 Restructuring of the Indian Economy: The LPG Model

The economic crisis of 1991 generated huge pressures on Indian policy makers. It was felt that there was an urgent requirement for evaluating the existing model of the economy and modify it according to the present circumstances. International agencies, especially the International Monetary Fund and the World Bank stressed that opening up the Indian economy and undertaking 'structural adjustment programs' were the answer. Moreover, a new government was formed in India in July 1991 under the leadership of P.V. Narasimha Rao. He appointed Manmohan Singh, a professional economist who later became India's Prime Minister, as his finance minister.

The new Finance Minister felt that extensive decontrol and de-licensing was necessary to release the productive potential of Indian entrepreneurs, reduce the period of private investment and growth slowdown and raise the underlying growth rate of the Indian economy. He also recognized that the best way to put the Balance of Payments on a long-term sustainable path was through comprehensive Liberalization of international trade, finance/capital inflows and the exchange regime. Moreover, the

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IMF and the World Bank granted loans to India with certain conditions that India would make changes in certain development policies and thus the idea of New Economic Policy (NEP) came into being which included three main policies namely, liberalization, privatization and globalization.

The major measures initiated as a part of the *liberalization* and *privatization* strategy included the following:

- **Devaluation:** The devaluation of the Rupee was undertaken in order to resolve the balance of payment crisis. The Rupee was devalued by 18-19% against major currencies in the international foreign exchange market.
- **Disinvestment:** Under the Privatization scheme, many of the public sector undertakings were/ are being sold to the private sector. However, the Privatization of public sector units, especially profit making public sector units, has become controversial with many unions and political parties opposing the move.
- **Dismantling of the Industrial Licensing Regime:** The previous industrial licensing regime was completely overhauled.
- **Allowing Foreign Direct Investment (FDI):** Under the LPG model, FDI was allowed across a wide spectrum of industry.
- **Non Resident Indian Scheme** Under the new policy, the general policy and facilities for foreign direct investment which are available to foreign investors/ companies are fully applicable to Non Resident Indians (NRIs) as well.
- **Throwing Open Industries Reserved For the Public Sector to Private Participation:** The Industrial Policy Resolution, 1956 had listed 17 industries under the sole domain of the state where the private sector was not allowed to operate. However, as a consequence of economic reforms most of the industries were opened to private players.
- **Abolition of the MRTP Act:** The MRTP act was considered a major instrument of the license, quota and permit raj in India. It act was subject to severe criticism on the grounds that big business houses were unable to start new enterprises because of the ceiling on asset ownership prescribed by the act. In order that the big business could be enthused to enter the core sectors like heavy industry, infrastructure, petrochemicals, electronics, etc., with big projects, the MRTP Act was scrapped.
- **Reduction of Import Duties:** After the new economic model was introduced in 1991 there was a considerable reduction in import duties.
- **Convertibility of Rupee:** The most important measure for integrating the economy of any country is to make its currency fully convertible, i.e., allowing it to determine its own exchange rate in the international market without any official intervention. India achieved full convertibility on its current account in August 1994.
- **Wide-ranging financial sector reforms:** After the new economic policy started being implemented from 1991, there were wide ranging financial sector reforms in banking, capital markets, and insurance. These included deregulating interest rates, having a strong regulation and supervisory system in place and introducing foreign as well as private sector competition.

2.4.2 Effects of Liberalization, Privatization and Globalization in Development

In the post reform period, the Indian economy has been characterized by confident growth and strong macroeconomic fundamentals. India is particularly in a strong position

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with respect to the balance of payment situation. The following are some of the most crucial achievements of the Indian economy since the reforms that began in 1991:

- **GDP Growth Rate:** After the reforms of 1991, India gradually broke free of the 'Hindu rate of growth', which was the euphemism for the low GDP growth for 3.5% that was characteristic of the Indian economy from the 1950s to the 1980s. Real GDP growth averaged 5.7 per cent per annum in the 1990s, which accelerated further to 7.3 per cent per annum in the 2000s. Notably, the decade of the 2000s encompassed the inflexion point in the growth trajectory with an annual average GDP growth of about 9 per cent for the 5-year period of 2004–08. However, this growth process was interrupted by the global financial crisis. Subsequently, the average growth slowed down to around 5 per cent during the period of 2013-2014.
- **Structure of Economy:** The increase in GDP growth changed the structure of the Indian economy with a decline in the share of agriculture from 28.4 per cent in the 1990s to about 13.9 per cent in 2011–12. There was corresponding gain in the share of services, including construction, from 42.7 per cent to 59 per cent during the same period. What is, however, of concern is that the share of industry has remained unchanged at around 27 per cent of GDP. This suggests that India's growth acceleration during the last two decades has been dominated by the services sector. Another point of huge concern is that although the share of agriculture has gone down to 13.9%, there has not been a significant decrease in the percentage of population dependent on agriculture. This means that the GDP growth has not resulted in an increase in employment opportunities as was hoped.
- **Openness of the Economy:** The structure of the Indian economy also underwent a change during this period in terms of its openness. Exports and imports of goods and services have more than doubled from 23 per cent of the GDP in the 1990s to 50 per cent in the recent period of 2009–11. India's share in the world merchandise exports reached 1.3 per cent in 2009 and 1.5 per cent in 2010. It increased to 1.9 per cent in the first half of 2011, mainly due to the relatively higher Indian export growth of 55 per cent compared to the 23.1 per cent export growth of the world. If trade flows are considered alongside capital flows, the rise in the openness was even more dramatic, rising from 42 per cent of GDP in the 1990s to 106.5 per cent in the period of 2009-11. An important point is that India has made progress in diversifying its export and import markets. The share of Asia and the Association of South East Asian Nations (ASEAN) in the total trade increased from 33.3 per cent in 2000-1 to 57.3 per cent in the first half of 2011-12, while that of Europe and America fell from 26.8 per cent to 19 per cent. Since 2008-2009, the USA has been displaced by the UAE as India's largest trading partner, followed by China.
- **Foreign Direct Investment (FDI):** The openness in the capital account has resulted in a two-way movement in capital with a sharp pick-up in India's outward FDI since the mid-2000s. The uptrend in outward FDI mainly reflects the large overseas acquisition deals of Indian corporate houses to gain market share and reap economies of scale amidst the progressive liberalization of the external payments regime.
- **Inflation:** The high growth was achieved in an environment of price stability as headline wholesale price index (WPI) inflation dropped to an annual average of 5.5 per cent in the 2000s from 8.1 per cent in the 1990s. There was also similar drop in consumer price inflation. However, after the global economic crisis of 2008, inflation started increasing with the headline WPI inflation

averaging over 7 per cent and the consumer price inflation crossing double digits during 2009–11. The increase in food price inflation was particularly sharp during 2009–14.

- **Foreign Exchange Reserve:** In the previous section, you came to know that one of the chief reasons for the economic crisis of 1991 was the poor levels of foreign exchange reserve. At the peak of the crisis, India's foreign exchange reserve was only sufficient to support of imports for 13 days. In contrast to that, India's foreign exchange reserves today are among some of the largest in the world. India's foreign exchange reserve was less than \$40 million in 1990 and increased to over \$304.8 billion in 2011.

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2.4.3 Challenges

In spite of many successes, the Indian economy continues to suffer many shortcomings in the post-reform period. Although India's economic growth in the last two decades has been impressive, India's record in social development has been pathetic, sometimes even worse than the least developed countries of Sub-Saharan Africa. Over 47 per cent children in India are underweight, with over 46 per cent stunted in their growth. India's infant mortality rate is the highest in the world with over 15.55 lakh children under five in India dying in the year 2011. To put this failing into perspective, India's figure is more than the combined total of infant deaths of the next three nations put together. India's poverty figures are equally dismal. According to the Arjun Sengupta Report on the unorganized sector in India which looked at data from 1993-94 to 2004-2005, more than 77 per cent of the population lives on less than ₹ 20 a day. This means that India has the 'distinction' of being home to about 1/3 of the World's poor.

Another major weakness of the post reform Indian economy is that despite an increase in GDP, there has not been any corresponding increase in employment opportunities. Indeed, many scholars now call the GDP boom from the 1990s as a period of jobless growth. The agricultural sector in India is also facing serious challenges. Over 250,000 farmers committed suicide in India from the period of 1997-2007. The reason for this shocking rate of suicide was because farmers, mostly engaged in the growing BT Cotton, were unable to pay off their debts as the cost of seed, fertilizers and pesticide kept on increasing while the yields of the crops kept on decreasing. Another notable weakness of the reform process has been in fiscal consolidation. Indian governments at both the central and state levels have not been successful in reigning in the fiscal deficit. The foundation for sustainable high rate of growth in any economy lies in maintaining fiscal discipline. This has not been adequately achieved by Indian policymakers.

To confront the challenges posed by globalization, the government and other stakeholders need to work more closely as partners to evolve strategies more effectively. The strategies particularly need to focus on the following:

- Sustaining the growth momentum and achieving an annual average growth of 9-10 per cent in the years ahead
- Decreasing income disparities between the rich and the poor and regional disparities between states
- Checking the growth of population; India is the second highest populated country in the world after China. However, in terms of population density, India exceeds China as India's land area is almost half of China's total land.
- Boosting agricultural growth through the diversification and development of agro processing

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- Finding ways to expand industry by at least 10% per year to integrate not only the surplus labour in agriculture, but also the unprecedented number of educated men and women joining the labour force every year
- Developing world-class infrastructure for sustaining growth in all the sectors of the economy
- Effecting fiscal consolidation and eliminating the revenue deficit through revenue enhancement and expenditure management
- Protecting against environmental degradation. Global warming, the depletion of natural resources, rampant deforestation due to illegal mining the production of harmful chemicals and the destruction of organic agriculture are all challenges that India faces on the environmental front. Thus, protecting the environment from degradation should be a top priority agenda of policymakers
- Reducing the budget deficit through better direction of subsidies, proper pricing mechanism and increasing taxes on the wealthy. Moreover, serious efforts should be made to contain leakages so that the money spent on social programmes actually reaches the poor.
- Empowering the population through universal education and health care. India must maximize the benefits of its youthful demographics and turn itself into the knowledge hub of the world through the application of information and communications technology (ICT) in all aspects of Indian life.

To summarize, the most significant effect of the LPG model in India has been that the common man has not been able to reap any benefit out of it. Post the reform period, the rich have become significantly richer, with India now home to numerous dollar billionaires, but at the same time, the majority of the poor have remained stagnant or in some cases their state have even deteriorated. As a result, income inequality in India has reached alarming proportions. In fact, one key reason for the socio-economic conflicts that continue to erupt in parts of India is this inequality. Thus it can be said that development in India in the post liberalization period has primarily benefited the rich. Although, the Government in recent times has taken many initiatives towards 'inclusive growth', such as MNREGA, the Right to Food, and Pension Schemes for the old people and others, however, the benefits of it are yet to reach the people in proper way.

2.5 SUMMARY

- The political executive derives authority from the people while the permanent executive derives strength from its administrative positions and technical know-how. The permanent executive is subordinated to the political executive because the latter represents the people.
- Basically there are two broad functional categories in the government: generalists and specialists. They have to play a very critical role in giving advice to the political executives, help in policy making and in implementing these policies.
- General administration is understood to mean those duties which are concerned with the formulation of policy; with the coordination and improvement of government machinery and with general management and control of the departments.
- A specialist possesses special knowledge of some specific field. Therefore, specialists in government are those who are recruited to the posts for which professional, scientific, technical or other specialist qualifications are necessary.

Check Your Progress

5. What is liberalization?
6. List one major weakness of the Indian economy in the post-reform period.

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- Liberalization, privatization and globalization are three words which probably have governed the world economy and culture for the last three decades.
- Liberalization is an economic term which refers to doing away with legal restrictions imposed by nations on trade with other countries (that is, freeing the economy from government control), whereas privatization means doing away with government control over public sector undertakings through disinvestment.
- India was forced to restructure the Indian economy on the LPG model because of a series of events that occurred in 1991.
- The major measures initiated as a part of the liberalization and privatization strategy included the following:
 - (i) Devaluation
 - (ii) Disinvestment
 - (iii) Dismantling of the Industrial Licensing Regime:
 - (iv) Allowing Foreign Direct Investment (FDI
 - (v) Throwing Open Industries Reserved For the Public Sector to Private Participation:
 - (vi) Abolition of the MRTP Act
 - (vii) Reduction of Import Duties
 - (viii) Convertibility of Rupee
 - (ix) Wide-ranging financial sector reforms
- In the post reform period, the Indian economy has been characterized by confident growth and strong macroeconomic fundamentals. India is particularly in a strong position with respect to the balance of payment situation.
- In spite of many successes, the Indian economy continues to suffer many shortcomings in the post-reform period.
- Although India's economic growth in the last two decades has been impressive, India's record in social development has been pathetic, sometimes even worse than the least developed countries of Sub-Saharan Africa.
- The most significant effect of the LPG model in India has been that the common man has not been able to reap any benefit out of it.

2.6 KEY TERMS

- **General administration:** Those duties which are concerned with the formulation of policy; with the coordination and improvement of government machinery and with general management and control of the departments.
- **Specialist:** Possesses special knowledge of some specific field.
- **Foreign Exchange Reserve:** Foreign exchange reserves of a country are deposits of a foreign currency held by the central bank.
- **MRTP Act:** The Monopolies and Restrictive Trade Practices Act came into existence in 1969 under the government of Indira Gandhi. The act intended to prevent the concentration of economic power in the hands of a few, provide for control of monopolies and probation of monopolistic, restrictive and unfair trade practice, and protect consumer interest.

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2.7 ANSWERS TO 'CHECK YOUR PROGRESS'

1. The political executive derives its authority from the people of the country.
2. The government's executive branch comprises of two wings: (a) political executive; (b) permanent executive.
3. The two broad functional categories in the government are generalists and specialists.
4. The descent of the generalist dominating the administrative machinery at the top is traced to the administrative philosophy of nineteenth-century England where generalism was made an absolute administrative principle. Northcote Trevelyan Report on the Organization of Permanent Civil Service (1854) and the Macaulay Report on the Indian Civil Service (1854) were the two authorities which helped in the build-up of a generalist image. These reports lent solid support for the recognition of generalist supremacy.
5. Broadly speaking, liberalization refers to a relaxation of previous government restrictions, usually in such areas of social, political and economic policy.
6. One major weakness of the post reform Indian economy is that despite an increase in GDP, there has not been any corresponding increase in employment opportunities.

2.8 QUESTIONS AND EXERCISES

Short-Answer Questions

1. Write a short note on the significance of a generalist in administration.
2. What is the function and utility of specialists in administration?
3. Give a brief note on the relationship between political and permanent executives.
4. Differentiate between privatization and liberalization.

Long-Answer Questions

1. Discuss the issue of generalists vs. specialists in the Indian context.
2. Describe the way out scheme to remove the controversy of generalist vs. specialist in administration.
3. Discuss the reasons responsible for the worsening situation in political and permanent executives.
4. Do you think globalization, liberalization and privatization have impacted India's development process? Critically discuss.
5. The most significant effect of the LPG model in India has been that the common man has not been able to reap any benefit out of it. Discuss.

2.9 FURTHER READING

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UNIT-3 PERSONNEL MANAGEMENT

Structure

- 3.0 Introduction
- 3.1 Unit Objectives
- 3.2 Recruitment
 - 3.2.1 Types of Recruitment
- 3.3 Training and Development
 - 3.3.1 Need for Training
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 - 3.5.1 Employee Empowerment
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- 3.6 Conflict Management
- 3.7 Employee-Employer Relationships
- 3.8 Summary
- 3.9 Key Terms
- 3.10 Answers to 'Check Your Progress'
- 3.11 Questions and Exercises
- 3.12 Further Reading

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3.0 INTRODUCTION

In the previous unit, you studied about major issues relating to administration. In this unit, you will learn about personnel management in Indian administration. The Indian administrative structure is basically a legacy of the British rule. The different structural and functional features of Indian administration, such as the secretariat system, all-India services, local-self government, district administration, budgeting, auditing, police administration, revenue administration, etc., have their genesis in the British Raj. This unit will begin with a discussion on how Indian administrative personnel are recruited in India. Then the discussion will turn to their training and development. The final sections of the unit will discuss employee-employer relationships, employee morale and worker's participation in management.

3.1 UNIT OBJECTIVES

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

- Describe the theory and practice of recruitment
- Discuss the methods and procedures of recruitment
- Describe the concept of training
- Explain the methods of training
- Examine the importance of workers' participation in management

3.2 RECRUITMENT

The determination of the recruiting authority is one of the essential features of the personnel systems. Indeed, it is of such general importance that the recruiting authority is determined by the Constitution of the country itself. The recruitment system followed

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in India is detailed and follows a set procedure related to recruitment from within and from outside. So as to increase the efficiency of the system, a set policy of promotions and transfers has been built in. Various types of training have also been designed and woven into the system leading to greater proficiency.

3.2.1 Types of Recruitment

There are basically two methods of selection—selection from outside the service and selection from within the service. Both these methods have their advantages and disadvantages. It is important to understand that in case of lower posts in an organization, recruitment has to be done from outside the service as there are no posts from which personnel can be promoted. At the same time it is important to realize that for the very high posts, recruitment of fresh and inexperienced people from outside may not be good for the organization. The debate as to which of the two methods is better therefore becomes relevant only for the middle and higher levels.

Recruitment from within is in fact filling up posts by promoting the employees from lower rungs. The advantages of this system of recruitment are that it increases the opportunity for advancement within service and the people in service get an assurance that they will be promoted under given conditions. It results in better morale of the employees, they are motivated to work efficiently and loyally towards the organization. It also secures experienced and efficient employees to higher positions, who have had long and varied experience of the work which they are now called upon to perform. But the disadvantages of recruitment from within are that it narrows down the area of selection. It may sometime result in the selection of a less capable or brilliant officer. There may be a wider choice available outside the organization. Selection solely from within the service leads to stagnation and conservation. An occasional injection of new blood into a system from outside brings in fresh perspectives and approaches and this may in the long run be beneficial to the growth of the organization.

Recruitment from Outside or Direct Recruitment

The method of direct recruitment is in line with the principle of democracy. Each qualified person gets an equal and fair opportunity for selection to public service. At the same time it widens the area of selection and, therefore, the best talent in the country may be found.

One of the many advantages of direct recruitment is that it brings in new blood into the service. Practices which have become routine and regular habits and are on the verge of becoming rigid are challenged with the entry of fresh blood. More over in the absence of direct recruitment, the experienced persons from within the organization who are promoted to higher position, move to higher posts at an age when they have lost all initiative and vigour. After serving for a number of years in one of the lower positions, a person comes to develop a somewhat cramped outlook which vitiates his work in the higher position. Experience of a lower position, may actually become a liability rather than an asset because the attitude and thinking associated with the lower post tends to linger on. More over to develop a fresh perspective and to bring in new techniques especially in technical and professional fields, it is imperative that new or fresh employees provide leadership. And finally recruitment from without forces the employees to keep learning about new developments in their competent fields so that they remain in the race for higher posts.

In most of the countries, both the systems are followed. At lower levels there is direct recruitment, whereas the top level positions are mostly filled by promotions. The middle positions are filled by both direct recruitment and at the same time a certain percentage is fixed to be filled by promotions. The first Central Pay Commission

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report describes the position in regard to Central Services Class I and II thus 'It is necessary to explain that recruitment to Class-I is made primarily through a competitive examination held by the Public Service Commission (and occasionally by selection through them) and in a lesser extent by promotion (with the concurrence of the Public Service Commission) from Class II.

Class II also is in many cases recruited through a competitive examination held by the Public Service Commission (or by selection by them). The proportion of men promoted to Class-II from lower rank is, however, larger than in the case of promotions to Class-I. In some departments, Class-II is entirely filled up by promotion. In the Central Government, departmental examinations are held for recruitment to the posts of Assistants and Section Officers for filling up a fixed percentage of these posts from within. In the Income Tax Department, only 20 per cent of Class-I posts are filled by promotion and the rest by direct recruitment. On the recommendations of the Second Pay Commission, direct recruitment to the grade of upper division clerks has also been stopped and now these posts are filled up by promotion of lower division clerks. Recruitment to the All India Services is made directly through a competitive examination but certain numbers of posts are fixed for promotion from higher state services.

Recruitment in India

In India, services are classified into three major categories - All India, Central and State Services. The All India Services are common for the Union and the States. Candidates for these services are recruited by the Central Government and then they are assigned to different states. The Central services are concerned with the administration of Union subjects and the officers of these services are exclusively under the control of the Union Government. The State services administer the subjects within the jurisdiction of the States such as land revenue, agriculture, education, health, etc. and the officers of these services are exclusively in the employment of respective State Governments.

Age: In India, the age limit varies from services to service.

A candidate for the Indian Police service should be between 20 years and 26 years. But the upper age limit has been raised by two years since May 1998. This has been done because the age of retirement too has been raised from 58 to 60 years. For all other services the minimum age limit may be relaxed in case of candidates of the Scheduled Castes and the Scheduled Tribes and such other categories of persons as the Government of India may notify.

Written Examination: There is a combined written examination for recruitment to the Indian Administrative Service, The Indian Foreign Service, the Indian Police Service and some Class-I and Class II services. The examinations are held once in a year. No candidate is permitted to compete for more than three times at the examinations for these services. The examinations comprise both written examination as well as interview. The written examination consists of:

- (a) Compulsory papers: (1) Essay, (2) General English and (3) General Knowledge.
- (b) Optional subjects cover a wide range and variety of disciplines. A candidate for the IAS and Central services has to opt for any three optional papers, whereas a candidate for Indian Police Service must select any two of the optional papers. Some combinations of papers are, however, restricted for different services.
- (c) Additional or Advanced Optional: A candidate for the IAS and Indian Foreign Service also has to select any two of the additional subjects along with the three optional subjects.

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Interview: Those candidates who qualify in the written tests are called for interview. The qualifying marks for the written test are generally 50 per cent of the total marks for the written examination. The interview is in fact a personality test where marks are awarded for the candidate's intelligence, past record and other personal qualities. Previously some minimum percentage was fixed for qualifying the viva-voce and failure in it disqualified a candidate, however brilliant his performance in the written papers may have been. Now, there are no minimum qualifying marks for the interview. Whatever marks a candidate obtains in the interview are added to the marks obtained by him in the written examination and a final list is prepared on that basis. The final order of merit is determined by the total gained in the written examination along with the interview.

The Union Public Service Commission recommends the candidates to the government on the basis of the merit list, in the order in which the candidate stands in the list. A separate list is prepared in case of candidates for scheduled castes and scheduled tribes because a certain number of vacancies are fixed for them. The recommendations of the Commission are normally accepted by the Government.

The states have their own Public Service Commissions to recruit personnel to their civil services and they function on the model of the Union Public Service Commission.

Central Secretariat Services

In addition to the All India Services, Central Services and State Services, there is another kind of service which was previously known as Imperial Secretariat Service but at present is called the Central Secretariat Service.

This service, for manning posts in the Central Secretariat and the attached offices, was created in 1950. The service was originally organized into four grades viz., Grade I (Under Secretary or equivalent), Grade II (Superintendent), Grade III (Assistant Superintendent) and Grade-N (Assistant). Subsequently, a new grade, called the Selection Grade comprising officers of the service appointed to posts of Deputy Secretary and equivalent rank under the Government of India was added. Appointments from Grade I (Under Secretary) to the Selection Grade and from Grade II (Superintendent) to Grade I of the Central Secretariat Service are made entirely by promotion on the basis of merit from Grade III (Assistant Superintendent). Half the number of vacancies in Grade III are filled by direct recruitment on the results of the combined competitive examination held for recruitment to the Indian Administrative Service and allied Central Services, and the remaining half by promotion from Grade IV (Assistant). Half the number of vacancies in the grade of Assistant (Grade IV) are filled by direct recruitment on the results of Open Competitive Examinations held by the Union Public Service Commission and the remaining half by promotion from the clerical grades.

Besides the Union Public Service Commission and State Public Service Commissions, there is also a Railway Service Commission for the recruitment to Indian Railways. The Statutory Corporations like Life Insurance Corporation, Damodar Valley Corporation, Indian Airlines Corporation, etc., have their own personnel agencies charged with the function of recruiting the required personnel. It may however be noted that sometimes the written examinations are dispensed with for recruitment. For example, emergency recruitment was made only on the basis of 'Personality Test' to fill the void which was created as a result of the partition of the country and the large scale retirement of British personnel.

Current Selection Method of the Union Public Service Commission

The Union Public Service Commission appointed a Committee on Recruitment Policy and Selection Methods under the Chairmanship of D. S. Kothari to suggest suitable changes in the existing methods of recruitment. The Committee submitted its report in March 1976 and the Government of India accepted the main recommendations of the Committee on October 30, 1978. The Committee in its report recommended a preliminary examination comprising of objective type questions, general studies and an optional subject, for screening the large number of candidates who possess minimum qualification for the post for which they have applied.

For this test a Question Bank has been set up in various disciplines. These questions are classified according to the subjects and the type of ability which they are designed to judge. On the basis of the recommendations of the Committee the Government of India decided that:

- There will be a single civil service examination for the Indian Administrative Service, the Indian Police Service and Central Class I and Class II services.
- There will be a preliminary qualifying examination for the candidates willing to appear for the civil services examination.
- Those who qualify the preliminary examination will appear at the main examination which will include a written test as well as an interview.
- The question papers will be set in English and Hindi, except the English and language paper, the candidates will be free to answer these papers in English or anyone of the regional languages listed in the Eighth Schedule of the Constitution of India.

Composition of the Public Service Commission

The Public Service Commission came into existence for the first time in 1926 when the Central Public Service Commission was established under the Government of India Act, 1919. It was renamed as the Federal Public Service Commission after the 1st of April, 1937, on the introduction of the Government of India Act, 1935. This Act had also made a provision for the creation of Provincial Public Service Commissions. Our present constitution provides for a Public Service Commission for the Union and a Public Service Commission for each State, but it also provides that if the legislatures of two or more States authorize the Parliament by resolutions, it may establish a Joint Commission for those States. Moreover, the Union Public Service Commission may also, if requested by the Governor of a State, agree with the approval of the President to perform the work of a State Commission.

The President of India determines the number of members constituting the Union Public Service Commission or a Joint Public Service. The conditions of their service are also determined by the President. Similarly in the case of State Public Service Commission they are determined by the Governor of the State concerned. The number of members varies from seven to nine and usually 3-4 for State Public Service Commissions. The members of UPSC and of the Joint Commissions are appointed by the President and those of the State Public Service Commission by the Governor. It has been further provided that one-half of the members of the Commission, Union or State must have held office for at least ten years either under the Government of India or the Government of a State. A member holds office for six years or until he attains, in case of the UPSC, the age of 65 years and in the case of the State commission, the age of 62 years, whichever is earlier.

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Independence of the Public Service Commission

The Public Service Commission is an independent statutory body constituted under Article 315 (I) of the Constitution of India. In order to emphasize and ensure the independence of State Commission, first the Constitution debar the Chairman for further employment either under the Government of India or the Government of a State. A member other than the Chairman of the Union Commission is, however, eligible for appointment as Chairman in that Commission or of a State Public Service Commission, but for no other Government employment. The Chairman of a State Public Service Commission is eligible for appointment as the Chairman or as a member of the Union Public Service Commission. A member of the State Commission is eligible for appointment as the Chairman or as a member of the Union Commission or as a Chairman of that or any other State Commission.

Secondly, Article 317 of the Indian Constitution provides that the Chairman or a member of a Commission can be removed from office by order of the President on the ground of misbehaviour only after the Supreme Court, on a reference being made to it by the President, has on enquiry reported that the chairman or the member should be deemed guilty of misbehaviour, if he becomes interested in any Government contract or agreement or participates in any way in its profit or in any monetary benefit arising from it otherwise than as a member and in common with the other members of any incorporated company. The same Article also provides that the President may by order remove from office the chairman or any other member of the Public Service Commission, if he is adjudged as an insolvent or engages during his term of office in any paid employment outside the duties of his office or is, in his opinion, infirm in mind or body.

Thirdly, the conditions of the service of the member cannot be varied to his disadvantage after his appointment and his salary and other emoluments are charged on the Consolidated Fund of India or the State, as the case may be, and they are not votable by the Parliament or the State Legislature concerned.

Functions of the Public Service Commission

The functions of the Commission as prescribed in Article 320 of the Constitution fall into two categories: (a) Administrative, (b) Advisory. The administrative functions relate to the recruitment to all civil services and posts under the Union Government or the State government by written examination, or by interview. The advisory functions relate to advising the Government on all matters—(i) relating to the methods of recruitment, principles to be followed in making appointments to civil services and posts, and making promotions and transfers from one service to another, (ii) all disciplinary matters affecting government employees, (iii) any claim by or in respect of persons who are servants or have served under the Government in a civil capacity; (iv) for reimbursement of any expenses incurred by them in defending legal proceedings instituted against them in respect of their official acts and in any claims for the award of compensation in respect of injuries sustained by the Government servants while on duty, etc. It is usually obligatory for the government to consult the Commission in all the above matters. The President can, however, make regulations specifying the matters in which either generally or in any particular circumstances or classes of cases, it shall not be necessary for the Government to consult the Commission, such regulations have to be placed before the Parliament. Article 321 of the Constitution further lays down that an Act made by the Parliament may provide for the exercise of additional functions by UPSC in respect of the services of the Union and also in respect of the services of any local authority or other body corporate constituted by law or any public institution.

Annual Report of the Commission

The Constitution provides that it is the duty of the Union Public Service Commission and the State Public Service Commission to present annually to the President or the Governor as the case may be, a report of its work. Immediately after the receipt of such a report, the President or the Governor is required to lay it before each House of Parliament or the State legislature together with a memorandum of the cases where the advice of the Commission was not accepted and reasons for such non-acceptance. It may be remembered that though technically the selection of candidates by the Public Service Commission is only in the nature of recommendations to the Government which is free to accept or reject these recommendations, yet the advice of the Commission is as a rule accepted by the Government and the number of cases in which the Commission's advice is not accepted is really negligible.

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Problems of the Recruitment System

Our system of recruitment has been very much appreciated because of the fact that merit is given due consideration in selecting the candidates. Yet Paul Appleby, A. D. Gorwala and others have pointed out certain defects in our recruitment system in their reports they have submitted on the working of Public Administration in our country. The glaring defects in our recruitment system can be summed up as follows:

1. In a democratic country as far as possible, all the posts should be filled up on the recommendations of the Public Service Commission. But in our country as elsewhere also Governments are empowered to exclude from the purview of the Public Service Commission such posts as they think necessary. The Government should use this power sparingly. There is on the other hand a tendency on the part of our Governments to declare more and more posts beyond the jurisdiction of the Public Service Commission. Recruitment to these posts is done by the Government itself not necessarily on the basis of merit. It gives rise to favouritism, nepotism and corruption. It is, therefore, desirable that the number of such posts should be reduced to minimum and the public Service Commission should be the only medium through which the personnel should be recruited.
2. Though the position of the Public Service Commission is that of an advisory body and the Government reserves to itself the right to disregard their advice, yet the recommendations of the Commission should never be turned down otherwise it would give rise to suspicion that the advice of the Commission was ignored to take in someone in whom the department was interested. Fortunately such cases are very rare in which the advice of the Commission has not been accepted by the Government. Yet it would be appreciated that there should not be even a single such case to eliminate even the least suspicion of favouritism on the part of the Government.
3. In our recruitment system some posts are reserved for certain special classes of people like the Schedule Castes and Tribes at the cost of merit of the other people. Nobody would grudge giving special concession to the backward people in matter of appointments, yet safeguards should be provided to maintain the efficiency of administration which is likely to suffer by appointment of such people who do not score as high as others in open merit competition.
4. The examination techniques, in the words of Paul Appleby, are not up-to-date and not fully related to modern knowledge about administrative qualifications. Besides, the candidates for All India Services and Central Services are subjected to one and the same type of examination which is not proper. A. D. Gorwala

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aptly remarks, 'The technique must differ for different grades and different requirements.'

5. Our interview system is also not without fault. It has been given undue weightage. Besides, there is an element of chance in an interview test. There is no denying the fact that it gives a candidate from the upper social strata a natural advantage over those coming from backward families, but the interview system is not wholly dependable to judge the personality of a candidate. A. D. Gorwala rightly remarks in his report 'Fifteen minutes' conversation with laymen, although possessing the wide experience of the Public Service Commission, can be no substitute for an expert psychological examination designed to give a scientific insight into the candidate's mental and emotional make-up. Our interview system therefore needs a change so as to include psychological and aptitude tests which are very much in use in the Western countries. Further the interview should be somewhat specialized, dealing with precise subjects as is the system in France so that a candidate should not find himself floundering in an uncharged sea of general knowledge.
6. The Public Service Commission does not try to restrict the field of eligibility. For example, every graduate is eligible to sit for competitive examination, with the result that for a dozen or score of posts thousands of graduates would compete. This entails wastage of time, money and energy both of the Commission and the candidates. It would be better if a certain percentage of marks is fixed as minimum as a condition of eligibility for such competitive examinations. That would make ineligible those candidates who have obtained less than the required marks, and would thus lighten the work of the Commission.

Probation System

Since it is not possible to judge accurately the merits of candidates at the time of recruitment, it is possible that some unfit candidates might enter the service. Therefore, it is observed that appointments at first should be made on provisional basis and the appointee should be on probation. Probationary system is thus an indispensable part of the appointment process. The period of probation is generally fixed as six months or a year extendable by another year at the end of which the appointees will receive a permanent appointment, if their work was satisfactory during probation period, otherwise be dropped. As the Conference Committee on the Merit System in the United States pointed out in its report, 'The probation period should be considered as an opportunity for the appointing authority to complete the selection process. No formal tests, however well-devised and however carefully conducted, will prove infallible. The final test is actual performance. For this reason the new appointee should be carefully supervised and critical observation should be made of his work during the period of probation'. The desirability of probation system is beyond any dispute. This system is better than demotion or dismissal of the appointee at a later stage. The appointee joins the service with the clear understanding that he has not been permanently appointed but is being given a trial. If he performs his duties efficiently during the trial period, he will be confirmed, otherwise may be dropped. This system is desirable from the Government and taxpayers' point of view also. Efficiency in administration depends mainly upon the ability of the employees. Hence, it is necessary that the government before appointing any candidate permanently should make sure that he is a capable hand and will discharge his duties in the most efficient manner.

Check Your Progress

1. What are the two types of recruitment methods?
2. Write the categories into which services in India are classified.

3.3 TRAINING AND DEVELOPMENT

The dictionary meaning of training is practical education in any profession, art or handicraft to improve or increase an employee's skill, and to develop his attitudes and schemes of values in a desired direction'. Felix A, and Lloyd G. Nigro consider training to be the specific preparation received just before entitling public employment or at a later point in the career and directed towards the performance of the duties assigned to the individual.

3.3.1 Need for Training

The administration of public affairs has become such an intricate task under the stress of fast-changing social and economic conditions that it requires the services of trained men and women. The activities of the State are no longer confined today to the maintenance of law and order but cover a wide variety of functions in the new fields of education, health, industry and social welfare. The office worker today handles a number of mechanical instruments like telephones, duplicating machines, computers etc., the use of which requires trained personnel. The formulation of policy requires a broad vision which may enable one to handle properly the entire entangled web of administration. The administration today has to adjust itself to the temperaments and ideas of the people. All these require a suitable system of training of the public servants. The Assheton Committee (1944) on the training of civil servants (in Britain) remarked in this connection that now-a-days, 'the civil service needs to be more consciously directed towards still higher ideas and standards of service and this can only be done by planned and purposeful training'. Therefore, in recent times increasing attention has been given to the training of officials.

3.3.2 Objectives of Training

The main objective of training is 'efficiency' *i.e.*, to improve the effectiveness of the work of the public officer. It improves the power, skill or understanding of the trainees and creates in them the capacity to adjust themselves to new situations. The other objectives of training are:

- It should endeavour to produce a civil servant whose precision and clarity in the transaction of business can be taken for granted;
- The civil servant must be attuned to the tasks which he will be called upon to perform in a changing world;
- There is a need to develop resistance to the danger of the civil servant becoming 'mechanized' or too mechanical within the administrative machinery within which he works, whilst we must aim at the highest possible standard of efficiency. Our purpose is not to produce a robot-like, mechanically perfect civil service. The recruit, right from the beginning should be made aware of the relation of his work to the services rendered by his department in the community. The capacity to see what he is doing in a wider setting will make the work not only valuable to his department but more stimulating to himself;
- Training must be directed not only to enable an individual to perform his current work more efficiently, but also to enable him to perform other duties, and where appropriate, develop his capacity for higher work, and greater responsibilities;
- These ends are not enough in themselves. Large number of people inevitably have to spend most of their working lives upon tasks of a routine character and

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with this human problem even in the background, training plans to be successful, must pay substantial regard to staff morale.

Training in fact, can solve a variety of manpower problems which stand in the way of optimum productivity. According to Richard Johnson, these include the need to (i) increase productivity; (ii) improve the quality of work and raise morale, (iii) develop new skills, knowledge, understanding and attitudes, (iv) correctly use new tools, machines, processes and methods or modifications, (v) reduce waste, accidents, turnover, absenteeism, and other overhead costs, (vi) implement new or changed policies or regulations, (vii) fight obsolescence in skills, technologies, methods, products, markets, capital management, etc., (viii) bring incumbents to that level of performance which meets the standard of performance for the job, (ix) develop replacements, prepare people for advancement, improve manpower development and ensure continuity of leadership and finally (x) ensure the survival and growth of the enterprise.

Training, thus, has become an elementary need for the effective working of any organization and in almost all the countries training programmes for public servants are organized.

3.3.3 Types of Training

Training may be classified according to its methods, duration, the stage of the employee's career at which it is given, the agency which imparts it and its objectives.

Thus it may be: (a) formal and informal training (b) short-term and long-term training (c) pre-entry and post-entry training (d) departmental and central training and (e) skill training and background training.

(a) Formal and Informal Training: Formal training means just giving certain lectures and instructions to the employee concerning the work that he/she has to do. Employees may be told through these lectures and instructions the nature of their duties and the procedure and the code of conduct which they should follow in the office.

Informal training is training by experience which the employee himself acquires gradually in the course of actual performance of his job. He gets this training when he actually comes into contact with the work environment, papers and officers. It is self-acquired education. The experience of actual work teaches him the technique of work. Writing about the importance of such training, A. D. Gorwala observes: 'The young man on his side imbibes standards, sometimes without even being told'.

Informal training has definite advantages but it is the 'hard way' of learning and can fully succeed only in case of the most persistent pupils. In the case of an average employee, it may lead to the formation of bad habits and breed much frustration. Therefore, if informal training is to succeed, the superior officers should take great interest in the new entrants and guide them in a sympathetic manner.

(b) Short and Long-term Training: The difference between short-term and long-term training depends upon the duration of the training course. If the training is given for a continuous long period of time, say one or two years, it is long-term training, but if it is for only a month or two it may be termed short-term training. Duration generally depends upon the case or difficulty of the subject-matter of training and the needs of the service.

(c) Pre-entry and Post-entry Training: Pre-entry training is given to prepare future recruits for the service. It is intended to enable an aspirant to pass an

examination or otherwise to show fitness for appointment. The training generally takes the shape of vocational or professional instructions at technical schools and colleges.

Post-entry training on the other hand, is training for an employee who is already in the service. This type of training is defined as the process of aiding employees to gain effectiveness in their present or future work through the development of appropriate habits of thought and action, skill, knowledge and attitudes. For example, policemen are trained in police duties at Police Training Schools established for the purpose.

The general issue concerning pre-entry training is whether it should be of a general type or specifically designed for the needs of the government. The British and continental system recruits members of very young age on the basis of their general qualifications. General education at the pre-entry stage has a number of advantages. Firstly, what is required at this stage is to broaden the mental horizon of the youth. Lord Macaulay's dictum that 'Men who distinguish themselves in their youth above their contemporaries always keep to the end of their lives the start which they have gained' has much force behind it. Public Administration, though it is becoming technical, needs the services of such men who have a broad vision and wide outlook.

Secondly, training programmes imply absorption in permanent service. But everybody who gets training for public administrative sciences cannot be obviously provided for by the government service as it is very much limited. It is an obvious waste of public money to train mere birds of passage. If aspirants for government service get only general education, they may be absorbed elsewhere if they do not get public service. Their rejection for government service would not create any stalemate in their career.

Thirdly, if pre-entry education is not general but specialized it would mean that education would be subjected to the need of government and would cease to be the foundation of culture and civilization. It will no longer be based upon the ideas and values of the people.

The United States, which does not accept the principle of government service as a career and prefers a specialized and vocational pre-entry training, has now begun to realize the defects of its system and emphasizes the need for general education.

- (d) **Departmental and Central Training:** When arrangements for training are made within the department or the office itself, it is called departmental training. Such training is mostly imparted by the more experienced officers of the department or the office. But when training is imparted by Central training institutions e.g., the Training and Education Division of the British Treasury or the National Academy of Administration in India, it is called Central Training. Sometimes individual departments also maintain their regional training institutions, e.g., the police training schools in many states of India to train their police officers.
- (e) **Skill and Background Training:** When the purpose of training is to instruct the entrants in some specialized technique it is called skill training, for example, the teacher's training is intended to develop his teaching skill, the police officer's in the prevention and detection of crime, and the income-tax officer's in the assessment of income tax. But when the training seeks to teach certain general subjects which help the trainee to understand the general background and nature of his work, it is called background training. Its purpose is not to increase the

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skill in some particular task but to provide a general background of the work. The training in the National Academy of Administration at Mussorie is an example of background training.

3.3.4 Methods of Training

The following devices are employed for training public servants:

1. On-the-Job Training

On-the-job training refers to training where the workers or employees receive training while carrying out their regularly assigned duties and responsibilities. The apprenticeship training can be considered as the best example of this method of training. Here the training function is performed by the supervisors who, through coaching, help the new entrants learn the necessary skills of the job. In administrative services on-the-job training means instructions received from colleagues of greater experience or higher rank.

The effectiveness of this type of training largely depends upon the senior officer's interest and qualities. Methods like specific delegation of responsibilities, group discussions and planned rotation of postings are used to impart greater effectiveness to on-the-job training. According to T. N. Chaturvedi, 'No amount of background training and skill training can supplant the need for on-the-job training'.

2. Training by Communication

This means informing the employee about the nature of work, rules and regulations of the department in which he has to work through communications such as periodic conferences, circulation of office bulletins, rule books, sets of instructions or informative booklets, etc.

3. Formal Instruction or Lecture method

This method involves personal tuition by senior officers, lectures by departmental officers or outsiders covering a wide field of subjects, discussion groups or regular instruction at a school or college. Lecture is an economical method of delivering factual knowledge to large group of people, but there is no guarantee that learning will take place. Here there is mainly one-sided communication, i.e., from lecturer to the listeners. Another drawback of this method is that everybody gets the same treatment at the same pace, and individual abilities, interests and motives are not recognized.

Martin M. Broadwell suggests three basic requirements for successful classroom instruction. These are, 'involvement', 'accountability' and 'feedback'. For lectures to be effective it is necessary that the learners be involved as much as possible. They should be made responsible for learning and lastly, there should be a high amount of feedback from the learners. If these conditions exist the lectures can also prove to be a good device of training.

4. Conference Method

Under this method all the trainees are gathered together into a meeting under the chairmanship of a senior officer. In this meeting the trainees themselves discuss the matters, compare notes with one another and put forward their own view point. The function of the chairman is to guide the discussion by putting an occasional word here and there. The trainees exchange ideas and learn from one another. The conference benefits the group through pooling ideas, information and knowledge from many sources. It stimulates thinking and the ability to work together in teams. This method can be more advantageously used for exploring problems to which answers are unknown and for developing a new philosophy or technique.

5. Seminar and Workshop

In a seminar, group discussion takes place by highly experienced people, who work under minimum formal leadership, to discuss a subject for which ready answers are not available. In a seminar or workshop various group techniques are used such as case studies, role-playing or the incident process. A single short meeting of one or two days may be announced as a workshop. In this, a speaker or panel presents information to the group. The seminar then adjourns into several smaller teams, sometimes identified as 'buzz groups' whose members discuss questions assigned to them by the chairman. Later, these groups convene again as a whole seminar body and the leader of each group reports briefly on his group's deliberations.

6. Case Study

This method describes a real or stimulated situation to provide a common basis for analysis, discussion and problem solving. The case may be delivered orally, in writing, in pictures or on records. The case technique stimulates the participants to sift out the facts, distinguish between the important and non-essential, analyse data, organize their thoughts logically and synthesize the evidence.

7. Incident Process

In the incident process, the participants employ the incident to gain facts needed for a solution or decision. This process consists of five steps:

- **The incident:** Each candidate receives a written account of the event describing the issue.
- **Fact finding:** The candidates are supposed to ask questions from the discussion leader who has all the facts, in order to ascertain the important details surrounding the situation. The leader provides answers only to the specific questions asked.
- **The issue:** The leader encourages the group to define the main issue as well as those accompanying incidents which the members identify.
- **The decision:** Each participant records his decision concerning the incident and his approach for resolving the problem. After he hands in his signed form, the seminar breaks into teams, respective spokesmen are appointed, and each group discusses the merits of its proposal.
- **Evaluation:** The whole group assembles again in a plenary session for the evaluation of the incident.

The incident process helps to develop skills in obtaining facts by questioning, and other leadership abilities.

8. Role Playing

This technique involves a skit which portrays a simulated situation. The selected group members act out the events that highlight the case or incident, thus enabling the remainder of the group to observe and analyse performance.

9. In-Basket Method

This training method consists of a collection of letters, monograms, articles and reports. Each participant might also receive an organizational chart, an orientation outline concerning the enterprise, the names and position titles of key managers and employees and their inter-relationships. This technique is a testing device. The participant has to attempt to resolve the issues raised by the abundance of papers with their accompanying problems. It is a useful technique for testing ingenuity, adopting and problem solving

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abilities of the participant. When the documents in the basket have been examined and disposed of, the leader conducts a discussion as to what action each participant took and the reason.

10. Sensitivity Training

This technique takes the form of an unstructured lab and is usually referred to as a T-group or training group. The main purpose of this technique is to learn human relations, improved communication and leadership skills. The T-group has no formal structure, no specific goals, no relations or rules and no agenda. The leader conducts the group, normally in a non-directive style. The T-group philosophy encourages the value of free questioning, experimentation and participative learning.

11. Programmed Instruction

Programmed learning stresses the individual's terminal behaviour rather than the verbal message. In designing and preparing a programmed instructions manual, the writer determines in advance what conduct and performance he expects the student to display following his completion of the training period. Under the programmed instruction technique the learner is provided with an exercise book or teaching machine, and is guided through the various processes. Each process contains a small body of information or questions. The process or frame requires choosing one of multiple answers with a pencil check mark or depressing a machine button, or recording the response in a blank space provided. The main advantages of this method are that it can be introduced at different locations, it ensures consistency of learning input and ensures that all participants commence the course on a relatively equal basis.

12. Video Tape Recording

The main benefit of this equipment is that it can immediately replay the activities which the participants may view. It enables the learners to observe precisely where the performance went wrong or where the exercise was done correctly.

Though there are a number of methods of training but in practice no one method can be said to be the best. Hence, a combination of few methods is used to train public servants. Any method of training may be adopted, but what is important is that it should be properly planned. The instructors should have a higher level of understanding than the trainees. The training officers should not be simply theorists but must have sufficient knowledge of the practical problems of the service, then only they can do justice to their job.

3.3.5 Essentials of Training for Administrative Officers

There is no consensus of opinion about the subject matter of training for administrative officers. Suggestions in this field range widely from a good knowledge in classics and philosophy to a study of politics, economics and public administration. Geadden is of the view that the training of an officer should include three things: (i) a training in the basic clerical techniques given through study of subjects like office practice and organization, book-keeping and outlines of the Central Government; (ii) a departmental training in the routine and specialized technique of the official's own department; and (iii) those destined to fill the leading positions in the hierarchy must acquire in addition a knowledge of the theory of Public Administration.

Another challenge in this field is determining and identifying training needs. No training can be effective or useful unless it caters to the requirements of training. Hence the basic necessity is to determine the needs and requirements of training. For

this the problem areas are to be identified first and then the possible solutions are to be considered. Then only can training needs be determined.

3.3.6 Training in India

The problem of education and training of civil servants in India has assumed special importance in the post-independence era. Many new problems, particularly in the social and economic fields, have cropped up making the task of civil servants extremely difficult. The vast and expanding horizons of public administration demand a special type of skill on the part of civil servants and this has added to the significance of training our services in the fields of development administration. The Planning Commission in its publication, 'Administration and Public Cooperation' rightly observed: 'Next to recruitment, the training of personnel has considerable bearing on administrative efficiency. Each type of work in the government requires a programme of training suited to it. In general, in all branches of administration, it is necessary to provide for the training of personnel at the commencement of service as well as at appropriate intervals in later years. In this connection we would emphasize the importance of careful grounding in revenue and development administration for recruits to the Indian Administrative Service and the State Administrative Services'.

3.3.7 Training System during British Rule

The traditional system of training in India has been to make the new recruits learn the job by doing it. Of course during the British period there had been the system of attaching the officers to a British University; usually Oxford or Cambridge, for a period of two years in the case of those selected in India (later reduced to a year in 1937) and a year in the case of those selected in the United Kingdom. During this period the probationers were given sound grounding in Indian Law, Indian History and an Indian language. At the end of the period of probation, they were required to take an examination in the above subjects and also in riding. The main purpose for this training was to bring the Indian candidates into close touch with British life and to give them an opportunity to broaden their outlook.

3.3.8 Training System after Independence

After independence when the Indian Administrative Service was constituted in place of Indian Civil Service, the Home Ministry set up an Indian Administrative Service Training School in Metcalfe House, New Delhi in 1947. Later on, the Planning Commission recommended the conversion of this school into a sort of staff college for a combined training of IAS and other allied services. It also recommended the appointment of a Director of Training for organizing systematic training programmes and refresher courses for different grades of employees. The Government, at a later stage, appointed a Committee to delve into the whole issue of training. The recommendations of the Committee were:

'The best training in any service is provided by the actual doing of the jobs for which the services exist. Much wastage of time can, however, be saved by providing a certain amount of basic training to shorten and facilitate the process of learning by doing. Such basic training has to be both "general" (*i.e.*, applicable to all higher public servants) and 'special' (*i.e.*, relevant to the needs of particular service). The 'general' part comprises the basic knowledge which higher public servants should possess, e.g., the main principles of the Constitution, the role of public servants in a Parliamentary Democracy, the organization of the machinery of Government at the Centre and in the States, the principles of Public Administration and personnel management and the techniques of public relations. It should also include the knowledge of economics in

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general and Indian economics in particular, and an appreciation of India's social and economic problems.

The 'special' part of the basic training should cover the study of Acts and Rules relating to the particular service, departmental procedures, etc. The course of training in the IAS Training School covers both the general and the special parts of the basic training needed by the IAS officers. Arrangements for training of the Audit Service Officers, Income Tax, Railways, etc., have been made by the ministries concerned, but these are confined largely to the 'special' part of the training.

The Home Ministry agreed with Chamda's suggestions and started Refresher Courses at the IAS Staff College, Shimla. Later on, the Government merged the IAS Training School, Delhi and IAS Staff College, Shimla and in their place, a National Academy of Administration was set up at Mussorie which started functioning from 1 September, 1959.

In the year 1968, a separate Training Division was established in the Ministry of Home Affairs. Later in the year 1970, on the recommendations of the Administrative Reforms Commission's Report on Personnel Administration, the Training Division as part of the Department of Personnel and Administrative Reforms came under the Cabinet Secretariat. However, in 1977, the Department of Personnel and Administrative Reforms including the Training Division again became part of the Ministry of Home Affairs.

3.4 EMPLOYEE MORALE

Morale is the degree of enthusiasm and willingness with which individual workers of a group set out to perform the assigned work with zeal and sincerity, resulting in good teamwork. When there are many frustrations, disappointments, discontent, grudges, etc., it means that workers have low morale whereas morale is high when we have improved employee contribution, low labour turnover and absenteeism.

Definitions of Morale

According to Flippo, 'Morale is a mental condition or attitude of individuals and groups which determines their willingness to cooperate. Good morale is evidenced by employee enthusiasm, voluntary conformance with regulations and orders, and a willingness to cooperate with others in the accomplishment of organization's objectives.'

According to Davis, 'Organizational morale is basically a mental condition of groups and individuals which determines their attitude.'

Haimann observes that morale is, 'A state of mind and emotions affecting the attitude and willingness to work, which in turn, affect individual and organizational objectives.'

Guion defines morale as, 'The extent to which an individual's needs are satisfied and the extent to which the individual perceives that satisfaction as stemming from his total job situation.'

Kahn and Katz observe that, 'Morale is a combination of attitudes towards the company, job and the immediate supervisor.'

According to E.F.L Brech, 'Morale may be described as a readiness to cooperate warmly in the task and purpose of a given organization.'

According to M.S. Viteles, "Morale may be defined as an attitude of satisfaction with the desire to continue in a willingness to strive for the goals of a particular group or organization.'

Check Your Progress

3. Define the term 'training'.
4. What is post-entry training?
5. Explain the concept of central training.

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In the words of A.A Leighton, 'Morale is the capacity of a group of people to pull together persistently and consistently in pursuit of a common purpose.'

From the above mentioned definitions, we can say that morale includes.

- Feelings, hopes and sentiments which affect the willingness of people to cooperate with others in the accomplishment of common tasks.
- It relates to the individual worker and his own perceptions of the existing state of well-being in the organization.
- Morale is social or group oriented and it emphasizes the feeling of a team as a whole. It is esprit de corps.
- Morale is a group attitude towards persistence, determination, etc., and it reflects the acceptance of group goals by group members and their interest in achieving goals.
- Morale is an attitude of the mind which results from mobilization of energy, interest and initiative in an enthusiastic pursuit of organizational goals.
- Morale is job satisfaction. It is concerned with an employee's attitude towards the kind of work he does, his fellow workers, his prestige and status.

Effects of Low Morale

The most significant effects of low morale are:

- High rate of absenteeism
- Tardiness
- High labour turnover
- Strikes and sabotage
- Lack of pride in work
- Wastage and spoilage

Measures to Build High Employee Morale

- **Unity of interests:** Integration of worker's goals with organization's objectives will create employee's confidence and build up high morale.
- **Leadership confidence:** Managers who are sincere, sympathetic and democratic in their attitude towards employees can easily establish confidence in their leadership.
- **Sound wage structure:** Complete wage plan incorporates guaranteed base wage incentive for productivity and other fringe benefits.
- **Favourable work environment:** Good working conditions create job satisfaction. A satisfied labour force is an invaluable asset of an enterprise.
- **Higher-order need satisfaction:** Workers should be given ample opportunities to satisfy their social and egoistic needs.
- **Other measures:** Employee counselling, good promotion policy, grievance redressal procedure, proper selection techniques, induction training, collective bargaining are some of the other measures to enhance employee morale.

3.5 WORKER'S PARTICIPATION IN MANAGEMENT

Participative management refers to the process of involving employees or employee representatives at all levels of the decision-making process. A comprehensive definition of participative management is:

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Workers' participation may broadly be taken to cover all terms of association of workers and their representatives with the decision-making process ranging from exchange of information, consultation, decision and negotiations to more institutional forms such as the presence of worker members on management or supervisory boards or even management by workers themselves as practised in Yugoslavia.

Methods of Participation

There are various groups of managerial decisions that have a direct impact on the employees of an organization. These decisions are the social, personnel and the economic decisions. However, there are other methods that are affected by the participation of workers. The methods are as follows:

- Participation at the board level
- Participation through ownership
- Participation through complete control
- Participation through staff or works councils
- Participation through joint councils and committees
- Participation through collective bargaining
- Participation through job enlargement and job enrichment
- Participation through suggestion schemes
- Participation through quality circles
- Empowered teams
- Total quality management
- Financial participation

Prerequisites for Successful Participation

To make participative management successful, the following conditions have to be fulfilled:

- The participants, namely management and operatives, should have clearly defined and complementary objectives.
- There must be free flow of information and communication between the management and the workers. This helps in removing distrust and suspicion among workers and, therefore, they become more responsible and mature while discussing their demands with the management.
- The workers' representatives must be drawn from the workers themselves since the problems and the difficulties of the workers are better understood by the workers themselves.
- Strong and effective trade unionism is necessary for the success of participative management. Politicism and multiplicity of trade unions defeat the purpose of participation and management.
- Workers' education and training make a significant contribution to the purpose of participation management. The government and the trade unions can play a major and meaningful role in organizing and conducting training programmes.
- Neither party should feel that its position is threatened by participation.
- The success of participation management depends on a suitable participative structure and attitude of both employee and employer.

- The financial cost of participation should not exceed the values, economic and otherwise that come from it. Employees cannot spend all their time in participation at the cost of the work.

NOTES**Importance of Participation**

The importance of participative management is:

- The employees identify themselves with the work, which leads to improved performance.
- The employees feel motivated since they are involved in management.
- This leads to self-esteem, job satisfaction and cooperation of employees with management.
- It reduces conflict and stress, which results in more commitment to goals and better acceptance to change.
- It results in better communication as people mutually discuss work problems.

Following are the five ethical principles identified by participative management.

- (i) Morality
- (ii) Recognition of human dignity
- (iii) Loss of self-respect
- (iv) Physical and mental problems of employees
- (v) Negative consequences of hierarchical organization of work

Limitations of Participation

The limitations of participative management are:

- Technology and organization today are so complex that specialised work roles are required for participation. In order to participate successfully they have to go beyond their particular environment.
- There is no evidence that participation is good for everybody.
- Sometimes participative situation can be used to manipulate employees by management or trade union or undercover cliques.
- The presence of feudalistic concept of master and servant prevalent especially in Indian set-up leads to loss of interest on part of workers.
- Trade unions indulge in politics and have little time to think about participative management.
- The unwillingness of the employer to share his power with the workers representatives and the perfunctory attitude of government towards participation.

Industry example

Precision Tools and Engineering is a company producing machinery, machine tools and some other related engineering products for specialist production companies. It employs a total workforce of 400 out of which two-third work in the production department. In late 1989, the management decided to introduce a TQM scheme to increase efficiency and quality control. Throughout the year 1980, more flexible arrangements were introduced together with the breakdown of old work demarcation lines. Machines were now built by flexible teams of workers employing different skills (fitters, electrician, hydraulic engineers, etc). In 1989, the first move towards TQM was made with the introduction of BS 5750. Workers were asked to inspect the quality

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of their work, which resulted in reduction of the need for specialist inspectors and both time and money were saved. Agreements were negotiated with the union for extra pay as a result of the increase in worker responsibility.

In early 1990, the management decided to introduce the full-blown TQM scheme on the basis of the success with the introduction of BS 5750. Problem-solving groups were formed based on work groups with voluntary participation. Group leaders, who were mainly supervisors, were trained on how to run a group and in problem solving techniques. The aims of the groups were to:

- Identify problems inside their work area
- Propose solutions
- Identify problems outside their work area
- Refer the external problems to a review team

The review team was mainly made up of managers with one representative from each group, usually the group leader. The unions were lukewarm to the scheme and some shop stewards were directly against it. Within the space of nine months, the TQM scheme was reviewed and the senior management came to the conclusion that it had not lived up to expectations and some board members called it a failure.

3.5.1 Employee Empowerment

Employee empowerment is a technique of involving employees in their work through the process of inclusion. Empowerment encourages employees to become innovators and managers of giving them more control and autonomous decision-making capabilities. 'Empowerment' is a term which is currently in vogue. It is one of the most popular buzzwords in management today. Almost every approach to quality, meeting the competition, getting more out of employees, productivity enhancement and corporate turnarounds deals with employee empowerment.

The characteristics of an empowered organization are given below:

- An assumption of competence — the belief that people can be trusted and therefore minimal needs for checks, controls and directives.
- Learning from others about how the company operates.
- Empowerment requires a situation of high trust and high competence.
- Togetherness – this means working in flexible teams regardless of members' status or position in the hierarchy and operating with shared goals and values.

Empowerment vs disempowerment

Most of the employees in most of the organizations are victims of disempowerment. What are the differences between 'empowered' organizations and traditional ones? One answer is that empowered organizations value autonomy as an end in itself – an end that contributes to personal fulfilment, advances democratic ideas, and responds to rapid changes in the business environment.

Conditions necessary for the success of empowerment

- Employees must be encouraged to take control of their work.
- The environment must be receptive for employees with innovative ideas and encourage people to explore and take reasonable risks at reasonable costs.
- Employees must have access to a wide range of information.

- Empowered employees should be held accountable for their behaviour towards others.
- Culture of the organization should be open and receptive to change.

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Stages in the Empowering Process

John Nicholls suggested three stages that help to build a sustainable empowerment programme in organizations:

- **Stage I**

Get the basics right by fully using current capability: The idea would be to empower people to the fullest extent of their current capability, within the scope of their current job/task. Therefore, in this stage, an organization should be looking at empowerment through delegation in the current job/task. In other words, managers should be enablers.

- **Stage II**

Stretch people beyond their current capability to fulfill their full potential: This occurs when enablers act as coaches to stretch people by delegation and empowerment slightly beyond their current limits. The coaching process must include:

- (a) Devoting time to show people how to perform their tasks in a better way.
- (b) Delegate a real task that will use the capability that is being developed.
- (c) During implementation, avoid temptation to over control.
- (d) When the task is successfully completed, offer congratulations, praise and recognition.

- **Stage III**

Strengthen empowerment by creating commitment throughout the organization: In this stage, the foundation should be laid for a change of attitude and behaviour in the organization as a whole. It is at this stage that managers begin to realise that by letting go of authoritarian power they gain the power to energize people achieving results beyond expectations.

At the heart of empowerment is trustworthiness which is a function of character and competence. Character is what we are; competence is what we can do. And both are necessary to create trustworthiness. Both character and competence are necessary to inspire trust. Given the responsibility, workers deliver extremely well.

3.5.2 Collective Bargaining

Collective bargaining is a process of negotiations between employees and a group of employee aimed at reaching agreements to regulate working conditions.

Characteristics of Collective Bargaining

Some of the important characteristics of collective bargaining are:

(i) It is a group action as opposed to individual action

It is collective in two ways. One is that all the workers collectively bargain for their common interests and benefits and on the management side are its delegates at the bargaining table. They (workers representatives and management delegates) jointly arrive at an amicable solution through negotiations.

(ii) It is flexible and mobile and not fixed or static

It is a group action where representatives of workers and management expend energies in order to arrive at a consensus. It has sufficient flexibility, since no party can afford

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to be inflexible and rigid in such situations. According to Bakke and Kerr, 'Essentially, a successful collective bargaining is an exercise in graceful retreat – retreat without seeming to retreat. The parties normally ask for more or offer less than they ultimately accept or give'. Collective bargaining is therefore not a one way street but a give and take process. The 'take-it-or-leave it' proposition is not viewed as being within the rules of the game.

(iii) It is a bipartite process

It is a mutual give-and-take rather than a take-it-or-leave-it method of arriving at the settlement of a dispute. Both parties are involved in it. The employers and the employees negotiate the issues directly, face to face across the table. It can flourish only in an atmosphere which is free from animosity and reprisal. There is no third party intervention.

(iv) It is a continuous process

Collective bargaining is a continuous process. It does not commence with negotiations and end with an agreement. The agreement is only a beginning of collective bargaining. It is a continuous process which includes implementation of the agreement and also further negotiations.

(v) It is dynamic and not static

Collective bargaining is a dynamic process because the way agreements are arrived at, the way they are implemented, and the mental make-up of parties involved keep changing.

(vi) Power relationship

Workers want to gain the maximum from management, and management wants to extract the maximum from workers by offering as little as possible. This involves ascertaining the maximum concession of the opposing negotiator without disclosing one's own ultimate concession. In this sense, all negotiations are exploratory until the agreement is consummated.

Objectives of Collective Bargaining

The main objectives of collective bargaining are as follows:

- To maintain cordial relations between employer and employees by settling disputes/conflicts;
- To protect the interest of workers through collective action and by preventing unilateral action on the part of the employer;
- To resolve the differences between employers and employees through voluntary negotiations;
- To avoid the need for government intervention in matters relating to employment.
- To ensure the participation of trade unions in industry;
- To promote industrial democracy

Advantages of Collective Bargaining

Collective bargaining offers the following advantages:

- Collective bargaining is a pragmatic and democratic method of regulating the terms and conditions of employment. It provides a method for the regulation of conditions of employment by those directly concerned. The parties directly concerned with employment (employers and workers) who best know the problems participate in collective bargaining. It is a voluntary process without any third party intervention.

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- Collective bargaining often leads to mutual understanding. The employers gain a greater insight into the problems and aspirations of the workers, while the latter become more aware of the economic and technical factors involved in industrial management.
- Collective bargaining provides a flexible means of adjusting wages and conditions of employment to changes in economic, social, technological and political environment. Both the parties can meet whenever necessary and can adapt the terms and conditions of their agreement to the changing environment.
- Collective bargaining provides a code defining the rights and obligations of each party in their employment relations with one another. Basic standards are fixed and every worker knows that he cannot be required to work under conditions less favourable than those stipulated in the agreement. A sort of 'industrial jurisprudence' is created.
- Collective bargaining facilitates better implementation of decisions due to the direct involvement of both the parties. Parties know that the decisions are their own and nobody has imposed them.

Types of Bargaining

The different types of bargaining are given below:

(i) Conjunctive bargaining

In this type of bargaining, the employers and employees try to maximise their respective gains. Issues like wages and bonus are negotiated under conjunctive bargaining. The principle "my gain is your loss and your gain is my loss" is practiced in conjunctive bargaining. The parties want to yield as little as possible while getting the maximum possible from the other party. Conjunctive bargaining is also called distributive bargaining.

(ii) Cooperative bargaining

In cooperative bargaining, both parties realise the importance of surviving in difficult times (like recession) and are willing to negotiate the terms of employment in a flexible way. Labour may accept wage cuts and management may agree to modernise and make additional investments. Cooperative bargaining is resorted to with a view to survive the recessionary trends.

(iii) Productivity bargaining

In this method worker's wages and benefits are linked to productivity. If they are able to exceed the standard productivity norms they will get substantial benefits. Standard productivity is finalised through negotiations. Productivity bargaining agreements are important for raising productivity and for survival and growth of the organization.

(iv) Composite bargaining

In composite bargaining method, labour bargains for wages as usual but goes a step further by demanding equity in matters relating to work norms, employment levels, manning standards, etc. Through composite bargaining unions are able to prevent the dilution of their powers and ensure justice to workers by putting certain limits on the freedom of employers. For the employer this is lesser evil when compared to strikes and lockouts.

Effectiveness of Workers Participation

For participation management to be fully effective, there are certain essential prerequisites. These are as follows:

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(i) A favourable political climate

The government and public must be convinced that participation management is the best method of regulating employment conditions. The government should remove all legislative restrictions which hamper participation management. It can also confer a right to bargain collectively, lay down the form and content of collective agreement, register these agreements and assist in their enforcement.

If participation management is to be fully effective, a favourable political climate must exist.

(ii) Freedom of association

Freedom of association is essential for participation management. When such freedom is denied participation management is impracticable, and when it is restricted, participation management is also restricted. Freedom of association can be facilitated by removal of legislative restrictions on combinations where they exist, leaving workers and employers free from associations as they please. Participation management is not possible if employees are not free to form trade unions as they are required to bargain with the employer on equal basis.

(iii) Stability of trade unions

Workers may have freedom of association, but unless they make use of that right and form and maintain stable unions, participation management will be ineffective. If a union is weak, employees can say that it does not represent the workers and will refuse to recognize it or negotiate with it. Before entering into agreements with a trade union, employers will want a reasonable assurance that it will be able to honour its understandings and this implies both that the union can exercise authority over its members and that its membership is sufficiently stable.

(iv) Recognition of trade unions

Employees should be required by law to give recognition to representative trade unions. It is in the interest of an employer to give recognition to representative trade unions. Once a trade union is strong enough, employers may decide that it is in their interest to recognize it and negotiate with it; otherwise, they may be faced with strikes and the ensuing financial losses may be far greater than the cost of any concessions on wages and conditions they may have to make in negotiations with the union. The granting of recognition will improve industrial relations and this may react favourably on productions.

(v) Willingness to ‘Give and Take’

One or both sides merely make demands. When they meet there can be no negotiation or agreement. Each side normally puts forward claims which are intended to provide a basis for bargaining and as the negotiations proceed one side will agree to reduce its demand on one item in return for some concession by the other side. Willingness to ‘give and take’ during negotiations does not necessarily mean concessions from the other. One side may make greatly exaggerated demands which it will have to tone down considerably if an agreement is to be reached. Also depending on the relative strengths of the two parties, economic conditions at the time and skill in negotiation, one side may win more concessions than the other.

(vi) Mutual recognition and respect

The management has the right to manage and the union has the right to organize itself and fight for justice. This must be fully recognized and accepted by both sides. Unless there is this basic unanimity of views, participation management is a mere trial of strength.

Check Your Progress

- 6. What is morale?
- 7. What does participative management refer to?
- 8. Define employee empowerment.

3.6 CONFLICT MANAGEMENT

Except in very few situations where the conflict can lead to competition and creativity so that in such situations conflict can be encouraged, in all other cases where conflict is destructive in nature, it should be resolved as soon as it has developed and all efforts should be made to prevent it from developing.

1. Preventing Conflict

Some of the preventive measures that the management can take, according to Schein are:

- (a) **Goal structure:** Goals should be clearly defined and the role and contribution of each unit towards the organizational goal must be clearly identified. All units and the individuals in these units must be aware of the importance of their role and such importance must be fully recognized.
- (b) **Rewards system:** The compensation system should be such that it does not create individual competition or conflict within the unit. It should be appropriate and proportionate to the group efforts and reflect the degree of interdependence among units where necessary.
- (c) **Trust and communication:** The greater the trust among the members of the unit, the more honest and open the communication among them would be. Individuals and units should be encouraged to communicate openly with each other so that they can all understand each other, understand each other's problems and help each other when necessary.
- (d) **Coordination:** Coordination is the next step to communication. Properly coordinated activities reduce conflict. Wherever there are problems in coordination, a special liaison office should be established to assist such coordination.

Resolving Behavioural Conflict

Various researchers have identified five primary strategies for dealing with and reducing the impact of behavioural conflict. Even though different authors have given different terminology to describe these strategies, the basic content and approach of these strategies remain the same. These are:

Ignoring the conflict: In certain situations, it may be advisable to take a passive role and avoid it all together. From the manager's point of view, it may be specially necessary when getting involved in a situation would provoke further controversy or when conflict is so trivial in nature that it would not be worth the manager's time to get involved and try to solve it. It could also be that the conflict is so fundamental to the position of the parties involved that it may be best either to leave it to them to solve it or to let events take their own course. The parties involved in the conflict may themselves prefer to avoid conflict, specially if they are emotionally upset by the tension it causes. Thus people may try to get away from conflict causing situations.

Smoothing: Smoothing simply means covering up the conflict by appealing for the need for unity rather than addressing the issue of conflict itself. An individual with internal conflict may try to 'count his blessings' and forget about the conflict. If two parties have a conflict within the organization, the supervisor may try to calm things down by being understanding and supportive to both parties and appealing to them for cooperation. The supervisor does not ignore or withdraw from the conflict nor does he try to address and solve the conflict but expresses hope that 'everything will work out for the best of all.' Since the problem is never addressed, the emotions may build up

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further and suddenly explode. Thus smoothing provides only a temporary solution and conflict may resurface again in the course of time. Smoothing is a more sensitive approach than avoiding in that as long as the parties agree that not showing conflict has more benefits than showing conflict, then such conflict can be avoided.

Compromising: A compromise in the conflict is reached by balancing the demands of the conflicting parties and bargaining in a 'give and take' position to reach a solution. Each party gives up something and also gains something. The technique of conflict resolution is very common in negotiations between the labour unions and management. It has become customary for the union to ask for more than what they are willing to accept and for management to offer less than what they are willing to give in the initial stages. Then through the process of negotiating and bargaining, mostly in the presence of arbitrators, they reach a solution by compromising. This type of compromise is known as integrative bargaining in which both sides win in a way.

Compromising is a useful technique, particularly when two parties have relatively equal power, thus no party can force its viewpoint on the other and the only solution is to compromise. It is also useful when there are time constraints. If the problems are complex and many faceted, and the time is limited to solve them, it might be in the interest of conflicting parties to reach a compromise.

Forcing: As Webber puts it, 'the simplest conceivable resolution is the elimination of the other party—to force opponents to flee and give up the fight—or slay them.' This is a technique of domination where the dominator has the power and authority to enforce his own views over the opposing conflicting party. This technique is potentially effective in situations such as a president of a company firing a manager because he is considered to be a trouble-maker and conflict creator. This technique always ends up in one party being a loser and the other party being a clear winner. Many professors in colleges and universities have lost promotions and tenured reappointments because they could not get along well with their respective chairpersons of the departments and had conflicts with them. This approach causes resentment and hostility and can backfire. Accordingly, management must look for better alternatives, if these become available.

Problem solving: This technique involves 'confronting the conflict' in order to seek the best solution to the problem. This approach objectively assumes that in all organizations, no matter how well they are managed, there will be difference of opinions that must be resolved through discussions and respect for differing viewpoints. In general, this technique is very useful in resolving conflicts arising out of semantic misunderstandings. It is not so effective in resolving non-communicative types of conflicts such as those that are based on differing value systems, where it may even intensify differences and disagreements. In the long run, however, it is better to solve conflicts and take such preventive measures that would reduce the likelihood of such conflicts surfacing again.

Resolving Structure-based Conflicts

Structure-based conflicts are built around organizational environments and can be resolved or prevented by redesigning organizational structure and work-flow. A general strategy would be to move towards as much decentralization as possible so that most of the disputes can be settled at the lower levels in the organization, and faster too.

Since interdependency is one of the major causes of conflict, it is necessary to identify and clarify poorly defined and poorly arranged interdependencies or to make these adequately understood and reliable. This can be achieved through unifying the work-flow. This work-flow can be designed either to increase the interdependencies or to eliminate them entirely. Increased interdependencies can be achieved through

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more frequent contacts and improved coordinating mechanisms. This would make the two interdependent units act as a single unit, thus eliminating the cause of conflict. The other extreme could be to make the two units totally independent of one another; for example, in the case of units building an automobile engine, instead of an assembly line operation in which each person or unit is involved in sequential assembly so that each unit depends upon the work of the previous units, each major unit can work on the entire engine at the same time.

However, these extremes are not in common practice. More often, the strategy would be to reduce the interdependence between individuals or groups. A common approach to do that is by 'buffering'. Buffering requires that sufficient inventories be kept in hand between interrelated units so that they always have the materials to work with thus reducing their interdependency. Another cause of conflict, is the undefined, unclear and ambiguous job expectation. It is important to clarify what each individual and each subunit is expected to accomplish. This would include authority-responsibility relationship and a clear line of hierarchy. In addition, policies, procedures and rules should be clearly established and all communication channels must be kept open so that each person knows exactly what role he has to play in the hierarchical structure. This would avoid situations in which none of the two units does the job because each thought the other was supposed to do or both units do the same job thus duplicating efforts due to misunderstanding. Thus, if each subordinate is fully aware of his responsibility, then such problems would not occur.

How to solve conflict arising due to competition for scarce resources? Conflicts will occur whenever the wants and needs of two or more parties are greater than the sum of the firm's resources available for allocation. These resources may be in the form of a pay raise, promotion, office space, office equipment and so on. This conflict can be reduced by planning ahead about the proper distribution of such resources, instead of making haphazard and last minute allocations.

The conflict between different departments may be managed by establishing liaison. Liaison officers are those who are neutral in their outlook and are sympathetic to both parties and kind of 'speak the language' of both groups. They do not have a vested interest in any of these groups. According to studies conducted by Sykes and Bates,³ it was shown that in one company where there was evident conflict between sales and manufacturing, which are interdependent units, the problem was solved by establishing a demand analysis and sales order liaison office. The liaison group handled all communication for sales and resolved issues such as sales requirements, production capacity, pricing and delivery schedules.

Since one of the major causes of conflict is lack of proper knowledge and facts about how other people think and act, it may be a good idea to let the individuals work with different groups so that they know each other better and understand each other better. Care should be taken to ensure that these individuals are technically capable of fitting in these various groups. This mutual understanding will result in trust and respect thus reducing the likelihood of conflict. This understanding can also be achieved by serving as members of the various committees. As individuals from various work units get to know each other better through the membership in the same committee, it leads to increased tolerance and understanding of different viewpoints as well as a realization that basically all units are pursuing similar objectives and same overall goal.

3.7 EMPLOYEE-EMPLOYER RELATIONSHIPS

Positive employee relations depends on a variety of factors and various entities are involved. The factors vary according to the individual and group aspirations of employees.

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

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

- **Define the policies and procedures clearly:** Clear definition of policies and procedures ensure a consistent and understandable means for the employees to understand how the organization works and their role in the organization. Policies are a broad set of guidelines that are used by the employer to shape the organizational decisions. Procedures contain detailed steps about the application of policies in the organization. Work rules define the limits set for employees in alignment to the policies. For example, as a policy in an IT company, employees should maintain highest standards of business ethics. As a procedure, the employees should maintain the secrecy of the development work done by them. The work rule which defines the limit of the procedure of secrecy directs an employee not to reveal project codes to any third party outside the organization.
- **Communicate the policies and procedures:** The HR personnel must put down the policies and procedures in a clear manner. The policies and procedures must be accessible to the new entrants of the organization, as well as to the existing employees. While recruiting new employees, the HR personnel must make a new applicant understand the exact nature of the job responsibilities. This should include the positive and negative aspects of the job. This ensures that if the applicant takes up the job, he is already sure that he can accomplish the duties, which are part of the job profile. A new employee is the organization must be thoroughly communicated about the organization’s policies, procedures, core values and performance expected from him. Table 3.1 shows the problems and the causes of the problems that could occur in maintaining the employee relations in an organization.

Table 3.1 Common Human Relations Problems

<i>Problem</i>	<i>Possible cause</i>	<i>Possible action</i>
Absenteeism	Habit, lack of interest, trouble at home, dissatisfaction with job and transportation trouble.	Investigate, remove cause, have a personal talk, create interest in work, help obtain transportation.
Complaints about working conditions	Jealousy, favouritism, actual poor conditions.	Better instructions, check supervision, transfer to other work.
Dirty work and work place	Lack of interest, carelessness, toleration by management.	Personal talk; explain safety hazards, check supervisor’s tolerance, allow clean-up time.
Disloyalty	Discontent, favouritism, lack of recognition	Investigate the cause and give a square deal, set up an objective merit-rating procedure.

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Complainer spreads discontent	Work conditions poor wages, lack of recognition, poor leadership.	Transfer, investigate wage inequality and check if work has been recognized.
Excessive talking	Lack of social outlet, idleness.	Investigate and recommend social outlets, redefine tasks, make employee realize that talking disturbs others.
Insubordination	Lack of interest, jealousy, favouritism, personal issue.	Investigate reason, transfer, if the cause is a personal issue, try to settle it or transfer employee, build up his interest in the job.
Misinterpreting management information	Ignorance of facts, dissatisfaction.	Better communication, give facts in understandable terms, builds up purpose of this job.
Not using safety aids	Indifference, desire to turn out more work, device improperly designed.	Show safety movies, talk on personal danger, check safety-aid design, penalize.
Plays on job	Clownishness, desire to be important to group, lax discipline, not enough work.	Show safety hazards, get group product action, check test assignment and allow break-time.
Quality of work poor	Lack of knowledge, laziness, desire to exceed piece rate.	Show importance of job to final product, proper motion instruction, emphasis need for quality, penalize for poor work order re-work.
Rumour-spreader	Jealous, curiosity, desire to seem important.	Investigate, recognize work add responsibility if merited, personal talk.
Quitting ahead of time.	Habit, transportation difficulty, lack of washroom facilities, desire to get out, rate too high.	Insist on quality work, provided adequate bathroom facilities for all, check quitting time, allow employee to get to library so as not to interrupt work if his task is done.
Soldering	Improper time standards, fear of rate cut, lax discipline, lack of interest.	Check time standards, maintain time rates once set, be firm, show importance of good job.
Theft	Severity of discipline, natural dishonesty, low wage.	Cut opportunities for theft, use lie detector tests, take disciplinary action and send to psychiatrist, check home and money needs.
Wastefulness	Laxness, lack of acknowledge, lack of interest.	Place of waste committee, show importance of waste reduction, penalise.

3.8 SUMMARY

- There are basically two methods of selection—selection from outside the service and selection from within the service.
- One of the many advantages of direct recruitment is that it brings in new blood into the service. This infuses new perspective and new approaches.
- In India, services are classified into three major categories - All India, Central and State Services.
- The Public Service Commission is an independent statutory body constituted under Article 315 (I) of the Constitution of India. Many steps and ways have been outlined to ensure the independence of this commission.

Check Your Progress

9. In what situations should one ignore conflict at the workplace?
10. Why are employee representatives crucial at maintaining employee relations?

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- The examinations conducted by the Public Service Commission include a preliminary paper, qualifying which one has to appear for the main examination papers. Meeting the qualifying criteria here is followed by a final interview.
- The functions of the Commission as prescribed in Article 320 of the Constitution fall into two categories: (a) Administrative, (b) Advisory.
- In a democratic country as far as possible, all the posts in a democratic country should be filled up on the recommendations of the Public Service Commission. At the same time the government is empowered to exclude from the purview of the Public Service Commission such posts as they think necessary. Recruitment to these posts is done by the government itself. The problem arises when the recruitment to these is not necessarily on the basis of merit. It gives rise to favouritism, nepotism and corruption.
- The Public Service Commission does not restrict the field of eligibility. Every graduate is eligible to sit for competitive examination, with the result that for a few posts, thousands of graduates compete. This entails wastage of time, money and energy both of the Commission and the candidates.
- The probation period in a job is an opportunity for the appointing authority to complete the selecting process efficiently. Since it is not possible to judge accurately the merits of candidates at the time of recruitment, appointments first are made on a provisional basis and the appointee is on probation. Depending on his performance on completion of the probation period the individual may be either dropped or the appointment may be confirmed.
- Training is practical education in any profession, art or handicraft to improve or increase an employee's skill, and to develop his attitudes and schemes of values in a desired direction.
- Training increases productivity, (ii) improves the quality of work and raises morale, (iii) develop new skills, knowledge, understanding and attitudes, (iv) specifies the usage of new tools, machines, processes and methods, (v) reduces waste, accidents, turnover, absenteeism, and other overhead costs, (vi) enables implementation of new policies or regulations, (vii) fights obsolescence in skills, technologies, methods, products, markets, capital management, etc., (viii) raises the level of performance, (ix) develop replacements, prepares people for advancement and ensures continuity of leadership and finally (x) ensures the survival and growth of the enterprise.
- Training can be (a) formal and informal training; (b) short -term and long term training; (c) pre-entry and post-entry training; (d) departmental and central training., and (c) skill training and background training.
- Workers' participation may broadly be taken to cover all terms of association of workers and their representatives with the decision-making process ranging from exchange of information, consultation, decision and negotiations to more institutional forms such as the presence of worker members on management or supervisory boards or even management by workers themselves as practised in Yugoslavia.
- The importance of participative management is:
 - (a) The employees identify themselves with the work, which leads to improved performance.
 - (b) The employees feel motivated since they are involved in management.
 - (c) This leads to self-esteem, job satisfaction and cooperation of employees with management.

- (d) It reduces conflict and stress, which results in more commitment to goals and better acceptance to change.
- (e) It results in better communication as people mutually discuss work problems.

- Employee empowerment is a technique of involving employees in their work through the process of inclusion.
- Except in very few situations where the conflict can lead to competition and creativity so that in such situations conflict can be encouraged, in all other cases where conflict is destructive in nature, it should be resolved as soon as it has developed and all efforts should be made to prevent it from developing.
- Positive employee relations depends on a variety of factors and various entities are involved. The factors vary according to the individual and group aspirations of employees.

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3.9 KEY TERMS

- **Participative management:** The process of involving employees all levels of the decision-making process.
- **Employee empowerment:** Involving employees in their work through the process of inclusion.
- **Recruitment:** Process of attracting, screening and selecting a qualified person for a job.
- **Training:** Practical education in any profession.
- **Formal training:** Giving certain lectures and instructions to the employee concerning the work.

3.10 ANSWERS TO 'CHECK YOUR PROGRESS'

1. The two types of recruitment methods are (i) selection from within and (ii) selection from outside the service.
2. The categories into which services in India are classified are (i) All India, (ii) Central and (iii) State.
3. Training is practical education in any profession, art or handicraft to improve or increase an employee's skill, and to develop his attitudes and schemes of values in a desired direction.
4. Post-entry training is training for an employee who is already in the service. It is defined as the process of aiding employees to gain effectiveness in their present or future work through the development of appropriate habits of thought and action, skill, knowledge and attitudes. For example, policemen are trained in police duties at Police Training Schools established for the purpose.
5. When training is imparted by Central Training Institutes e.g., the Training and Education Division of the British Treasury or the National Academy of Administration in India, and not by a specific department, it is called Central Training.
6. Morale is the degree of enthusiasm and willingness with which individual workers of a group set out to perform the assigned work with zeal and sincerity, resulting in good teamwork.
7. Participative management refers to the process of involving employees or employee representatives at all levels of the decision-making process.

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8. Employee empowerment is a technique of involving employees in their work through the process of inclusion. Empowerment encourages employees to become innovators and managers of giving them more control and autonomous decision-making capabilities.
9. From the manager's point of view, it may be necessary to ignore conflict at the workplace when getting involved in a situation would provoke further controversy or when conflict is so trivial in nature that it would not be worth the manager's time to get involved and try to solve it.
10. Employee representatives are a crucial entity in maintaining employee relations, because they present the collective needs of all employees to the management.

3.11 QUESTIONS AND EXERCISES

Short-Answer Questions

1. Explain the role of probation in the recruitment process.
2. List the main objectives of training.
3. What are the advantages of pre-entry training?
4. Describe the role of seminar and workshop in training.
5. What are the methods and prerequisites of workers' participation in management?

Long-Answer Questions

1. Discuss the advantages and disadvantages of recruiting from within and outside the organization.
2. Do you feel that recruitment is the cornerstone of public personnel administration? Illustrate with suitable examples.
3. Describe the problems in the recruitment system.
4. Explain different types of 'training'.
5. Describe in detail the various methods used in 'training'.

3.12 FURTHER READING

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UNIT-4 CIVIL SERVICE CONDUCT

Structure

- 4.0 Introduction
- 4.1 Unit Objectives
- 4.2 Neutrality and Anonymity
 - 4.2.1 Neutrality in India
- 4.3 Role, Accountability and Legislative Control: Legislative, Executive and Judicial
 - 4.3.1 Accountability of Civil Servants
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 - 4.3.3 Control of Civil Service
- 4.4 New Trends: Good Governance
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 - 4.4.2 E-Governance
 - 4.4.3 Time Bound Service
 - 4.4.4 Corruption Handling Mechanism: Lokpal and Lokayukta
- 4.5 Summary
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- 4.7 Answers to 'Check Your Progress'
- 4.8 Questions and Exercises
- 4.9 Further Reading

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4.0 INTRODUCTION

In the previous unit you learned about personnel management in Indian administration. In the final unit of the book, you will study about the expected conduct of civil servants in India.

A civil servant is required to follow a code of conduct or ethics that will determine how they will conduct themselves in the services. A corrupt and lax person cannot be expected to run the administrative wing of any country. After all, civil services demand a set of ideas, beliefs and value system that is governed by a code of ethics. Administrative culture is an integration of various factors, beliefs, interests, viewpoints of not just the public servants, but of all those who come in contact with them. The entire gamut of administrative culture and sub-cultures has to be kept in view while attempting any reforms and evolving any code. The reforms in public administration cannot be effective unless sincere endeavour to revamp each and every rung, level and area of administration is made. It is important to keep in mind that administrators join the public service with an already well-defined bent of thinking, attitudes and ideas; they already possess an ethical code. No type of ethical training can erase what they have imbibed in their early years of the life. All that can be done is to condition and mould these attitudes in the interest of the organization and the people they are meant to serve. A systematic code of ethics is of crucial use in this exercise.

4.1 UNIT OBJECTIVES

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

- Discuss the role of the civil service in India
- Examine the meaning of Good Governance
- Discuss the problem of corruption in Indian Administration
- Analyse the need and working of Lokpal and Lok Ayuktas
- Understand the origin, meaning and significance of Citizens' Charter

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4.2 NEUTRALITY AND ANONYMITY

In a democracy, an efficient civil service must have a set of values that distinguishes it from other professions. Integrity, dedication to public service, impartiality, political neutrality, anonymity etc are said to be the hallmarks of an efficient civil service. In some countries, these values have been embodied in laws – e.g. in Australia - and in some countries these are enshrined in the respective Constitutions. Article 153 of the Polish Constitution states:

‘(1) A corps of civil servants shall operate in the organs of government administration in order to ensure a professional, diligent, impartial and politically neutral discharge of the State’s obligations.

(2) The Prime Minister shall be the superior of such corps of civil servants.’

Most countries that have reformed their civil services such as New Zealand, Australia and the UK have established a set of principles to guide civil service behaviour in the form of values and a legally enforceable code of conduct, setting out standards of behaviour expected of those working in the civil services. In the UK, following the recommendations of the Nolan Committee on standards in public service, the Civil Service Code was incorporated into a law that came into force on 1st January 1996. The Code is a clear and concise statement of standards of behaviour that the civil servants must follow, and is a part of the civil servant’s terms and conditions of employment. In addition to describing the integrity and loyalty required of civil servants, the Code prohibits deceiving Parliament or the public, misuse of official positions, and unauthorized disclosure of confidential information. The Code provides a right of appeal to independent Civil Service Commissioners on matters of propriety and conscience, if the problem cannot be resolved within the department in question.

In New Zealand, the reforms have led to the enactment of the State Services Act with focus on ethics and public service ethos. This was primarily because civil service reforms in New Zealand created a system in which loyalty of the civil servant was to his/her department or agency rather than to the public service as a whole. So, it was necessary to raise the awareness about ethics, and public service values and ethos. The State Services Commission took the lead in raising such awareness and issued the Code of Conduct for civil servants. A Standards and Ethics Board was also set up.

In Australia, reforms in this respect have been the most comprehensive. Section 10 of the Public Service Act, 1999 contains a declaration of fifteen values, which affirm that the Australian Public Service:

- is apolitical, performing its functions in an impartial and professional manner
- is openly accountable for its actions, within the framework of Ministerial responsibility to the Government, the Parliament, and the Australian public
- is responsive to the Government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the Government’s policies and programs
- delivers services fairly, effectively, impartially and courteously to the Australian public and is sensitive to the diversity of the Australian public
- provides a reasonable opportunity to all eligible members of the community to apply for APS employment
- is a public service in which employment decisions are based on merit
- provides a workplace that is free from discrimination and recognizes and utilizes the diversity of the Australian community it serves

- establishes workplace relations that value communication, consultation, co-operation and input from employees on matters that affect their workplace
- provides a fair, flexible, safe and rewarding workplace
- focuses on achieving results and managing performance
- promotes equity in employment
- provides a fair system of review of decisions taken in respect of APS employees
- has the highest ethical standards
- has leadership of the highest quality
- is a career-based service to enhance the effectiveness and cohesion of Australia's democratic system of government.

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In India, the current set of ethical norms are the Conduct Rules, contained in the Central Services (Conduct) Rules, 1964 and analogous rules applicable to members of the All India Services or employees of various State Governments. The code of behaviour as enunciated in the Conduct Rules, while containing some general norms like 'maintaining integrity and absolute devotion to duty' and not indulging in 'conduct unbecoming of a government servant' is generally directed towards cataloguing specific activities deemed undesirable for government servants. These conduct rules do not constitute a code of ethics.

4.2.1 Neutrality in India

The concept of neutrality of civil services is familiar in India. Under the concept of neutrality, bureaucracy serves as a permanent instrument of government under conditions of changing part control. Neutral bureaucracy has been identified with various qualities like those of expertise, impartiality, stability and anonymity. The concept of neutrality has three implications: (i) public confidence in the non-political character of the public service; (ii) confidence of ministers belonging to any political party in the loyalty of their permanent subordinates; and (iii) high morale of the public servants based on the confidence that promotion would be made not on the basis of political considerations but on merit.

The traditional concept of neutrality, however, has been challenged; and it is observed that the role of civil servant has changed with the shift in the nature and purpose of the state from negative to positive. The state today is engaged in creating welfare society and it implies planned efforts. This effort to succeed calls for a new type of positive minded, action oriented and humanly inclined public official. Something more is needed to push the programmes on time. An emotionally indifferent or neutral civil service will fail to deliver the goods. In words of Cleveland, 'too much emphasis on neutrality would shift the whole government into neutral'.

Bureaucratic performance has been criticized in India since the time of economic planning. Jawaharlal Nehru criticized the civil servants as being 'fossilized in their outlook'. Latter-day critics are more vociferous in singling out the bureaucracy as the main cause for the sluggish growth of the economy. It was argued that the conservative and orthodox leadership of the ICS with its upper class prejudices was unequal to the task of socio-economic change along socialist lines. The creation of an administrative cadre committed to rationale objectives and responsive to Indian social needs is an urgent necessity. If the concept of committed bureaucracy stands for the social sensitivity of the civil servant, it is much better to have a committed civil servant than an insensitive neutral one.

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The planners in India too subscribed to the Weberian ideal of neutral civil service. In India, the Civil Service Conduct Rules does not allow government employees to participate in political activities except the limited right of voting in secret. They cannot participate in any way in any political movement or activity or campaigns. They can also not join a political party even as an inactive member or contribute financially to its funds. The government employee cannot express any opinion on political issues or stand for election to any legislature. A strictly rule-bound, neutral bureaucracy was expected to provide the necessary administrative objectivity.

Decline of Neutrality

The earlier concept of separation of politics and administration into watertight compartments is not considered valid anymore. The role of the Civil Service has been changing from a mere agent of the political executive to that of collaboration. The involvement of bureaucracy in political arena is now widely prevalent. The breakdown of neutrality has come about because of a number of reasons.

- Firstly, the process of policymaking is no longer confined to the political executive. The bureaucrats now play an important role in policy formulation. The reason for this is unclear statutes passed by the Parliament. The minister is rarely an expert in the work of his department or the techniques of public administration. He/she is often not sure of the best solution to a particular problem. Therefore, the minister is forced to rely on the permanent staff for facts and advice. Therefore, it is the administrator who has a major role in framing the policy.
- Secondly, the decline of neutrality can be attributed to the demands and pressures of coalition politics. In coalition governments, due to power game and maneuvering the ministers neither have the time nor inclination to guide, direct and control their department or bureaucracy. Under these circumstances the administrator has to use his own judgment to interpret the policies. Therefore, bureaucracy has clearly made inroads in policymaking.
- Thirdly, according to some political commentators, the classical theory of civil service neutrality presupposes agreement on principles fundamental to democracy. For a developing country like India, where speedy socio-economic development has to be steadily pushed through, the nature and character of bureaucracy assume special significance. The civil servants are required to take numerous decisions— be it the location of a steel plant or a school building in a village— the bureaucrats have to take or make decisions along with the politicians. Their value preferences get inextricably mixed up with technical advice.

Therefore, in the context of large-scale welfare programmes, neutrality is not possible. The successful carrying out of developmental tasks requires on the part of administrators not only qualities of initiative and leadership, but also a sense of emotional integration with the policies and programmes and identification with the interests of the common man. The idea of bureaucracy as a neutral instrument in the conduct of public affairs thus stands refuted.

Very often it is seen that bureaucracy simply acts according to the dictates of the political executive mindlessly. This trend can be attributed to the ever-growing political interference in the affairs of administration. Political interference and impartial administration cannot co-exist. The political leaders claim to be the true representatives of the people and know what is good for them and because of their superior position succeed in dictating the terms to the bureaucrats. The political masters have many means of coercion—both overt and covert.

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Well, politicization works the other way round as well. Many administrators use political influence or forge alliance with the politician to brighten their own career prospects. They take advantage of the amateur politician; exploit his weakness, particularly in times of a fluid political situation, and turn out to be autonomous and irresponsible.

What emerges out of the analysis is that whether there is collision or collusion between the political executive and the bureaucracy, in both cases it leads to organizational imbalance and ultimately the governance suffers.

Views of Administrative Reforms Commission (ARC)

Expressing concern over the deteriorating administrative standards, the government appointed the Administrative Reforms Commission (ARC) in 1966 to conduct a comprehensive study of the administrative system and suggest remedies. The two most important areas covered by the ARC in its reports were:

- Minister–Civil Servants relationship: The ARC emphasized the need for the de-politicization of the services
- Creation of a climate and culture of administration: Help assert the growth of unhealthy personal relationship between Civil Servants and Minister

The ARC took cognizance of the fact that proper relationship between the political executive and bureaucracy is a matter of highest importance to the administrative performance of government. They were of the view that the existing pattern of relationship was different from what was envisaged. Lot many cases of deviation were being noticed. For instance, the extent of bureaucratic involvement in politics was exceptionally high; there was frequent use of transfers and postings to manipulate bureaucracy, and nexus between politicians and bureaucracy was observed. It was realized that corrective measures were required to restore the health of the system. The ARC stressed the urgency to prevent the aggressive role of the bureaucracy in politics and there was a need to check interference of politicians in administrative affairs. It believed that both Minister and Civil Servants must appreciate rather than belittle the work of each other. On the part of the political executive, there should be, in the words of the ARC,

- A proper understanding of the administrative functions and recognition of its professional nature;
- As little interference as possible in service matters, e.g., postings, transfers, promotions etc., and
- No requests for departures from declared and approved policies to suit individual cases.

Similarly, on the part of the civil service it asserts:

‘There must be a sincere and honest attempt to find out what the political head wants and make the necessary adjustment in policies and procedures to suit his wishes, readiness to fall in line with his political chief in all matters, unless strong grounds indicate a different course. In other words, it means an emotional and mental acceptance by the bureaucracy of the ideology of the government policy to be executed by it.’

New Developments

In spite of the valuable recommendations made by the ARC to streamline the relationship between the minister and the civil servants, nothing much seems to have changed because of political and administrative apathy. Making the matters worse is the growth in recent times of a nexus between the politicians, criminals, police and the civil servants.

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Since the muscle power is mostly provided by the mafia and the criminals, a close nexus has come to prevail between the politicians and the criminals resulting in 'criminalization of politics'.

This has been the main conclusion of the Vohra Committee Report of 1993, submitted by the then Home Secretary N.N. Vohra, which was set up to look into the criminalization of politics. According to the Report the politicians patronized the mafia and the criminals. It pointed out how the nexus was virtually running a parallel government, pushing the state apparatus into irrelevance. Nexus of such kind is detrimental to public interest. Therefore, it was felt that corrective steps must be taken to curb this evil nexus. With this objective in mind, a Conference of Chief Secretaries was held in November 1996 on 'An Agenda for an Effective and Responsive Administration'. The Conference emphasized the need to bring about transformation in public services and make them more effective, clean, accountable and citizen friendly. The Conference also highlighted the necessity to adopt the code of ethics for public services which will not only regulate the role of the civil servants but also specify the relationship between the employees in public services and politicians. This would make the civil servants work for the welfare of the public as enshrined in the Constitution.

In conclusion, a developing nation cannot afford to have contradictory ethos between the political executive and bureaucracy because it affects the administrative culture of the country. The roles of political and administrative elite are complementary and they must work together in the interest of public welfare. Political executive and bureaucracy are the two pillars of the government. Political executive is temporary and usually represent the party in power whereas, bureaucracy is a permanent body. It is a body of permanent, paid and skilled officials whose job is to aid and advise the government to make plans and carry them out. The role of bureaucracy has changed over time. It no longer performs regulatory functions only but also engages in development and welfare activities. This advice may or may not be accepted by the minister; but once the decision is made, it has to be implemented effectively.

The Administrative Reforms Commission was set up in 1966 to suggest measures to streamline their relationship. The relationship between the two elite is crucial to the smooth functioning of the government machinery.

4.3 ROLE, ACCOUNTABILITY AND LEGISLATIVE CONTROL: LEGISLATIVE, EXECUTIVE AND JUDICIAL

In this section you will learn about the role, accountability and executive control of civil servants. Let us begin by studying about the accountability of civil servants.

4.3.1 Accountability of Civil Servants

The primary concern of the citizens in a good civil society is that their government must be fair and good. For a Government to be good it is essential that their systems and sub-systems of Governance are efficient, economic, ethical and equitable. In addition, the governing process must also be just, reasonable, fair and citizen-friendly. The administrative system must also be accountable and responsive besides promoting transparency and people's participation. The test of good governance lies in the effective implementation of its policies and programmes for the attainment of set goals. Good governance implies accountability to the citizens of a democratic polity and their involvement in decision making, implementation and evaluation of projects, programmes and public policies. In this perspective transparency and accountability become invaluable components of good governance as well as of good administration. Transparency makes sure that people know exactly what is going on and what is the rationale of the

decisions taken by the Government or its functionaries at different levels. So it is right to take decision on behalf of civil servant for their action in day to day life.

The civil servants have always played a pivotal role in ensuring continuity and change in administration. However, they are dictated by the rules and procedures which are formulated taking their advice into account. It is the 'rule of law' rather than the 'rule of man' that is often blamed for widespread abuse of power and corruption among government officials. The explosion of media in the recent past has opened civil servants to external scrutiny and called for transparent accountability mechanisms in terms of outcomes and results not processes. The issues of accountability of civil servants in service delivery have come to the forefront in all dialogues regarding civil service reforms. The credibility of civil service lies in the conspicuous improvement of tangible services to the people, especially at the cutting edge. Conceptually, the civil servants are accountable to the Minister in charge of the department, but in practice, the accountability is vague and of a generalized nature. Since there is no system of ex ante specification of accountability, the relationship between the Minister and the civil servants is only issue-sensitive. The civil servants deal with the Minister as the issues present themselves.

The accountability relationship can be anything from all-pervasive to minimalistic and it is left to the incumbent Minister to interpret it in a manner that is most convenient to him. It is true that the legislatures in India are armed with control mechanisms such as questions, adjournment motions, no confidence motions, calling attention notices, half an hour discussions and control through legislative committees. However the legislatures in India have failed in demanding and enforcing any meaningful accountability from the civil service. The control mechanisms of the legislatures have at least succeeded only in reviewing how much money has been spent and how much more is going to be spent. The reasons why the legislatures in India are not in a position to enforce accountability from the civil service is because their review is ex post. Talking about the financial committee of the Parliament N. N. Mallay says, broadly speaking the scrutiny exercised by the Financial Committee are ex post facto one - a post performance review of administration. They examine not what the administration of the government propose to do but what they have done how well or ill it has been done and with what results. They aim at correction and prevention or recurrence of working or incorrect administrative action. They look to the future by looking into the past. In New Zealand, the legislature has succeeded in enforcing accountability from the civil service only because of ex ante specification of performance expectations through the system of outputs. The Parliament in New Zealand resorts to an appropriation process that votes resources for the purchase of outputs. The resources so voted follow the costing provided by the civil servants and are in terms of the outputs as agreed upon in the annual performance agreements. With outputs specified ex ante and resources provided the legislatures in a position to review what is being actually delivered rather than how much has been spent and how much more is proposed to be spent.

The Indian system provides for post-audit of government accounts. Post-audit, the age-old mechanism for ensuring administrative accountability is ineffective under certain circumstances. The current practice of accounting does not lend itself to a discriminating measurement of performance from different perspectives. In New Zealand we have seen that it is now possible to measure performance from several perspectives and to hold the civil servants accountable with the adoption of accrual accounting. For instance where the government is the owner of the assets good performance has implied maintenance of the department's capital and accrual accounting makes it possible to measure this. Where the government provides services

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information on full accrual cost including the cost on capital is furnished to enable comparisons between the cost of a government department providing particular services versus the cost of using a private sector supplier. On the informal side institutions of the civil society such as consumer organizations and professional associations in India have neither the means nor the clout to hold the civil servants accountable.

The industry associations are informed and organized but they know better than to confront the powerful civil servants. The trade unions are organized on political lines and are incapable of taking an objective view of things. The print media scrutinize the working of civil service but only desultorily. The concept of accountability of the civil servants to the user public does not exist in India although almost all the public utilities are owned by the government and managed by civil servants. There is nothing remotely resembling a Citizen's Charter that can set and regulate service standards and ensure that the user public is provided with choices and given value for money. In fact, terms such as 'user public' or client public have not entered the authorized government vocabulary. The term beneficiary is in currency clearly ruling out any measure of accountability for largesse handed out by the civil servants. There is however some talk that the civil servants should be accountable to the people. The Approach Paper to the Ninth Plan (1997-2002) states that a lack of accountability of the implementing agencies either to the government or to the people has been the single major cause for misappropriation of funds for development programmes. (Planning Commission 1997 p.19) T.S.R. Subramaniam the Cabinet Secretary and head of the civil service says Civil Servants are accountable to the people. They have to reform themselves of course. But the politicians have to be told that the civil servant is a public servant (Sunday 15-21 Sept. 1996 p. 23). But the idea of the accountability of the civil servants to the people still remains an abstraction. The civil servants themselves will have a play a critical role in reforming the civil service. In all democratic countries civil servants are accountable both to the political executive and to citizens for ensuring responsive, transparent and honest policy implementation and service delivery. But ensuring accountability for performance is not a simple task in government service. There are immense complexities involved in making public officials answerable for outputs and outcomes. Setting performance targets and their measurement is easier in respect of service delivery agencies particularly when the service provided is tangible and thus an easily measured unit but for many public organizations where the output is policy related and therefore not very concrete assessment of performance becomes much more complicated.

Accountability of the executive arm of government to Parliament and to the citizens of the country is of course the fundamental feature of a democracy. The final expression of accountability in a democracy is through the medium of periodic elections which is an instrument for punishing and rewarding the Government of the day, and therefore serves as an ultimate instrument of accountability. In India, constitutional and statutory bodies such as the office of the Comptroller & Auditor General, the Election Commission and the Central Vigilance Commission (CVC) are examples of other oversight mechanisms that are autonomous but lie within the framework of the State. Analysts have categorized these accountability mechanisms into "horizontal" accountability mechanisms which refer to those located within the State as against 'vertical' accountability mechanisms which are those outside the State and include the media, civil society and citizen.

4.3.2 Role of Civil Service

The British established in India a highly centralized bureaucratic rule by providing a hegemonic position to the Indian Civil Service in administration. This rule by the Indian

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Civil Service guaranteed British interests in India. According to Bhambri, the outstanding features of this service were its elitism and loyalty to the masters. It constituted a high prestige stratum of society with a class bias and a stratification of its own with the upper crest functioning as a privileged class. Its members could be appointed to any administrative job from the maintenance of law and order in the district to policy formulation in the imperial secretariat or policy advising in the Governor or Governor General's councils. They were considered pre-eminently suited for any administrative post under the crown in India. The sole responsibility for India's administration was that of the Indian Civil Service and other subordinate services; hence whether it was office or Headquarters, the Indian Civil Service was omnipresent and omnipotent. The superior position in the Indian Civil Service in the administrative hierarchy was jealously guarded by the British. As a group, the Indian Civil Service became exclusive. Its exclusiveness perhaps served well the objective of law and order administration, because it maintained a distance from the common man. Further, the Indian Civil Service did not share the authority with any popular or local assembly. It was to govern, but was not accountable for its governance or misgovernance to the people. Because it was not accountable to the people over whom it ruled, the Indian Civil Service also was not responsive to peoples' needs or wishes. Even after Independence, the need for bureaucracy was rightly realized, even defended by Sardar Vallabhbhai Patel in the Constituent Assembly, for governing the country and implementing the plans of national development and economic planning.

However, the system was criticized on various dimensions. Indira Gandhi referred to the administrative machinery as "the stumbling block" in the way of India's progress. She also remarked that 'the country would be in a rut' if it followed British system in which civil servants were not supposed to be concerned about which political party was in power. Erstwhile, the Young Turks group presided by Chandrasekhar of the undivided Congress Party in their note on "Basic Economic Issues", submitted to the requisitioned meeting of the All India Congress Committee, has complained. 'The present bureaucracy under the orthodox and conservative leadership of the Indian Civil Service with its upper class prejudices can hardly be expected to meet the requirements of social and economic change along socialist lines. The creation of an administrative cadre committed to national objectives and responsive to our social needs is an urgent necessity.'

The present Government of India is a complex network of departments, bureau regulatory agencies, boards and a host of commissions and autonomous organizations. Politicians head the departments; bureaucrats assist them in administration of those departments, key policy decisions are made by the members of the cabinet and policy can be formulated only on the basis of relevant information and data that is made available by the secretary of the administration.

In the past, the British did not use the administration as agents of social change. After Independence, with the rise of the welfare state in India, the government became actively involved in changing the social and economic life of the people. Today the state has the primary responsibility of rapid growth and development through democratic process. Accordingly, the members of Parliament and the council of ministers have set development goals. These individuals are not experts, however, the bureaucrats make recommendations for the introduction of appropriate legislation to help them achieve those goals. Under the present condition, the responsibilities of the bureaucracy have increased manifold. The actions of the civil servants are expected to reflect the aspirations of elected representatives, and the bureaucrats themselves are expected to mobilize human and material resources for modernization of the society. The bureaucracy has emerged as the major locus of political power in the Central

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Government so far. Despite their administrative positions, the bureaucrats are no longer the masters that they had been during the British period. The real power lies with the ministers who often remind the members of the bureaucracy that they are public servants.

Since Independence, India has adopted a planned system of development with the public administration as one of the key instrument for spearheading the developmental efforts. The government sought to achieve growth with justice through a developmental model. Planned development was meant to bring about the most rational use of existing resources to create a developmental infrastructure in industrial and agricultural field in both urban and rural areas.

The state level administration needs to be necessarily called upon to bear the brunt of the new tasks so that it becomes an apt instrument for undertaking the developmental programmes.

The Indian administration suffers from numerous dysfunctional constraints. They are as under:

- Indian bureaucratic culture is still dominated by the colonial practice and remains authoritarian, unresponsive and paternalistic in its public dealing to a great extent.
- It displays all the demerits of the Weberian model and lacks dynamism and initiative. It is best suited for routine jobs. Developmental administration has to be result oriented, dynamic and flexible in approach.
- The socio-economic background of the majority of civil servants makes them conservative and rigid.

Participation, responsive and accountable management constitutes the essence of developmental administration. In India, revenue bureaucracy has been mobilized for rural development functions and the change and additions that have been planned since the start of the community development programme in 1952 are all built around it. India has been experimenting with the rural development through the bureaucracy for over six decades, and every programme has revealed a familiar pattern of bureaucratic neglect, defaults and distortions. In fact, bureaucracy is known for red tapism, strict division of work, hierarchical arrangement of officers and is considered a drag on the growth of a developing country like India, where speedy action can bring about socio-economic transformation.

As the government is the main institution through which the development ends are to be achieved in the changing turbulent and unstable political environment of a democratic framework in India, it is thought desirable that the officials engaged in developmental work should be the kind who emphasize on results rather than on procedures, on team work rather than hierarchy and status, on flexibility and decentralization rather than control and authority.

The development administration has to be people oriented, responsible to new political pressure, and possessing know-how to get along with the politicians. The qualities and personal traits of a successful new administrator are pragmatism, dynamism, flexibility, adaptability to any situation, and willingness to take rigid ad hoc decisions without worrying too much about procedures and protocol. This has now become a well accepted theory of bureaucratic capabilities in the developmental context of India.

Bureaucracy enjoys over-arching roles and powers in India, and the expansion of the activities of the government in the wake of social-economic development, has led to the consolidation of powers in the hands of the bureaucrats. This development

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along with a couple of other factors which has augmented this autocratic nature of bureaucracy leads to widespread remonstrance among the masses, from which they want to get rid of. Therefore, the need of the hour is a reform measure to make the bureaucracy responsible and responsive.

Role in Policymaking

Bureaucracy helps the executive in identifying major policy areas, preparing policy proposals, analysing various alternatives and solutions to societal problems requiring urgent attention, dividing the major policies into sub-policies, determining programmes of action, and suggesting modification in the existing policy on the basis of its experience on the implementation front. Their role can be categorized into three broad activities: (a) informative, (b) suggestive and (c) analytical.

(a) Informative: A major part of the basic work of public policy is done by the bureaucracy. The bureaucracy engages itself in collection of relevant data and information in order to identify the reason for a particular problem as identifying policy issues and giving them a shape requires a systematic analysis of the existing problems. The bureaucracy provides the relevant data for substantiating policy proposals.

For example, if the bureaucracy has to assist in formulation of policy proposal for agricultural development, then it has to collect and filter information regarding total cultivable land available, types and quality of land, types and quality of land, types of crops that can be sown, agricultural requirement, varieties of fertilizers to be used and their availability, irrigational facilities available, etc. In other words, the informative role of the bureaucracy in policymaking relates to laying down of an objective base for systematic framing of policy.

(b) Suggestive: As the bureaucracy is constantly engaged in the task of substantiating policy proposals and collecting relevant data, it becomes closely acquainted with various problems and issues facing the country. Bureaucracy is considered to be a 'think-tank' of the government at the secretariat level. So the bureaucracy plays a very important and suggestive role in policymaking.

It helps in identifying policy issues by suggesting about the nature of problems and the need for taking up a certain issue. It helps to frame ideas in such a manner that they act as suggestions for the political executive. These suggestions are based on the administrative expertise and capability of the bureaucracy.

(c) Analytical: As already stated, public policymaking is a complex process. Bureaucracy plays a very significant analytical role in policy formulation. After the identification of crucial issues requiring urgent attention, it has to be ascertained if such issues could make viable policies or not. The bureaucracy engages itself in analysing the pros and cons of the issue that is taken up for policy formulation. It then frames and reframes policy proposals keeping in view its viability, future prospects, resources available, acceptability, etc

Delegated Legislative Role

In modern democracies, the functions of the government have become complex and multidimensional. The spheres of the government activity have increased. It has become difficult for the legislatures and political executive to cope with the increased legislative functions. Therefore, the concept of the delegated legislation has been put into practice in almost every country. This has obliged the legislature to delegate some of the legislative power to the executive organs of the government that is, the bureaucracy. Delegated legislation has been defined as, 'the exercise of minor legislative power by

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subordinate authorities and bodies in pursuance of statutory authority given by Parliament itself.' The power of the delegated legislation is given to highly responsible authorities.

The practice of delegating legislative power to bureaucracy has been on the increase. There are various factors responsible for this, such as: increase in the volume of work, lack of time, need for specialized expertise of bureaucracy, scientific and technical character of the subject matter, contingent delegated legislation, supplementary delegated legislation, and interpretative delegated legislation. The legislative work has expanded to such an extent that it has become almost impossible for the legislature to frame laws on each and every aspect of the work it is engaged in. The legislature does not have the skills and aptitude to carry out tasks as they have become so varied and technical in nature. The enormous volume of the legislative business renders it imperative that Parliament should enact laws embodying broad principles, leaving details to be supplied by the executive departments.

Sometimes the legislature passes laws in only a skeleton form and everything else is left to the bureaucracy. Under these circumstances the bureaucracy works out the details by collecting relevant information. In India, the Municipal Acts fall into this category. After the formulation of the laws, the bureaucracy is authorized to explain and clarify the provisions of the law. Thus bureaucracy plays a very important role in the area of delegated legislation. It has to take care of the fact that the rules to be framed under a particular law do not clash with the existing rules made under a different law. Moreover, it has to see that the real spirit of the law is actually met with while framing the rules. The bureaucracy has to make sure that the delegated legislation is precise and comprehensive. The language used has to be unambiguous and simple. It has to ensure that the delegated legislation so framed will stand the test of the time, if challenged in a court of law.

The bureaucracy, through its authority of delegated legislation, helps the government in its experimentation in various spheres of socio-economic development. The suggestive and analytical role of the bureaucracy is of great relevance in delegated legislation.

The bureaucratic influence on policymaking is twofold.

- The members of the bureaucracy can give shape to stated policies through the exercise of choice and judgment in administering them
- They engage in policy formulation through their suggestive, analytical and interpretative roles.

The ministers receive advice through the permanent secretary, who has an overall view of the organization. S .R. Maheshwari observes: 'Public policy cannot be made by one or few individuals, however, exalted be their situation. Nor can it be separated from administration. Public policy necessarily involves a large number of persons and institutions operating in hierarchical order or otherwise such as ministers, civil servants, parliamentarians, public pressure groups, professionals, etc.... In the Central Government, the principal policymaking functionaries are the Prime Minister and his office including his advisors, ministers and secretaries....' Bureaucracy gains expertise by working on international organizations. The bureaucracy must have the capacity to do the following in order to be an agent of change:

- Forecast, project and understand the direction and tempo of major or significant changes in its environment
- Plan for necessary or desirable change

- Adopt itself to changes demanded planned by the political system or to other unforeseen changes
- Innovate its own

NOTES**Advisory Role of Civil Servants in Policy Making**

Rendering policy advice to the political executive is the most important “staff function” of the civil servant. Policy making is the ultimate responsibility of the Minister. After a policy is approved by the elected government, it is duty of the civil servant to implement such policy in the right earnest whether he/she agrees with it or not. At the same time, it is the duty of the civil servant to provide the factual basis, thorough analysis of all possible implications of any measure under consideration and free and frank advice, without fear or favour, at the stage of policy formulation. It is unfortunate that at times senior civil servants get bogged down in routine administrative decision making and are unable to contribute adequately to this crucial aspect of their functions. However, for civil servants to be able to provide appropriate policy inputs, they must acquire the necessary combination of a broad perspective of the sector as well as of the Government as a whole, combined with conceptual clarity and requisite knowledge.

If a policy that is being formulated is perceived by the civil servant to be against public interest, his/her responsibility is to convince the political executive about the adverse implications of such a policy. However, if the political executive does not agree with such an advice, there is little that the civil servant can do other than putting his/her views clearly on record. It is for the other institutional mechanisms such as Parliament, the CAG, Judiciary and ultimately the electorate to hold the political executive to account for bad policy.

In order to ensure that senior civil servants have adequate time to focus their attention on their ‘policy advice role’, the Commission is making detailed recommendations on separation of staff and line functions, in a separate report.

Statutory Role of the Civil Servants

Civil servants are required to discharge statutory functions under various legislative enactments which may sometimes be quasi-judicial in nature. The role of the executive magistrate under the Cr. PC, the role of an Assessing Officer under the Income Tax Act and of the SHO under the Cr.PC and the respective Police Acts are some examples of such functions. It has been observed that there is an increasing trend on the part of the senior functionaries both in the civil services as well as elected representatives including Ministers to interfere in such statutory functions. Acquiescence in the face of such interference is primarily the fault of the officer who has been entrusted with these statutory functions although those bringing such extraneous pressures should also be held to account.

The Commission in its Report on “Ethics in Governance” while examining the definition of corruption under the Prevention of Corruption Act, 1988 has recommended that “abuse of authority unduly favouring or harming someone” and “obstruction of justice” should be classified as an offence under the Act.

Discharge of Delegated Functions

In a democracy, the ultimate executive authority for all purposes lies with the political executive which is accountable to the people through Parliament. However, like in any large organization, Government also has to function through a hierarchy of functionaries to carry out defined tasks at different levels and in different locations. This necessitates on practical considerations the delegation of authority and responsibility to the civil

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servants at different levels in government. Such delegation is in line with the principles of subsidiarity which helps to take government closer to the people. The principles of sound management demand that authority and responsibility should go hand-in-hand.

It has been observed that there is an increasing tendency in government departments to centralize authority and also after having first delegated authority downwards, to interfere in decision making of the subordinate functionaries. This is an unfortunate trend and it is for those holding leadership positions in government both in the political executive and in the civil services to correct it since such centralization leads to inefficiencies and poor service delivery. It is also for the legislature to correct this trend by means of legislative enactments in certain critical areas as has been done for local bodies through Constitutional amendments (73rd and 74th) followed by State laws.

There is perhaps a perception that decentralization and delegation of authority to field functionaries may lead to more corruption and abuse of power. The Chapter on Accountability and Disciplinary Procedures in this Report has provided for an elaborate mechanism for enforcing accountability among civil servants at all levels. Therefore, once these mechanisms are in place, there is no reason for decentralization to be held back. In both decentralization and delegation the underlying principle is that powers delegated should be exercised by the authority to whom the delegation has been done. Also, the exercise of such delegated authority should be allowed without any formal or informal interference.

4.3.3 Control of Civil Service

Decisions taken by the executive branch of the government of India are implemented by the Indian civil servants. Civil servants are employees of the Government of India and not Parliament of India. Not all employees of the Government of India are civil servants. Since India is a parliamentary democracy, the ultimate responsibility for running the administration rests with the elected representatives of the people which are the ministers. These ministers are accountable to the legislatures which are also elected by the people. The ministers are indirectly responsible to the people themselves. But the handful of ministers are not expected to deal personally with the various problems of modern administration. Thus, the ministers lay down the policy and it is for the civil servants to enforce it.

In India, the control over the civil service is exercised in two ways:

- External Control
- Internal Control

By external control one means political and judicial control over the civil service. Both of these controls are exercised on the basis of constitutional provisions. By internal control, one means the administrative control over postings and transfers of bureaucrats.

Through the provisions stated in the Indian Constitution, the Parliament and state legislatures exercise control over the Indian civil service. For example, Article 309 of the Indian Constitution empowers the Parliament to control the conditions of service and retirement of civil servants at the Union level and empowers the State Legislature to control the conditions of service and retirement of civil servants at the level of the state. Further, under Article 310 of the Indian Constitution, bureaucrats of the Centre and the State hold office during the pleasure of the President and the Governors of the concerned states respectively. As the President and Governor act according to the advice given by the executive, in reality, the Union cabinet at the centre and state

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cabinets at the level of the states exercise control over the civil servants. In addition, a bureaucrat is responsible to the minister and performs his or her duty under the minister. The minister controls the bureaucrat through political directions and supervision. Moreover, no bureaucrat can spend a single rupee of the government without the approval of the legislature. However, legislature exercises an indirect control over bureaucracy. Judiciary also gives warning to the deviated civil servants and inflicts punishment if they commit any offence.

The principle of hierarchy is employed to exercise internal control over civil servants. According to this principle, the higher authority should control the lower one. Thus, the civil service is inferior to the political executive. It is the duty of a bureaucrat to faithfully carry out the policies made by the cabinet, whether at the state or the central level. The civil service thus serves the citizens of the country under the cloak of ministerial responsibility. The legislature has control over the bureaucracy indirectly. It has the right to ask questions and complain against bureaucratic excesses. In a parliamentary system this control is more effective. In addition, periodic reports on the performance of bureaucrats are sent to the legislature for discussion. There are also internal checks and balances through which the bureaucracy is controlled and disciplined.

4.4 NEW TRENDS: GOOD GOVERNANCE

Good governance generally means looking after the welfare of all in every respect. It may refer to high level of organizational efficiency and effectiveness and a responsive and responsible behaviour on the part of rulers in order to obtain pre-determined desirable goals for the society. To have a comprehensive understanding of the concept of good governance, it would be desirable to take into account the parameters given by various scholars and institutions from time to time. Kautilya's *Arthashastra*, for example, has dwelt upon several indicators of good governance. They include the following features:

- Merger of the King's individuality with duties
- Properly guided administration
- Disciplined life with a code of conduct for the king and ministers
- Fixed salaries and allowances to the king and public servants
- Maintenance of law and order as the chief duty of the king
- Theft losses to be made good from king's salary
- Carrying out preventive and punitive measures against corrupt officials
- Replacement of bad ministers by good ones by the king
- Emulation of administrative qualities. The gist of these indicators drives one to conclude that the main objective of good governance is to maximize the well-being of the people. As regards their relevance in the present day world, they still hold good

Presently, the concept of good governance is being used in modern western sense which is broadly conceived by the World Bank and Organization for Economic Development (OECS). It emphasizes political and bureaucratic accountability, as established legal framework based on the rule of law, independence of judiciary, freedom of expression and information, sound administrative system and cooperation between the government and the civil society organizations. Evidently, good governance implies utmost concern for people's welfare wherein the government and its bureaucracy fellow policies and discharge their duties with a deep sense of commitment – respecting the rule of law in a manner which is transparent, ensuring human rights and dignity,

Check Your Progress

1. What are the hallmarks of an efficient civil service?
2. Why are the civil services in public perception increasingly politicized?
3. What role do bureaucrats have in policy-making?
4. What are the two ways in which control over the bureaucracy is exercised?

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priority and public accountability. The need good governance in India has always been indispensable for delivering goods and services to the masses.

The pro-market ideology, which reigned supreme in the 1980s, argues that the government is less efficient than markets in providing services to individuals. The market firms due to competition and the profit motive make a more effective use of given resources than the government agencies, which lack similar incentives. Also, individuals can choose the services they want to from the market, subject to their income, whereas the government's provision of services leaves them with little or no choice. The NPE of development, based on market and not the State as the central actor, has led to a far-reaching reform movement termed as New Public Management.

One of the major criticisms of the Reinventing Movement has been the erosion of public service values in administration. The basic norms of public service such as neutrality, impartiality, accountability, responsiveness, representativeness, equality, justice, integrity and commitment are being replaced by pro-market values like competitiveness, efficiency, productivity and profitability (Haque, 1998). The reforms presented a new orientation towards the State and society, replacing the notion of collective welfare and the shared identity of citizens with a more individualistic ethos. Frederickson (1996), while drawing out the differences between the new public administration and the Reinventing Movement, pointed out that till latter focused on empowerment of individual customers to make their own choices. The value of individual satisfaction is judged to be greater than the value of achieving a collective democratic consensus.

The proponents of New Public Management, as Dunleavy (1997) points out, have probably overstated the ameliorative effects of public sector management reforms in improving social problem solving. And they have either completely neglected or under-estimated two indirect effects:

The negative impact of some New Public Management changes in reducing till level of citizens' autonomous capacity to solve their problems, and capacity which in most cases makes a critical contribution to social problem solving

The impact of many New Public Management strategies in increasing the level of problem complexity. For example, disaggregation increases till number of clearance points, competition increases residualization trends, and incentive offers often reduces trust and increases instrumental behaviour in public sector organizations. Since problem complexity is also a key negative influence on social problem solving, boosting it reduces welfare and offsets the positive direct impacts claimed by New Public Management strategies

New public management, which occupied a dominant place from the 1980s to the mid 1990s, in the West, attempted to improve public service delivery. There was a mixed reaction towards its impact on public administration and its relevance. Hughes (1998) summarises that the administrative paradigm is in its terminal stage and is unlikely to be revived. It is being replaced by a new paradigm of public management which puts forward a different relationship between governments, the public service and the public.

The dissatisfaction about the limited focus on New Public Management arose from several sources:

Wicked problems were clearly not adequately solved by public sector organizations, even those which were economical, efficient and effective—indeed, such problems were not even solved when all public services were delivered at high quality

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Partnerships with the private sector were increasingly seen as more important than relationships based on antagonistic contracting procedures. Indeed, successful partnerships working with all organizations, in whichever sector they were based, were increasingly seen as being reliant on trust

The role of citizens, as conceived in New Public Management, was increasingly recognised to be too thin and consumerist; they were expected to be consulted as service users but their role as members of communities which co-planned, co-designed and co-managed public initiatives was largely ignored or undervalued

In most countries, the major scandals in relation to government performance were often not about low service performance but about failures in the way the government carried out its tasks

The long-term sustainability of economic, social and environmental policies was seen to require an alignment of all strategies and policies; not only within agencies but also between agencies and between sectors (Bovaird and Loffler, 2003)

A United Nations Study (2001), which evaluated the positive and negative contributions of the New Public Management philosophy to the state of public administration throughout the world, brought out the strengths and weaknesses of this approach to the world's public sector. The study acknowledged that New Public Management has brought about gains. The only way to reverse some of the negative influences of New Public Management; especially in developing and transitional countries is to create incentives and commit substantial resources to the building of capacity of strong strategic States, which must be both effective and democratic if they are to ensure that the costs and benefits of globalization are evenly spread out within and between countries.

The structural adjustment programmes that were introduced as part of aid conditionalities by the World Bank and the IMF aimed at bringing about structural changes in the economies along with increasing the role of market forces, improving the efficiency of the public sector and mobilizing additional resources. These reforms are termed by some as first generation reforms, as several studies indicate, had many repercussions especially on developing countries. These, according to critics, contributed to a decline in national income, an increase in unemployment and could not fulfil the achievement of objectives of higher economic growth and poverty reduction, which resulted in the perpetuation of existing inequalities.

In many of the African States, the positive impact of structural adjustments has been minimal due to general underdevelopment, weak markets and States, and limited extent of reforms in other key areas such as health, education, infrastructure and an appropriate regulatory environment. The first set of structural adjustment reforms, in a way, was not considered to be coherent and holistic and these were imposed top down. Gradually, the conception that reigned supreme – that the State is an obstacle to development – appeared to be losing ground. It was being realised that the State is crucial not only for development but also for democratization. There is a strong need for improving governing mechanisms and systems to protect the civil, political and social rights of individuals and communities. This realization has given rise to second generation reforms with focus on State institutions, markets as well as civil society. It secured fillip with the propagation of the concept of governance in 1989 by the World Bank.

The term governance has been derived from the Greek word 'Kybernan' which means to steer and to pilot or be at the helm of things. It was first used by Harlan Cleveland in the mid 1970s, when he said, what the people want is less government

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and more governance. He used this in the sense of blurring of distinctions between public and private organizations and multi-organizational systems. It acquired a complex connotation in the later years.

The term governance that has assumed significance since 1989 with its advocacy by the World Bank was first used in France in the Fourteenth century (Pierre and Peters, 2000). It meant seat of government. The World Bank is said to have reinvented it in a different context as a new approach to development. In its request on Sub-Saharan Africa, *Sub-Saharan Africa from Crisis to Sustainable Growth* (1989), the bank attributed the crisis of the economy to governance problems. It specially identified phenomena such as widespread corruption, the excessive personalization of political power, the neglect of human rights and the persistence of non-accountable and non-elected governments as being key impediments to sustained development. The dismal performance of these countries raised questions of loss of confidence in the State apparatus. The governing capacity of States was questioned. Governance, the bank implied its high exercise of political power to manage a nation's affairs (World Bank, 1989). The crisis of governance was said to be responsible for ill-defective structural adjustment programmes in these countries.

In many countries, governance problems initially were not considered so important for hindering the development process. The Washington Consensus also did not give significance to reforming State institutions to help policy makers perform their role in a market oriented environment. Gradually, the donor agencies recognised that governance issues are important for sustained development and systematic transformation, and need to be incorporated in aid policies. Multilateral agencies initiated the provision of aid linked with the improvement of the countries governing systems.

The World Bank also used the concept of good governance for the first time in *Sub-Saharan Africa from Crisis to Sustainable Growth*. In this report, the bank termed the crisis confronting the region as a crisis of governance. The bank identified certain phenomena such as widespread corruption, excessive personalization of political power, neglect of human rights and persistence of non-accountable and non elected governments as key impediments to sustainable development. The crisis of governance was said to be responsible for inefficient structural adjustment programmes.

Gradually the World Bank widened the governance agenda by qualifying it with certain characteristics and terming it as good governance. The World Bank (1992) in its subsequent document titled *Governance and Development* defines governance as the manner in which power is exercised in the management of a country's economic and social resources for development. Governance depends on:

- The form of political regime (parliamentary or presidential, military or civilian, authoritarian or democratic)
- The process by which authority is exercised in the management of a country's economic and social resources
- The capacity of government to design, formulate and implement policies. The bank identifies the major problems of governance, which include improper implementation of laws; delays in implementation; absence of proper accounting systems; defective procurement systems that encourage corruption, distortion in public investment priorities and failure to involve beneficiaries in the design and implementation of projects. The bank indicated symptoms of poor governance. These encompass the failure to establish a predictable framework of law and government, which is conducive to development, abolish regulatory rules that impede the functioning of markets and also nontransparent decision-making

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The bank underlines the need for good governance, which is necessary for sound economic, human and institutional development. The promotion of this requires efforts on the part of the citizens also. The document insists that although lenders and aid agencies and other outsiders can contribute resources and ideas to improve governance, for change to be effective, it must be rooted firmly in the societies concerned and cannot be imposed from outside. Four key dimensions of governance were emphasized. These are as follows:

- Public sector management (capacity and efficiency)
- Accountability
- Legal framework for development
- Information and transparency

Gradually, governance acquired increasing prominence. The Commission on Global Governance (1995) perceived governance as the sum of the many ways that the individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. United Nations Development Programme (UNDP, 1997) viewed governance as the exercise of economic, political and administrative authority to manage a country's affairs at all levels.

It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. The concept of good governance thus also came into popular usage.

Good governance aims at achieving much more than the efficient management of economic and financial resources or public services. It is a broad reform strategy to make government more open, responsive, accountable and democratic; regulate the private sector and strengthen institutions of civil society. Good governance is the qualitative dimension of governance.

A governance system that enables all-important stakeholders to participate in governing mechanisms, processes and institutions emphasizing decentralization, participation and responsiveness is considered to be good or effective. Good governance is a combination of the efficiency concerns of public management and the accountability concerns of governance.

Good governance aims at the following:

- Improving the quality of life of citizens
- Enhancing the effectiveness and efficiency of establishing the legitimacy and credibility of institutions
- Securing the freedom of information and expression
- Providing citizen-friendly and citizen-caring administration
- Ensuring accountability
- Using IT-based services to improve citizen-government interface
- Improving or enhancing the productivity of employees
- Promoting organizational pluralism-State, market and civil society organizations for governance

Good governance relates to enhancing the quality of governance through empowerment, participation, accountability, equity and justice. Without transparent and accountable institutions, and the capacity to develop the policies and laws to enable

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a country to manage its markets and its political life in an open, but just way, development is not sustainable.

The World Bank has defined, good governance as having six main characteristics, which are as follows:

- Voice and accountability that include civil liberties and political stability
- Government effectiveness, which comprises the quality of policy making and public service delivery
- Quality of the regulatory framework
- Rule of law which includes protection of property rights
- Independence of judiciary
- Curbs on corruption

The policy makers, researchers and international institutions attempted to conceptualize good governance and postulate its basic characteristics, which work to reinforce one another. These include:

- **Participation:** Considered to be the core of good governance. Governments need to ensure the requisite freedom to the citizens to participate in the decision-making process, articulate and represent their interests so that these inputs can get reflected in policies and programmes. Participation boosts the independence, confidence, autonomy and self-reliance of citizens. It enables them to influence the decisions and actions of those who are governing them. It fosters responsiveness PI policies to the needs of beneficiaries.
- **Rule of Law:** Governance does not imply the arbitrary use of authority. Any governance to be effective needs to be supplemented by a fair legal framework. This should be supported by the appropriate law enforcement machine and an independent judiciary that can instill confidence in the people.
- **Transparency:** This is based on the premise of the free flow of information and its accessibility to those affected by the decisions, which are taken in the governance process. Till information provided has to be understandable and of relevance to those concerned. The provision of information within reasonable limits to the people enables them to comprehend and monitor the activities of the private, government and non-government sectors.
- **Responsiveness:** The earlier governance mechanisms failed in bringing all the stakeholders into their ambit. Presently, till emphasis is more on institutions being responsive to the need, of all those who are likely to be affected by their decisions.
- **Equity:** Since the governance structure and mechanisms aim at participation, they need to promote equity. A society's well-being and development depend on ensuring that all till members have a stake and role in it, and are not excluded from the mainstream of activity.
- **Effectiveness and Efficiency:** Good governance, also, similar to New Public Management, aims at effectiveness and efficiency in the usage of resources in consonance with societal needs and demand. Result orientation needs to be the key concern.
- **Accountability:** It has to ensure answerability as well as proper enforcement for violating certain laid down norms. It involves making politicians, administrators, governmental and non-governmental, and private sector organizations accountable for their activities.

- **Predictability:** This entails presence of clear-cut laws and regulations that regulate society and economy

In a UNDP workshop on Governance for Sustainable Human Development (1994) certain characteristics of good governance were identified. These include the following:

- Participatory
- Responsive to people
- Able to develop resources and methods of governance
- Operates by rule of law
- Enabling, facilitating and regulatory rather other controlling
- Service-oriented
- Sustainable
- Acceptable to people
- Fosters equity and equality
- Promotes gender balance
- Accountable

The World Bank also outlined certain basics of good governance, which have been listed as follows:

- Operation of rule of law, which involves adequate laws to ensure security and facilitate the functioning of markets, which are adequately enforced through an independent and predictable judiciary and the absence of official corruption.
- A policy environment, which facilitates economic growth and poverty reduction. This includes sound macro economic and fiscal policies, budgetary institutions, and predictable and efficient regulation of the private sector, including the financial sector.
- Adequate investment in people (particularly through public expenditures on basic health and education) and in infrastructure, which involves good allocation of public expenditures between and within sectors.
- Protecting the vulnerable through affordable and targeted safety nets, and generally ensuring an appropriate pro-poor emphasis in public expenditures.
- Protecting the environment, which includes assuring that economic growth does not cause environmental degradation (Shand, 2001)

Bovaird and Loffler (2003) list ten characteristics of *good governance* which have recurred frequently both in the literature and in political and practitioner debates on the subject:

- Citizen engagement
- Transparency
- Accountability
- The equalities agenda and social inclusion (gender, ethnicity, age and religion)
- Ethical and honest behaviour
- Equity (fair procedures and due process)
- Ability to compete in a global environment
- Ability to work effectively in a partnership
- Sustainability
- Respect for the rule of law

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The major ideological push towards good governance as a condition for aid was formulated by the World Bank in its report *Assessing Aid; What Works, What Doesn't and Why* (1998). In this report, the interaction between development aid and quality of governance is established, and it is argued that the impact of aid on growth depends on sound economic management and effective institutions. The report endorsed a selective approach to the disbursement of aid based on policy performance and reform commitment, rather than on the extent of poverty or the developmental needs of a borrowing country. Gradually, it became an aid conditionality imposed by the donors on the recipient countries.

Governance, hence, is broader in nature than government. It focuses more on collective action and the networking of various stakeholders.

As Stoker describes, governance refers to the development of governing styles in which boundaries between and within public and private sectors have become blurred. The essence of governance is its focus on mechanisms that do not rest on recourse to the authority and sanctions of government. Governance is the set of values, policies and institutions by which a society manages economic, political and social processes at all levels through interaction among the government, civil society and private sector. It is the way in which a society achieves mutual understanding, agreement and action. Governance comprises the mechanisms and processes through which citizens and groups articulate their interests, mediate their difference, and exercise their legal rights and obligations.

Governance, though defined variedly, brings out a pervasive, shared opinion that is broader than government. It is more comprehensive in nature and is not just a set of managerial tools. It emphasizes different governing styles and mechanisms that are not restricted to formal sources of power and authority, but creates conditions for collective action.

Government is a formal structure possessing authority and power, while governance deals with activities that have the active involvement of citizens. According to Rosenau, government occurs when those with legally and formally derived authority and policing power execute and implement activities; governance refers to the creation, execution and implementation of activities backed by the shared goals of citizens and organizations, who may not have formal authority and policing power. Kettl brings out the difference between government and governance. While government refers to the structure and functions of public institutions, governance implies the way the government gets its job done. Traditionally, the government had managed most of the service delivery and towards the end of the Twentieth century, the government is relying increasingly on nongovernmental organizations for doing its work through processes that relied less on authority or control. Kettl looked upon governance as an approach to public administration.

Broadly speaking, governance encourages the participation of informal organs such as people's associations, community-based organizations along with formal organs of the State to participate and discharge activities that were earlier in the public domain. Also, the private sector, functioning along market lines and the regulatory framework of government, undertakes functions that have been the prerogative of the public sector. Governance can be said to be a framework within which formal and informal State organs share power, and exercise rights in clearly demarcated areas. Each component functions within a well-defined jurisdiction under legally recognised rules and regulations.

There are two major definitions of governance that have gained importance over the years. Governance as conceived by multilateral organs emphasizes leadership,

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i.e., the manner in which (State) political leaders manage or use (or misuse) power; whether it promotes social and economic development, or pursues agendas that undermine such goals. This was made explicit in the World Bank's first application of the concept to Africa. Governance was regarded as the single most important if not the sole explanation of Africa's underdevelopment. Well-governed countries are led by regime leaders who respect the rule of law, accountability and transparency, and permit the enjoyment of human and civil rights. A second approach to defining governance focuses on the sharing of authority for public management between State and non-State organizations.

Governance does not mean that all the bread and butter issues on the New Public Management agenda have become irrelevant. Governance should not be interpreted as anti-New Public Management. Governance is rather the recognition that seemingly technical issues are highly political and may only be tackled by taking a wider political perspective. Moreover, behind all public issues there is a question mark about the relative role of decision-making through democratic means, through managerial systems or through professional expertise. In the governance framework, it is not assumed that managerialist solutions are automatically more rational; but on the other hand, it is also not assumed that democratic decision-making channels are always the most appropriate. Governance is an attempt to democratise the efficiency, effectiveness and quality concerns of organizations.

There is, no doubt, a distinction between New Public Management and governance approaches. New public management focuses more on processes with a view to achieving efficiency and performance, while governance emphasizes on interaction and cooperative endeavours in realizing desired outcomes. Both the approaches aim at improving quality aspects, while the former is narrow in focusing on service delivery aspects, the latter aims at enhancing the quality of life. According to Bovaird and Loffler (2003), governance-oriented responses in several countries tended to emphasise the following:

- Importance of wicked problems that cut across neat service lines, so that improvement in quality of life is more important than improvement in quality of service need for these wicked problems to be tackled cooperatively, because they cannot be solved by only one agency; thus the need for multi-stakeholder networking
- Need for commonly agreed upon rules of the game in which stakeholders will stick to their interactions with one another, so that they can trust each other in building new joint approaches to the problems they are tackling extending corporate governance principles into the sphere of public governance
- Importance of certain characteristics which should be embedded in all interactions that they have with one another, including transparency, integrity, honesty, fairness and respect for diversity

Governance, in the context of managerial reforms, assigns a steering and regulating role to the government vis-a-vis the private sector and forges productive partnerships between the government and social organizations. Stoker (1998) postulates five propositions towards the theory of governance. They are as follows:

1. It refers to institutions and actors from within and beyond government
2. It identifies the blurring of boundaries and responsibilities for tackling social and economic issues. This shift in responsibility goes beyond the public-private dimension to include notions of communitarianism and social capital

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3. It identifies the power dependence involved in the relationships between institutions involved in collective action
4. It is about autonomous self-governing networks of actors
5. It recognizes the capacity to get things done, which does not rest on the power of the government to command or use its authority

However, almost all definitions contain some common elements, which indicate that governance:

- Assumes a multiple stakeholder scenario where collective problems can no longer be solved only by public authorities but require the cooperation of other players (e.g., citizens, business, voluntary sector, media) and in which it will sometimes be the case that practices such as mediation, arbitration and self-regulation may be even more effective than public action
- Deals with formal rules (constitutions, laws, regulations) and informal rules (codes of ethics, customs, traditions), but assumes that negotiation between stakeholders seeking to use their power can alter the importance of these rules
- No longer focuses only on market structures as steering mechanisms, as in conventional New Public Management approaches, but also considers hierarchies (such as bureaucracies) and cooperative networks as potential facilitating structures in appropriate circumstances
- Does not reason only in terms of the logic of ends and means, inputs and outputs, but recognizes that the characteristics of the key processes in social interaction (e.g., transparency, integrity, honesty) are likely to be valuable in themselves
- Is inherently political, concerned as it is with the interplay of stakeholders seeking to exercise power over one another in order to further their own interests-and therefore, cannot be left to managerialist or professional decision-making elites (Bovaird and Loffler, 2002)

Governance, with its emphasis on the rule of law, human rights, empowerment, participatory development, attempts to provide a countervailing force to the excessive managerial orientation. There is an increasing realization that for development to be sustainable, it has to take cognizance of social and political development, and human prosperity rather than just economic development. Under globalization, citizens demands are more diversified and sophisticated. They want choice, improved responsiveness and an assured quality of services. The diminished role of the State, a market-oriented economy supported by a democratic government with an efficient and quality oriented public administration are considered to constitute the formula for both economic development and the well-being of the people. Privatization, deregulation, de-bureaucratization and decentralization are the core political issues. Performance-oriented governance and management strategies are advocated to improve responsiveness and accountability. No wonder that the concept of development management, which has gradually expanded to encompass bureaucratic reorientation and restructuring, the integration of politics and culture into management improvement, participatory and performance-based service delivery programme management, community and nongovernmental organizations capacity building, and policy reform and implementation, is increasingly gaining ground especially in the context of developing countries.

Models of Governance

The transition from the governmental form of organization based on hierarchy to New Public Management and then to governance has led to significant transformation

in public service delivery. Peters identifies four types of governance models which include:

- Market Model
- Participatory Model
- Flexible Model
- Deregulated government models

1. Market Model: This model relies on markets as the efficient way of public service provision. Bureaucracy is not favoured, as it tends to maximize its own interests as postulated by Public Choice theorists.

This model favours decentralization of policy making and implementation, privatization, breaking down of large government monopolies to smaller agencies, quasi-private organizations to deliver public services.

2. Participatory Model: This model is in tune with the reigning theme of public administration in the 1990s, i.e., participation due to influence of the Second Minnowbrook Conference. This model focuses on the participation of the lower echelons of administration, grass root workers and citizens in the decision-making process. Another important feature of this model is the involvement and association of social interests in the governance process.

3. Flexible Model: This model offers alternative structural arrangements within the government through availing the services of part-time employees, temporary workers instead of permanent civil servants and employees. This model assumes that employees are almost an interchangeable part in the governmental apparatus and can be replaced whenever needed. In this model, organizational values and a civil service ethos are considered impediments to good government.

4. Deregulated Model: The deregulated model propagates deregulating the government sector to enable it to undertake new activities aimed at the welfare of society. This aims to remove internal controls in the organization to enable managers function efficiently. Public interest, this model believes, would be better served by a more active and interventionist public sector.

Rhodes summarises the characteristics of governance as follows:

- Interdependence between organizations
- Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes
- Networks functioning with a significant degree of autonomy from the State, networks are self-organising
- Game-like interactions rooted in trust and negotiations as agreed upon by the network participants

Newman postulates some models of governance. They are as follows:

1. Hierarchy Model: This is characterized by bureaucratic power and vertical patterns of relationships following up and down the hierarchies. Here the State exercises control over policy development and implementation through bureaucratic hierarchies. This model is geared towards process orientation, predictability, control and accountability.

2. Rational Goal Model: This emphasizes efficiency, economic rationalism and managerial authority. It focuses on achieving maximum growth within a short time frame. There is devolution of power and responsibility across a wide range of agencies.

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3. Open Systems Model: This corresponds more to the network model of governance propagated by Rhodes and Kooiman. It focuses on the network form of interaction and decentralization of power. According to this model, change is to be brought about through self-organization and self-steering rather than through external intervention.

4. Self-Governance Model: This model emphasizes the role of civil society in governance, and the relationship between the State and citizens. It aims at building sustainability for fostering relationships of interdependence and reciprocity. This model is becoming popular in several countries as there are increasing efforts to build partnership with citizens in the provision of service.

Governance, in general, involves the exercise of political, administrative and economic powers in managing a country's affairs within a democratic framework. Governance as a wider strategy of pursuing development and promoting good government is occupying centre-stage in many countries. It attempts to establish a quality relationship between the government and the governed. Hence, the quality of governance is gaining prominence, as it is necessary for fostering development. Good governance as a prerequisite for promoting people-centred development started gaining the attention of policy makers, academics and international institutions who attempted to conceptualize and postulate its core characteristics.

Governance is multidimensional in nature. But apprehensions are expressed about the intent of governance as it is in some respects considered to be an extension of the Washington consensus. Also, it began to be perceived as an a wider conditionality imposed by the donor countries. It was being felt that governance reforms, as promoted by these countries, are oriented towards strengthening market reforms instead of genuine democratization and attainment of human rights Governance as a concept as well as strategy has been subject to appraisal.

Frederickson challenges the validity and usefulness of the governance concept on five fundamental grounds. He questions the utility of the so-called governance concepts to the students of public administration and public management.

The concept of governance is fashionable and the favourite of academics. It appears to be a rehash of old academic debates under a new name. As fashion changes, the utility of concepts of governance could diminish over time. The concept is imprecise, woolly and broad, and connotes several meanings. Governance is said to lack a precise meaning.

The concept of governance is freighted with values. Some approaches to governance as public administration reflects anti-bureaucratic and anti-governmental sentiments, limited government and so on. Some models are contextual, based on constitutional, legal, organizational and political influences, and imperatives. The State and jurisdiction-centred understanding of governance broadens the subject and in the process makes it un-public administration like.

Scholars, especially when referring to governance in Europe, claim that it is primarily about reforms and change.

World over, investments made in our prevailing institutions, States, nations and governments seem to be devalued and order, stability and predictability are undervalued. The underlying values of governance are not primarily about change, but they are about order. The key elements of governance such as network, inter-organizational and inter-jurisdictional cooperation, public-private partnership are forms of institutional adaptations in the face of increasing interdependence.

Governance is often centred on non-State institutions; both non-profit and for profit contractors, non-governmental organizations and inter-governmental organizations.

It diminishes the capacity of the core State executive to steer. In the hollow State, conditions of steering are reversed; the State is steered by its governance partners. It is the States and their sub-jurisdictions that deal with the problems of race, poverty and justice.

Frederickson derives two important conclusions from the critique of governance. The first is that the governance approach to the study of public management and administration decentralization theory and research, explaining change and reforms rather than the functioning of jurisdictions-States, nations and certain regional or global institutions; which are the dominant and preferred way to practice governance. These jurisdictions provide order, predictability, stability and permanence. The second implication of the critique is that governance theorists persist in looking for an all-pervasive pattern of organizational and administrative behaviour, a general theory, that will provide an explanation for the past and a means to predict the future. Despite the accumulated evidence based on decades of work on theory and the empirical testing theory in public administration, no such pattern has been found.

4.4.1 Citizen's Charter

It has been accepted world over that good governance is necessary for sustainable development both at the economic and social levels. The three indispensable aspects required for good governance are transparency, accountability and responsiveness of the administration. Citizens' Charters initiative is born of the quest for solutions to the problems that a citizen faces in his/her daily life while dealing with the public service organizations.

The concept of Citizens' Charter stands on the basis of trust between the service provider and the users. This concept was initially implemented in the United Kingdom by the Conservative Government of John Major in 1991. It was launched as a national programme with the simple objective to incessantly improve the quality of public services for the people so that these services cater to the needs and wishes of the citizens. In 1998, the Labour Government of Tony Blair relaunched the programme by rechristening it as 'Services First'.

The fundamental objective of the Citizens' Charter is to give power to the citizen for ensuring timely and satisfying public service delivery. As originally framed, the following are the six principles of the Citizens' Charter movement:

- (i) Quality: Improving the quality of services
- (ii) Choice: Wherever possible
- (iii) Standards: Specify what to expect and how to act if standards are not met
- (iv) Value: For the taxpayers' money
- (v) Accountability: Individuals and organizations
- (vi) Transparency: Rules/ Procedures/ Schemes/ Grievances

Afterwards, these were re-emphasized by the Labour Government as following nine principles of Service Delivery (1998):

- (i) Set standards of service
- (ii) Be open and provide full information
- (iii) Consult and involve
- (iv) Encourage access and the promotion of choice
- (v) Treat all fairly
- (vi) Put things right when they go wrong

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- (vii) Use resources effectively
- (viii) Innovate and improve
- (ix) Work with other providers

In India, considerable progress has been made in the field of economic development over the years. This factor, along with a considerable increase in the literacy rate (from 51.63 per cent to 65.38 per cent during the previous decade) has made Indian citizens increasingly conscious of their rights. They are now more eloquent about the issues of basic rights and expect the administration not just to take action on their demands but also to anticipate them in advance. Under these circumstances, since 1996, a consensus evolved in the Government on the issue of responsive and effective administration. On 24 May 1997, a Conference of Chief Ministers of various States and Union Territories was held in New Delhi. It was presided over by the Prime Minister of India. An 'Action Plan for Effective and Responsive Government' at the Centre and State levels was adopted at the Conference. One of the key decisions at that Conference was that the Central and State Governments have to formulate Citizens' Charters, beginning with those sectors which possess a big public interface, e.g., railways, telecom, posts, public distribution systems, etc. These Charters are supposed to include standards of service and time limits that the public can logically expect, avenues for redressing grievances and a provision for fair scrutiny with the involvement of citizen and consumer groups.

Department of Administrative Reforms and Public Grievances, Government of India (DARPG) initiated the scheme of coordinating, formulating and operationalizing Citizens' Charters. A list of Guidelines to formulate the Charters as well as do's and don'ts was sent to various governmental departments/organizations to enable them to formulate effective charters. To formulate the Charters, the government agencies both at the Centre and State levels were advised to set up a task force representing users, senior management and the cutting edge staff. The *Handbook on Citizen's Charter* has been published by the Department and forwarded to all the State Governments and UT Administrations.

The following elements are expected to be included in the Charters:

- Vision and mission statement
- Details of business transacted by the organization
- Details of clients
- Details of services provided to each client group
- Details of grievance redress mechanism and how to access it
- Expectations from the clients

Basically, a version of the UK model, the Indian Citizens' Charter possesses extra elements of 'expectations from the clients' and 'obligations of the users'. Involvement of consumer organizations, citizen groups and other stakeholders in the formulation of the Citizens' Charter is emphasized to ensure that the Citizens' Charter meets the needs of the users. Regular monitoring, review and evaluation of the Charters, both internally and through external agencies, are enjoined. Till April 2006, 111 Citizens' Charters had been formulated by the Central Government Ministries/Departments/Organizations and 668 Charters by various agencies of State Governments and Administrations of Union Territories. Most of the national Charters are posted on the Government's websites and are open to public scrutiny. The organizations with Citizens' Charters are advised to give publicity to their Charters through such means as print/electronic media and awareness campaigns.

Check Your Progress

5. What are the three indispensable elements of good governance?
6. When was the concept of Citizens' Charter used for the first time?
7. What are the six principles of the Citizens' Charter movement?

4.4.2 E-Governance

E-Governance is a form of e-business in governance comprising processes and structures involved in deliverance of electronic service to the public, i.e. citizens. It also involves collaborating with business partners of the government by conducting electronic transaction with them. Besides, it entails enabling the general public to interact with the government, through electronic means, for getting the desired services. In other words, e-governance means application of electronic means in the interaction between:

- Government and citizens
- Government and business
- Internal Government operation

Ultimately, the aim is to simplify and improve governance and enable people's participation in governance through mail and internet.

E-Governance is much more than just preparing some website. It ranges from the use of the Internet for the dissemination of plain web based information at its simplest level to services and online transactions on the one hand and utilizing IT in the democratic process itself, i.e., election on the other hand.

E-Governance implies e-democracy, wherein all forms of interaction between the electorates, that is general public, and the elected, which is the government, are performed electronically. E-government, as distinguished from e-governance, comprises a pragmatic application. It also comprises the usage of the most innovative technologies in computer and communication technologies. This may include Internet technology, for delivering efficient and cost effective services, and information and knowledge to the citizens.

Various manifestations of e-governance initiative will be in terms of the government delivering services to citizens for transacting business, offering general information, or conducting interactions with the general public and business using such IT tools as:

- E-mail
- Internet websites publishing
- WAP application and publishing
- SMS connectivity
- Intranet development and usage
- Promotion of the citizen access

The advent of these other components and of Information and Communication Technology (ICT) as a highly leveraged enabling tool for delivery of services in the public and private sector has now been universally recognised. This has resulted in a redefinition of the fundamental concept of governance and also in recognising its potential to change both institutions and delivery mechanisms of services for betterment of people.

Why E-Governance

The fundamental motivation for the campaign of e-governance in India and elsewhere is a slogan-to provide SMART government- 'SMART' being an acronym for Simple, Moral, Accountable, and Responsive Government, a laudable ideal, though difficult it may be to achieve in reality. Thus, we may conceive a smart village or smart municipality or a smart state, all very difficult, but ideal models. Notwithstanding the difficulties involved in achieving this, a clear object of e-governance can be cutting the cost of

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governance and also minimizing the complexities of procedures by possible business process reengineering. The concomitant benefit is empowerment of people through what is called ‘disintermediation’; in other words, eliminating the middleman or tout between the government and the people. For example, by doing so, property tax assessment and collection system can reduce the element of corruption in the system apart from increasing consumer convenience. The online system based on the internet will introduce contact with mediating officials, thereby reducing the possibility of malpractice. This does not, however, mean that the primary objective of e-governance is tackling corruption, even though it may be fallout of e-governance.

Evidently, the objectives of achieving such e-governance go far beyond mere simple computerization of standalone back office operation in government offices. It should mean a drastic change in the way the government operates, and this means a new and redefined set of responsibilities for the executive, legislative and the judiciary. This requires bringing about a social catharsis, which needs to be done in a comprehensive, concerted and planned manner.

Historically, it was in Chile that a real e-governance initiative was taken up as early as in 1972, when the IT applications were unheard of in government and were limited even in business. They used techniques of IT not to just make government paperless or less of paper, but, to perform government work efficiently. They realized that transparency is the ability to regulate the conditions, not the transactions. Professor Stafford Beer implemented for President Allende of Chile, the first e-governance software that would help the government survive a sever crisis. The question that was asked to and answered by the software was whether the government would survive by getting adequate grip and control over the situation in time of a severe inflationary crisis due to economic blockade resulting from stopping of copper exports. The software did help in restoring prices back to normal, thus making the government survive. Chile thus became the first country to successfully implemented e-governance.

As the wind of e-governance blow widely through public organizations across the world, more and more governments in different countries have been harnessing the Internet and the power of IT to provide services of varied nature as illustrated in Figure 4.1.

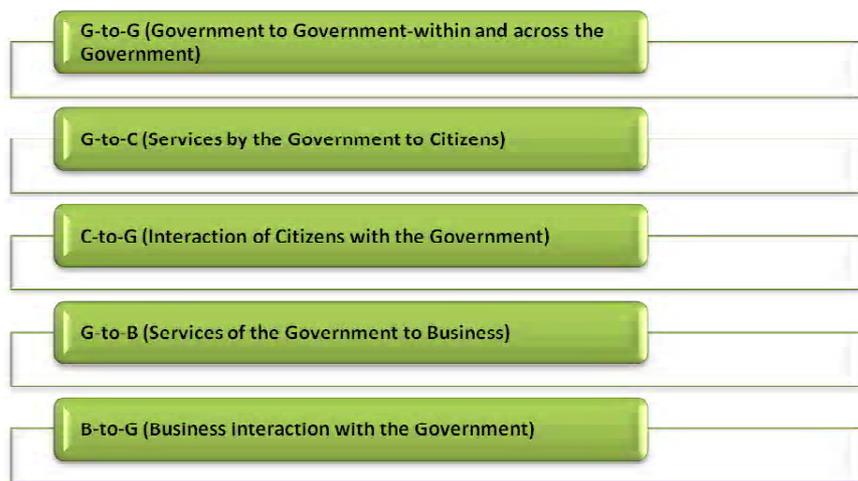


Fig. 4.1 Functions of IT

E-Governance in India

India is a classical land of diversity. This diversity spans across the culture, tradition, language, geography and the economic condition of the people. It is a country that in

which number of people are below poverty line. This includes people residing in underdeveloped areas, people of lower castes, street children, urban poor and rural poor.

The vulnerability of these sections of society has increased with globalisation and this section is prone to become even more marginalised-economically and socially.

Successive governments have committed themselves to addressing these divides, but effective implementation of various economic development programmes aimed at individuals belonging to these sections of society has proved an elusive goal. The Government of India recognises that the e-governance, in the context of developing countries, provides excellent opportunity for improving governance. Used imaginatively, it is a trigger for introducing various administrative reforms. These changes could not only go a long way in improving the quality of life of these sections of society, but could actually provide them more equitable access to economic opportunities than ever before. In this context, the Government of India views e-governance as a considerable instrument that is mainly created for changing the role and function of the governance and for enhancing the services quality that they usually provide to the citizens.

India's experience in e-governance/ICT initiatives has demonstrated significant success in improving accessibility, cutting down cost, reducing corruption, extending help and increased access to un-served groups. In this phase of experimentation, e-government initiatives have reached millions of people belonging to these sections of society. Improved access to information and services has provided economic and social development opportunities, facilitated participation and communication in policy and decision making processes and empowerment of the weakest groups. This has led to fostering a sense of ownership and building of social capital, which in turn, constitutes a basis for local revitalisation.

The Government of India, in various forums, has indicated its commitment to provide efficient and transparent government to all strata of society. E-governance is now mainly seen as a key element of the country's governance and administrative reform agenda. The Government of India inspires to provide:

- Governance that is easily understood by and accountable to the Citizens, open to democratic involvement and scrutiny.
- Citizen-centric governance that will cover all its services and respect everyone as individuals by providing personalised services.
- An efficient government that delivers maximum value for taxpayers' money.

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

- (i) Transparency
- (ii) People's participation
- (iii) Promotion of a democratic society

While pursuing these goals, it is recognised that the motivation and imperatives for adopting e-governance in a developing country like India are vastly different from those in developed countries. In countries like India, there was hardly any significant back end computerization in government before the advent of the Internet. Consequently, while planning e-governance projects today, the ubiquity, convenience and power of the Internet can be factored right from the planning stage itself. Moreover, it is neither the availability constraint nor the cost of manpower that is the drive for e-governance. Primarily, the motivations are higher efficiency, transparency, accessibility and accountability as well as reduction of procedural complexity that breeds corruption. It

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is also a realisation that there is no other way to effectively provide services to a population of over one billion people.

Besides, the economic and social environment is very different in India compared with that in a developed country. Here, the per-capita income is much lower. Telephone, PC, and penetration levels are low in comparison. Availability of reliable electric power supply is still a problem, particularly in rural areas. Universal literacy is still a distant goal; IT literacy is very low, both in absolute and relative terms. India has 22 official languages. Several hundreds of dialects are spoken all over the country. Less than 5 per cent of the population can speak English. Hence, e-governance needs to be planned with reference to these ground realities.

Initiatives till Date

Recognising that e-governance is playing an increasingly important role in modern Governance, various agencies of the government and civil society organisation has taken a large number of initiatives across the country. Indicated below are some of the key initiatives taken in the country across some of the important citizens and business related departments:

AP Online (State Government of Andhra Pradesh)

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

Bhoomi-Automation of Land Records (State Government of Karnataka)

It offers computerised Record and Right Tenancy & Crops (RTC). This is mainly needed to obtain bank loans, settle land disputes etc. It also ensures increased transparency and reliability, curbing of exploitation and oppression of farmers, and significant reduction in corruption. The project of Bhoomi-Automation of Land Records has benefited 20 million rural land records covering 6.7 million farmers.

CARD - Registration Project (State Government of Andhra Pradesh)

Computerisation Administration Registration Department (CARD) has affected 10 million citizens for over a period of three years. It has completed registration of 2.8 million titles with titles searches made in 1.4 million cases. The system ensures transparency in valuation of property and efficient document management system. The estimated saving of 70 million man-hours of citizen time valued at Rs 175 Crores. Similar initiatives in other states like SARITA (State Government of Maharashtra), STAR (State Government of Tamil Nadu), etc. have further built upon this initiative.

Gyandoot - Intranet in tribal district of Dhar (State Government of Madhya Pradesh)

This project offers e-governance services including the following:

- Online registration of application
- Rural e-mail facility
- Village auction site
- Information on farm products market rates (mandi)
- Online public grievance redressal
- Caste and income certificates
- Rural market

Lokmitra (State Government of Himachal Pradesh)

This offers e-governance services to its citizens such as:

- Online registration of application
- Rural e-mail facility
- Village auction site
- Information on farm products market rates (mandi)
- Online public grievance redressal
- Sending and receiving information regarding land records, caste certificate, income certificates and other official documents
- Market rate of fruits and vegetables and other items

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e-Mitra - Integrated Citizen Services Centre (State Government of Rajasthan)

- Implemented using a PPP (Public Private Partnership) model.
- Private Partner paid by the government department/agency
- G2C services like:
 - o Payment of electricity, telephone and water bills
 - o Ticket Reservation
 - o Payment of Taxes
 - o Filing of Passport Applications
 - o Registration of birth/death
 - o Payment by cash, cheque or credit card

The above cases of e-governance initiatives are only illustrative. Many of the state government have successfully implemented such initiatives which have positively impacted the like of citizens. Hence, e-governance provides an excellent opportunity for India to radically improve the quality of governance and thereby:

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

E-Governance in Public Administration

In India, public administration is mainly concerned with three branches, Judiciary, Executive and Legislature, performing action at national level, state level and grass-root level. All these administrative branches have to meet the needs and aspirations of a diverse society, which has a plethora of significant ethnic, linguistic and religious communities, and pressure/interest groups.

Therefore, good governance is very essential for the people as, it provides prospects and appropriates delivery of goods and services in an effective way. But for proper functioning of government in Public Administration, information is very important. It is a fundamental resource and has its relevance in industrial development, social

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development, agricultural development and rural development. The progress of a nation is mainly dependent on the use and application of social information, technical information and scientific information. Here, the Information Technology Communication Technology (ICT) - Informatics Networks are gradually considered as a tool for development.

In India, the government acts as a source or major generator of social and economic information for public and own use. In most of the government departments, the process of information collection is a decentralized action between the Central Government and different State Governments. For shaping the future performance of economic development and social development of a nation, flexibility in information is a basic necessary.

Harnessing the revolution of information for poverty alleviation, social cohesion and economic development in the 21st century is the subject for various National and International Conference. Informatics Network plays an imperative in the flow of information, with great pace, from the performance level to the advanced planners at micro (district, block, and village) levels, meso (state) levels, macro-meso (region covering more than one state) levels and macro (national).

Number of challenges and opportunities has been thrown by follow-ups, feedback, transaction, and Instantaneous global communication. Some of them are:

- Learning and counter learning
- Mobilisation and counter mobilisation
- Opinion creating and violating
- Progress and counter progress

In India, the distributed databases are those that cover the ends of networking the technologies of database that will bring 'power to the people' for carrying and planning responsive administration. Synthesis of Remote Sensing Technology, GIS Technology, Bio-Technology and Information Technology help in bringing various Science and Technology tools for rural development in the nation.

The Indian Government in the year 1975 purposefully decided to take efficient steps for expansion and growth of information systems and operation of information resources, and also to set up support system that was mainly computer-based in government ministries and departments. This move was mainly taken by the government to make possible planning and implementation of programmes for the growth and development of the economic and social sector.

The Central Government has a vision which stated that the government administration and its development will also improve the technical aspects of society as a whole.

Looking at this aspect, the Government at Centre developed a high priority plan project named National Informatics Centre (NIC). This was mainly developed in the year 1976 under the Electronics Commission/Department of Electronic and with the help of the United Nations Development Programme (UNDP). This planned assessment to rise above 'Digital Divide' in Central Government Departments and Ministers, occupied during the Fifth Plan Period, resulted in introduction of the Central Government Informatics Development Programme in diverse Departments and Ministers with the help of National Informatics Centre (NIC). The Central Government of India in the year 1999 also developed a new Ministry of Information Technology (MIT) by integrating the Electronic and Software Export Promotion Council, National Informatics Centre (NIC), DOE.

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In the Ministry of Information Technology (MIT), the National Informatics Centre (NIC) is considered to be the nodal S&T organisation which is mainly created for corporate and cooperative sectors to support the decision, networking in government, and for informatics development.

In most of the Governmental departments that function in the Central, State, and District levels, NIC is one of the most important instruments of Information and Communication Technology (ICT) applications. It helps in improving the services of the government; bring transparency in the various functions of the government and last but not the least, it also helps in improving the decentralised management and planning. In order to perform all these functions, the NIC on a national scale has also established ICT Network- NICNET-with gateway nodes at about 550 District Collectorate, 35 State/UT Secretariats, and about 55 Central Government Departments mainly for IT services. In addition, NIC has also established a 'Hub based Wireless Data Network' in most of the states capitals. This usually helps in getting high speed access through NICNET. Thus, we find that NIC has played a vital role in informatics development programme in all levels of Government.

The widening use of e-governance tools and technologies is leading to distributed knowledge and power structure. It is changing the political scene and is reshaping democracy and the way citizens interact with the government. With the emergence of proactive knowledge societies, government will have no choice but to constantly improvise to bring in greater efficiency, accountability, and transparency in their functioning. Today, in Indian Administration, e-governance has become a part of the government policy for social inclusion. Its strategy is to enhance the information technology and to help enhance people's lives. With the various tools of e-governance, there is a direct participation of the constituents in the government activities. It has changes the relationship between the citizen and the government and has brought new concept of citizenship, both in terms of need and responsibility.

4.4.3 Time Bound Service

An essential facet of good governance is receiving goods and services of the government in a timely manner. The bureaucracy in India is famous for its delays and inefficiency. It takes many months to complete bureaucratic procedures in India, which in other countries would take a matter of hours. Many reasons are cited for this. The most vital reason is a whole gamut of complicated rules and procedures that pervade over the entire bureaucracy. This results in inordinate delays and hassles. Another major reason for inefficiency is corruption. To ensure that citizens receive time bound services, the Right of Citizens for Time Bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011 was introduced in the Lok Sabha in December 2011. The Bill seeks to confer on every citizen the right to time-bound delivery of specified goods and services and to provide a mechanism for grievance redressal. The bill is currently pending in Parliament.

4.4.4 Corruption Handling Mechanism: Lokpal and Lokayukta

Political corruption is the use of legislative powers by government officials for illegitimate private gain. Misuse of government power for other purposes, such as repression of political opponents and general police brutality, is not considered political corruption. Neither are illegal acts by private persons or corporations directly involved with the government. An illegal act by an officeholder constitutes political corruption only if the act is directly related to their official duties, is done under colour of law or involves trading in influence.

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Forms of corruption include bribery, extortion, cronyism, nepotism, patronage, graft and embezzlement. Corruption may facilitate criminal enterprise such as drug trafficking, money laundering, and human trafficking, though is not restricted to these activities.

The activities that constitute illegal corruption differ depending on the country or jurisdiction. For instance, some political funding practices that are legal in one place may be illegal in another. In some cases, government officials have broad or ill-defined powers, which make it difficult to distinguish between legal and illegal actions. Worldwide, bribery alone is estimated to involve over 1 trillion US dollars annually. A state of unrestrained political corruption is known as a kleptocracy, literally meaning ‘rule by thieves’.

‘Police corruption’ is a specific form of police misconduct designed to obtain financial benefits, other personal gain, or career advancement for a police officer or officers in exchange for not pursuing, or selectively pursuing, an investigation or arrest. One common form of police corruption is soliciting or accepting bribes in exchange for not reporting organized drug or prostitution rings or other illegal activities. Another example is police officers flouting the police code of conduct in order to secure convictions of suspects—for example, through the use of falsified evidence. More rarely, police officers may deliberately and systematically participate in organized crime themselves.

Another type of corruption is related to corporate bodies. In criminology, ‘**corporate crime**’ refers to crimes committed either by a corporation (i.e., a business entity having a separate legal personality from the natural persons that manage its activities), or by individuals acting on behalf of a corporation or other business entity.

There are several types of political corruption that occur in the local government. Some are more common than others, and some are more prevalent in local governments than in larger segments of government. Local governments may be more susceptible to corruption because interactions between private individuals and officials happen at greater levels of intimacy and with more frequency at more decentralized levels. Forms of corruption pertaining to money like bribery, extortion, embezzlement, and graft are found in local government systems. Other forms of political corruption are nepotism and patronage systems.

In India, however, corruption in administration is a big problem. In the past, the colonial history and the authoritarian orientation of Indian administration resulted in the negative attitude of citizens towards the administration. The gap between the performance of administration and the expectations of the people also created a negative image of administration. The democratic aspirations of the people and the authoritarian attitude of administrators produced tensions between the two. The contradictions in the social situation have resulted in inequalities. There is discrimination in the treatment of citizens by administration. The social gap between the civil servant and the citizen whom he is expected to serve also is a cause for hostile relationship between the two. The well-educated urban middle class civil servant is expected to serve the poor and illiterate rural citizens. This creates a socio-psychological gap between them. Then, there are the chronic delays in getting things done, and innumerable rules and regulations that are not easily comprehensible to ordinary citizens. The cumulative effect of all these factors is the piling up of public grievances against administration as well leading to massive corruption.

Everyone who comes in contact with the administration feels the all-pervading nature of corruption. Corruption has many negative effects on administration. It is one

Check Your Progress

8. What is e-governance?
9. What are the three branches that public administration is concerned with?

of the major factors for delay and inefficiency in administration. The bureaucratic norms of impartiality suffer due to this factor. There is loss of credibility of administration and it is the common man who suffers most because of it.

The term 'corruption' has been defined in many ways. In general terms, corruption is not always for monetary gains. It is the personal use of public office in violation of rules and regulations. K. Santhanam, Chairperson of the Committee on Prevention of Corruption said, 'any action or failure to take action in the performance of duty by a government servant for some advantage is corruption'. Hence under his headship the Central Vigilance Commission was set up by the Government in February, 1964 on the recommendations of the Committee on Prevention of Corruption, to advise and guide Central Government agencies in the field of vigilance⁴² and to check corruption. Nittoor Srinivasa Rau, was selected as the first Chief Vigilance Commissioner of India.

The Administrative Reforms Commission (ARC) headed by Morarji Desai submitted a special interim report on 'Problems of Redressal of Citizen's Grievances' in 1966. In this report, the ARC recommended the setting up of two special authorities designated as 'Lokpal' and 'Lokayukta' for the redressal of citizens' grievances.

The ARC recommended the creation of Ombudsman-type institution namely the Lokpal at the Centre and the Lokayukta at the State level. The Scandinavian Institution of Ombudsman is the earliest institution for the redressal of public grievances, first established in Sweden in 1809. The Ombudsman Institution is based on the principle of administrative accountability to Parliament. The Institution refers to an officer appointed by the legislature to handle complaints against administrative and judicial action.

The Lokayukta helps people bring corruption to the fore mainly among the politicians and officers in the government service. It is to be noted that the Lokayukta conducts raids. But surprisingly, it does not have binding powers to punish anyone. Owing to this, many acts of the Lokayukta have not resulted in criminal or other consequences for those charged.

The features of these institutions as given by ARC are:

- They should be demonstrably independent and impartial
- Their investigations and proceedings should be conducted in private and should be uniform in character
- Their appointment should be, as far as possible, non-political
- Their status should compare with the highest judicial functionary in the country
- They should deal with matters in the discretionary field involving acts of injustice, corruption and favouritism
- Their proceedings should not be subjected to judicial interference, and they should have the maximum latitude and powers in obtaining information relevant to their duties
- They should not look forward to any benefit or pecuniary advantage from the executive government

Based on the recommendations of ARC, many attempts were made from 1968 onwards for the establishment of Lokpal at the Central level. The Government of India introduced bills for this purpose in Parliament in 1968, 1977, 1985, 1990, 1998 and 2001. The Lokpal Bill introduced in 1977 brought in the Prime Minister as well as Members of Parliament under its purview. While the 1985 Bill excluded the Prime Minister from the jurisdiction of Lokpal. The Bill on Lokpal introduced in Parliament recently has brought in Prime Minister and other ministers again under Lokpal's jurisdiction. Unfortunately, these bills have not yet been passed in Parliament.

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Lokayukta

The Ombudsman established at the level of states in India is known as the Lokayukta. Many state governments have established the office of the Lokayukta and Up-Lokayukta. Establishing Lokayukta is not mandatory on the part of states. Thus, the office of the Lokayukta exists in Maharashtra (1971), Bihar (1973), Uttar Pradesh (1975), Madhya Pradesh (1981), Andhra Pradesh (1985), Himachal Pradesh (1985), Karnataka (1985), Assam (1986), Gujarat (1986), Punjab (1995), Delhi (1996) and Haryana (1996). Kerala is also in a process of establishing this office. Orissa was the first state to pass ombudsman legislation in 1970 and also the first to abolish the institution in 1993. The appointment of the Lokayukta and Up-Lokayukta is made by the Governor who is the executive head in the states. The Lokayukta Acts provide that the Governor shall appoint Lokayukta and Up-Lokayukta in consultation with the Chief Justice of the High Court of the state and the leader of the opposition in the legislative assembly.

Terms and conditions of office

The term of the Lokayuktas and Up-Lokayuktas has been fixed for five years. The Assam Act, however, prescribes an upper age limit of 68 years. The status prescribed for the Lokayukta is equal to that of the Chief Justice of a High Court or a judge of the Supreme Court of India and that of Up-Lokayukta to the judge of a High Court and in any other case to an additional secretary to the Government of India. With a view to ensure independence and impartiality, the Lokayukta and Up-Lokayukta have been debarred from being a member of parliament or a state legislature, and prohibited from keeping any connection with political parties. After relinquishing office, they have been made ineligible to hold another office under their respective state governments. All state Acts expressly prohibit the reappointment of the Lokayuktas. The Lokayukta and Up-Lokayukta can be removed from office by the Governor for misbehaviour or incapacity. The procedure prescribed for the removal of the Lokayukta is almost the same as provided for in the Constitution of India for the removal of judges of the High Court or the Supreme Court.

Jurisdictional area

The Lokayukta and Up-Lokayukta have been granted powers to investigate any action, which is taken by or with the general or specific approval of a minister or a secretary, or any other public servant. Thus, all administrative actions from the level of ministers to the lower levels are subjected to scrutiny by the Lokayukta and Up-Lokayukta. Certain other categories of officials like Chairman of Zila Parishad and other local bodies have also been included within the purview of the Lokayukta.

Procedure of investigation

After making preliminary investigations, where the Lokayukta or Up-Lokayukta proposes to conduct investigation, he forwards a copy of the complaint to the officer and to the competent authority concerned. Any proceeding before the Lokayukta and Up-Lokayukta has to be conducted in private and the identity of the complainant or the person complained against is not to be disclosed at any stage of investigation. The Seventh All-India Conference of Lokpals, Lokayuktas and Up-Lokayuktas held in Bangalore, in January 2003, stressed on the following provisions:

- There is a need to bring out Lokayukta Act to bring uniformity and to make the institution independent of the political executive.

- If Parliament brought in a law, the appointment of Lok Ayuktas could be based on the recommendations of the Chief Justice of India in consultation with the Chief Justice of respective High Court. This will ensure tenure, protection of salary and emoluments and a sound procedure for their removal.
- The staff deputed to the Lokayukta should be given protection.
- Reports of the Lokayukta should be made binding on the government in so far as it is related to the government servants.
- Lokayukta should bring out an annual report about their functioning and this should be made public.
- Lokayukta should be made easily accessible to the public.

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The first Lokpal Bill was proposed by Mr Pacos in 1968 and passed in the 4th Lok Sabha in 1969 but could not get through the Rajya Sabha. Subsequently, lokpal bills were introduced in 1971, 1977, 1985, 1989, 1996, 1998, 2001, 2005 and 2008, but were never passed.

The Lokpal Bill provides for filing complaints of corruption against the prime minister, other ministers, and MPs with the Ombudsman. The Administrative Reforms Commission (ARC) while recommending the constitution of Lokpal was convinced that such an institution was justified not only for removing the sense of injustice from the minds of deeply affected citizens, but also necessary to instill public confidence in the efficiency of the administrative machinery. Following this, the Lokpal Bill was for the first time presented during the fourth Lok Sabha in 1968, and was passed in 1969. However, while it was pending in the Rajya Sabha, the Lok Sabha was dissolved, and so the Bill was not passed at that time. The Bill was revived several times in the subsequent years. Each time, after the Bill was introduced to the House, it was referred to some committee for improvements such as a joint committee of parliament, or a departmental standing committee of the Home Ministry and before the government could take a final stand on the issue, the house was dissolved again.

Several conspicuous flaws have been cited in the recent draft of the Lokpal Bill. The basic idea of the Lokpal is borrowed from the office of Ombudsman, which has Administrative Reforms Committee of a Lokpal at the Centre, and lokayukta(s) in the states. Since recently, in 2011, there has been a public demand and agitation led by civil society organizations to pass the Lokpal Bill in Parliament. The Jan Lokpal Bill (Citizen's Ombudsman Bill) is being prepared by civil society organizations and activists to replace Lok Pal Bill drafted by the government in power. The objective of this draft anti-corruption bill is to seek the appointment of a Jan Lokpal, an independent body that would investigate corruption cases, complete the investigation within a year and ensure that the trial is over in the next one year.

The Bill has been drafted by Justice Santosh Hegde (former Supreme Court Judge and former Lokayukta of Karnataka), Prashant Bhushan (Supreme Court Lawyer) and Arvind Kejriwal (RTI activist). The drafted Bill envisages a system where a corrupt person found guilty would go to jail within two years of the complaint being made and his ill-gotten wealth will be confiscated. It also seeks power for the Jan Lokpal to prosecute politicians and bureaucrats without government permission. Retired IPS officer Kiran Bedi and other known people like Swami Agnivesh, Sri Sri Ravi Shankar, Anna Hazare and Mallika Sarabhai are also part of the movement, called India Against Corruption. The movement was an expression of collective anger of people of India. However, on 27 December 2011, the Lokpal Bill was passed by the Lok Sabha after a day long debate and amendments but could not pass in the Rajya sabha.

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Role of Lokayukta

Lokayukta investigates cases of corruption, and where substantiated, recommends action. He is a great check on corruption, brings about transparency in the system, and makes administrative machinery citizen friendly. His functions largely depend upon jurisdiction vested in him and facilities provided for taking cognizance of citizens' grievances promptly, dexterously and expeditiously through simple, informal mechanism devoid of technicalities.

He provides for inquiry/investigation into complaints of corruption against public servants. He protects Citizens' Right against mal-administration, corruption, delay, inefficiency, non-transparency, abuse of position, improper conduct etc. The procedure to be followed is informal and inexpensive, and technicalities do not come in the way. Each complaint is supported by an affidavit, making out a case for inquiry. He is a representative of the Legislature, powerful friend of the citizens for acting against officials' actions, inaction or corruption. He is not anti-administration, but, rather helps in humanizing relations between the public and the administration, and acts as a step forward in establishing an 'Open Government' for securing respect for the rule of law. He is an educator aiming at propagating the prevention of corruption, inefficiency and mal-administration in governance.

The role of Lokayukta is necessary in providing a mechanism which can balance the fundamental requirement that governments must be able to govern but with appropriate accountability.

Effectiveness of Lokayukta is related to his primary objective—to ensure that the constitutional state is maintained, that public authorities respect citizens' rights and laws and that administrative problems are corrected such as elimination formalities, reduced delays, revision of discretionary decision-making processes etc. Consequently, this mission is divided into two parts: (a) monitoring and (b) correcting, if necessary, public authorities' behaviour. This is why the Lokayukta's effectiveness, or his success in getting his recommendations implemented by public authorities, relies on his ability to make public authorities accept and understand his recommendations. This is why he ensures that public authorities are aware of his intervention criteria, the general scale according to which he evaluates the government's administrative behaviour. It makes his general intervention policies public, the population, public authorities and media are better able to understand the rationale for any possible recommendations that he could make in a case under his scrutiny, no matter what the nature of the investigations.

4.5 SUMMARY

- In a democracy, an efficient civil service must have a set of values that distinguishes it from other professions.
- Integrity, dedication to public service, impartiality, political neutrality, anonymity etc are said to be the hallmarks of an efficient civil service.
- The concept of neutrality of civil services is familiar in India. Under the concept of neutrality, bureaucracy serves as a permanent instrument of government under conditions of changing part control.
- The primary concern of the citizens in a good civil society is that their government must be fair and good.
- For a Government to be good it is essential that their systems and sub-systems of Governance are efficient, economic, ethical and equitable. In addition, the governing process must also be just, reasonable, fair and citizen-friendly.

Check Your Progress

10. Define 'political corruption'.
11. Name the earliest institution for the redressal of public grievances.
12. On which principle is the Ombudsman Institution based?

- The administrative system must also be accountable and responsive besides promoting transparency and people's participation.
- Bureaucracy's suggestive, informative and analytical roles have made the political executive and the legislature fully dependent on it.
- Bureaucracy helps the executive in identifying major policy areas, preparing policy proposals, analysing various alternatives and solutions to societal problems requiring urgent attention, dividing the major policies into sub-policies, determining programmes of action, and suggesting modification in the existing policy on the basis of its experience on the implementation front.
- The bureaucracy's role can be categorized into three broad activities: (a) informative, (b) suggestive and (c) analytical.
- In India, the control over the civil service is exercised in two ways:
 - (i) External Control
 - (ii) Internal Control
- The term governance has been derived from the Greek word *Kybernan* which means to steer and to pilot or be at the helm of things. It was first used by Harlan Cleveland in the mid 1970s, when he said, what the people want is less government and more governance.
- Good governance aims at achieving much more than the efficient management of economic and financial resources or public services.
- Good governance relates to enhancing the quality of governance through empowerment, participation, accountability, equity and justice. Without transparent and accountable institutions, and the capacity to develop the policies and laws to enable a country to manage its markets and its political life in an open, but just way, development is not sustainable.
- The concept of Citizens' Charter stands on the basis of trust between the service provider and the users. This concept was initially implemented in the United Kingdom by the Conservative Government of John Major in 1991.
- The Government of India recognises that the e-governance, in the context of developing countries, provides excellent opportunity for improving governance. Used imaginatively, it is a trigger for introducing various administrative reforms. These changes could not only go a long way in improving the quality of life of these sections of society, but could actually provide them more equitable access to economic opportunities than ever before.
- The Government of India views e-governance as a vehicle to initiate and sustain reforms by focussing on three broad areas:
 - (i) Transparency
 - (ii) People's participation
 - (iii) Promotion of a democratic society
- Political corruption is the use of legislative powers by government officials for illegitimate private gain.
- The term 'corruption' has been defined in many ways. In general terms, corruption is not always for monetary gains. It is the personal use of public office in violation of rules and regulations.
- The Ombudsman established at the level of states in India is known as the Lokayukta. Many state governments have established the office of the Lokayukta and Up-Lokayukta.

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- Lokayukta investigates cases of corruption, and where substantiated, recommends action. He is a great check on corruption, brings about transparency in the system, and makes administrative machinery citizen friendly.

4.6 KEY TERMS

- **Political corruption:** The misuse of political power for private profits; in this type of corruption, money enters as a secondary factor in the anatomy of corruption Beyond Good Governance.
- **Citizen's Charter:** Initially implemented in the United Kingdom by the Conservative Government of John Major in 1991; was launched as a national programme with the simple objective to incessantly improve the quality of public services for the people.
- **Lokpals:** Authorities elected to deal with complaints against ministers and secretaries at Central and state levels
- **Lokayuktas:** Authorities elected to deal with the complaints against other specified higher officials
- **Corporate crime:** Crimes committed either by a corporation (i.e., a business entity having a separate legal personality from the natural persons that manage its activities), or by individuals acting on behalf of a corporation or other business entity.

4.7 ANSWERS TO 'CHECK YOUR PROGRESS'

1. Integrity, dedication to public service, impartiality, political neutrality, anonymity etc are said to be the hallmarks of an efficient civil service.
2. Changes in governments particularly at the state level often lead to wholesale transfer of civil servants. Political neutrality is no longer the accepted norm with many civil servants getting identified, rightly or wrongly, with a particular political dispensation. There is a perception that officers have to cultivate and seek patronage from politicians for obtaining suitable positions even in the Union Government. As a result, the civil services in public perception are often seen as increasingly politicized.
3. Bureaucracy helps the executive in identifying major policy areas, preparing policy proposals, analysing various alternatives and solutions to societal problems requiring urgent attention, dividing the major policies into sub-policies, determining programmes of action, and suggesting modification in the existing policy on the basis of its experience on the implementation front.
4. In India, the control over the civil service is exercised in two ways:
 - External Control
 - Internal Control
5. The three indispensable aspects required for good governance are: transparency, accountability and responsiveness of the administration.
6. This concept was initially implemented in the United Kingdom by the Conservative Government of John Major in 1991. It was launched as a national programme with the simple objective to incessantly improve the quality of public services for the people so that these services cater to the needs and wishes of the citizens.
7. The following are the six principles of the Citizens' Charter movement:
 - Quality: Improving the quality of services

- Choice: Wherever possible
 - Standards: Specify what to expect and how to act if standards are not met
 - Value: For the taxpayers' money
 - Accountability: Individuals and organizations
 - Transparency: Rules/ Procedures/ Schemes/ Grievances
8. E-governance is a form of e-business in governance comprising processes and structures involved in deliverance of electronic service to the public, i.e., citizens.
 9. In India, public administration is mainly concerned with three branches, *Judiciary*, *Executive* and *Legislature*, performing action at national level, state level and grassroot level.
 10. Political corruption is the use of legislated powers by government officials for illegitimate private gain.
 11. The Scandinavian Institution of Ombudsman is the earliest institution for the redressal of public grievances, established in Sweden in 1809.
 12. The Ombudsman Institution is based on the principle of administrative accountability to Parliament. The Institution refers to an officer appointed by the legislature to handle complaints against administrative and judicial, action.

NOTES**4.8 QUESTIONS AND EXERCISES*****Short-Answer Questions***

1. Discuss the concept of the neutrality of the civil service in India.
2. How is control exercised over the civil service?
3. What do you mean by the term 'good governance'?
4. List the basic characteristics of good governance.
5. Why is there a need for the Citizens' Charter?
6. Provide a short note on the evolution of Citizens' Charter in India.
7. How effective is the Citizens' Charter in removing the grievances of common man?

Long-Answer Questions

1. Discuss the role of the civil service in India
2. Discuss the role of the civil service in policy making.
3. What has led to the decline of neutrality among the civil service?
4. Explain the need for good governance during the contemporary times.
5. Critically evaluate the concept of Citizens' Charter.
6. Explain the institution of Lokayukta.

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