

## Chapter 31

### Design and Implementation of Programmes

Successful implementation of development programmes requires adequate funds, appropriate policy framework and effective delivery machinery. Past experience has shown that availability of funds is no panacea for tackling problems of poverty and backwardness; it may be necessary but not a sufficient condition. What is the determining factor, it would seem, is the capability of the funding Ministries to formulate viable schemes and the delivery system to utilise the funds and achieve sustainable growth optimally. This chapter discusses these two inter-related issues: design of programmes and implementation of those programmes.

2. The Central Government Ministries spend roughly Rs.35,000 crore annually on programmes, many of which are meant for direct poverty alleviation on a targeted basis, but others affected indirectly by creating rural infrastructure including assets which would benefit the poor and also the non-poor in rural sectors and to some extent even the urban population. These programmes basically are meant not to be subsidy oriented and are for creating benefit schemes, which are sustainable over medium to long horizon. Some of the main programmes are:

Name of the programme/ Ministry	Budget allocation in 1999-00 in crore Rs
RD schemes	9,427
Food Subsidy	9,200
Subsidy on kerosene	8,040
Health & Family Welfare (only 70% of the outlay)	2,841
Social Justice & Empowerment Sector	1,207
ICDS	1,147
Mid day meal	1,031
DPEP	760
Watershed development through agriculture	229
Tribal Development	193
Swarnajayanti Shahari Rozgar Yojana (Urban Poverty)	182
Total	34,257

3. Since the States also contribute to such Programmes, the overall amount reaching the districts through these schemes alone would be more than Rs. 40,000 crore. This is not including funds spent on many other sectors such as infrastructure and social services, which also create employment and benefit the poor. The total number of poor families in the country being approximately 5 crore, the allocation of funds per poor family would then be roughly Rs. 8,000/- per annum. Even assuming

that each one of the 5 crore families were completely penniless and had no other source of income, they could buy every day 3 kg. of foodgrain with this money from the market at the rate of Rs. 7.5 per kg and thus come above the poverty level. If these funds are not being sent to the poor through a money order and are being spent on development schemes through government machinery, the underlying assumption is that benefits which will accrue to the poor through planned expenditure via bureaucracy will ultimately amount to more than Rs. 8,000/- per annum and provide greater long term satisfaction and increased incomes because of spin-off effects. However, the moot question remains, is the above assumption valid? To what extent the benefits percolating down?

## **Findings of CAG**

4. The Comptroller & Auditor General of India (CAG) studied the implementation of a few schemes and observed as follows in a report in 1999.

“ The result of the performance reviews of these schemes carried out in the controlling Union ministries and the different states disclosed a common pattern of shortcomings in the execution of all Centrally Sponsored Schemes as under:

- ◆ Inability of the Union ministries to control the execution of the schemes with a view to ensuring the attainment of the stated objectives in the most cost effective manner and within the given time frame, as a result of which, the programmes continued to be executed in uncontrolled and open-ended manner without quantitative and qualitative evaluation of delivery.
- ◆ The controlling Union Ministries confined their role to the provision of budget and release of the funds to the state governments rather mechanically without reference to the effective utilisation of the funds released earlier in accordance with the guidelines and capacity of the respective state governments to actually spend the balance from the previous years and releases during the current year.
- ◆ The ministries were unable to ensure correctness of the data and facts reported by the state governments. Overstatement of the figures of physical and financial performance by the state governments was rampant. No system of accountability for incorrect reporting and verification of reported performance were in vogue.
- ◆ The Ministry was more concerned with expenditure rather than the attainment of the objectives. Large parts of funds were released in the last month of the financial year, which could not be expected to be spent by the respective state governments during that financial year.
- ◆ The state governments' attitude to the execution of the programmes was generally indifferent. They laid emphasis on release of assistance by the ministry rather than ensuring the quality of expenditure and attainment of the objectives. Misuse of the funds provided for vulnerable sectors and sections of the society was rampant. The state governments' attitude towards such misuse was one of unconcern. The controlling Union Ministries had no clue to such misuse. Thus, in many cases, the figures of expenditure booked in accounts assumed precedence over the bona fides and propriety of the expenditure.
- ◆ Nobody could be held responsible for shortfall in performance, poor delivery of output, wanton abuse of the authority to misuse the funds provided for succour to the

victims of calamity, economic upliftment of the poor Schedules Tribes, eradication of Malaria, sheltering from the suffering of repeated droughts, etc.”

5. The CAG made the following observations pertaining to the scheme, Special Central Assistance (SCA) to Tribal Sub Plan: -

“Out of Rs.1,809 crore released by the Ministry during 1992-98, the 20 State Governments and Union Territory Administrations did not utilise Rs.266 crore. Out of the expenditure figures reported by the state governments, over Rs.370 crore were either retained in various deposit accounts or were misused by them for assistance to ineligible persons, purchase of vehicles and other consumer durables, discretionary expenditure, meeting administrative expenses, helicopter hire charges, construction of buildings and residential houses, reimbursement of loss sustained by the Tribal Development Corporation, etc. Thus, more than Rs.636 crore out of Rs.1809 crore provided by the Union Government -- constituting over 35 per cent of the total funds - - were either not utilised at all or were utilised for purposes other than assisting the Scheduled Tribe families.

The misuse and diversion of the funds provided for economic upliftment of the poorest among the Scheduled Tribes by the officers of state governments responsible for execution of the programme call into question the propriety of approval of such expenditure and the accountability of those entrusted with custody and utilisation of public funds, particularly those meant for the vulnerable sections of the society.”

6. The reasons for poor implementation of Centrally Sponsored Schemes are many, such as:

- There are too many schemes to be monitored. The Department of Agriculture has for instance about 150 Centrally Sponsored Schemes. The number could be curtailed so that systems for effective monitoring can be developed.
- There is unwillingness to accept poor performance, for fear of being questioned by Parliament or adverse press publicity. In the process, shortcomings are concealed and independent evaluation is not encouraged. Since weaknesses are not highlighted, no corrective action is taken to set them right.
- Capacity to do monitoring is limited, and often does not exist. Thus there is neither will nor capability for the task.
- Since schemes are implemented by the states, sensitivity associated with centre-state relations often precludes the Centre from asking embarrassing questions or makes it go slow with monitoring state sector schemes, although these may have important bearing on the sector with which the Central Ministry is concerned.
- Uniformity of schemes all over the country from Mizoram to Kerala -- without sufficient delegation to states to change the schemes to suit local conditions -- leads to a situation where the states even knowing that a scheme is not doing well become indifferent to its implementation.

7. Many schemes assume a highly committed delivery machinery which will act as ‘friend, philosopher and guide’ of the people. Such rare individuals, if they existed

in government, do not stay at a particular post for long to make a lasting impact. These and other governance issues are discussed in the second part of the chapter.

- States do not release the counterpart funds in time, leading to uncertainty at the field level about availability of funds. This breeds corruption. States' burgeoning fiscal problems exacerbate this trend, as discussed below.

### **Fiscal Indiscipline in States**

8. The approved Plan of some of the States is often 50% to 80% higher than the available resources, as seen below:

Name of the state	Approved Plan for 1999-00 in crore	Latest Estimate for resources for 1999-00 in crore
UP	11,400	3,948
West Bengal	5,787	3,696
Rajasthan	4,750	2,157
Bihar	3,630	3,169
MP	4,004	3,025
Assam	1,750	1,019

9. The wide gap between approved Plan and resources plays havoc with fund releases for sectoral schemes, which are often approved on the basis of the approved Plan size but for which resources are not in sight.

10. A State Secretary described his predicament in the following terms: "No firm projections are available from the State Finance Departments regarding availability of funds. As a result of this uncertainty projects, which need advance planning or are completed in several years, suffer very adversely. For instance, in forestry, advance soil work may be done but there are no funds for raising saplings. If saplings are raised, money is not available for plantation and their protection. Non-availability of funds has also affected implementation of schemes at the district level and in some districts even 30 per cent of the provisions have not been available.

11. Because of non-availability of funds, many procedural problems arise. Even though financial sanctions are issued as per budget provisions in the month of April, the Treasury does not release money when the bills are presented. Finance Departments sometimes issue formal/ informal instructions for not honouring the bills even though these may be within the budgetary provisions.

12. Bills pertaining to Centrally Sponsored Schemes and Externally Aided Projects (EAPs) are given priority, yet in practice there is lot of delay. In a particular CSS, the money approved by the Central Government in 1997-98 could not be released during that year. It was revalidated for 1998-99 but was not released yet again. Then, it was revalidated in 1999-2000 and released in 2000-01.

Because of delays, Administrative Department is not in a position to submit utilization certificates and therefore further instalments are not released by the Government. A similar situation is seen to prevail in the case of Additional Central Assistance sanctioned by Planning Commission.”

13. The widening outlay-resources gap weakens the link between physical targets and plan expenditure. Prioritisation of schemes becomes ad hoc. This distorts the development process and undermines the sanctity of the Plan. Apart from this, it also makes the whole process non-transparent and prone to corruption.

14. States were requested in February 2000 by the Planning Commission to make a more realistic and even conservative estimate of resources and to agree to the concept of a ‘core plan’. They were also asked to seek adjustments in case resource availability improved later in the year. It is heartening to note that the states have agreed to this new initiative, and hopefully from 2000-01 onwards plans would be more realistic.

15. Many problems still remain. Several State Finance Departments have issued circulars stipulating a 10 per cent cut in the non-plan budget. However, even the balance 90 per cent of the non-plan budget is not made available. This has led to a situation where bills for petrol, TA, Electricity bills etc. are pending for months discouraging officers to undertake journeys.

16. Sustainability of projects/programmes after their completion is a serious concern. The precarious financial position in many cases prevents the State Governments from taking up even committed liabilities of the project after completion, let alone continue with the developmental activities initiated during the project period. While this question is invariably taken up at the time of approval of the project, there is no procedural enforcing mechanism in place other than reliance on the written commitment given by the State Governments. Nor is there follow-up action at the level of Planning Commission to see whether the commitment is complied with by the State Governments.

17. For instance, many assets created under rural infrastructure schemes like Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS) and drinking water schemes are not being put to any useful purpose because of lack of funds for maintenance of existing assets. About 40% of school buildings in Chotanagpur area have no roof. Instead of sanctioning new buildings greater benefit would accrue at less costs if funds were available for their repairs. Permitting use of Plan funds for maintenance more liberally than allowed at present could perhaps help improve the utility of such assets.

18. Faced with the inordinate delays in releasing of money by the Finance Departments in the States, many projects are, in recent times, opting for project specific State level society for receipt of funds directly from the Central Government

bypassing the State Department. While project authorities have expressed satisfaction on the flow of fund position, a different set of issues has cropped up. It has been noticed that the funds that flow directly to the state level societies are not taken into consideration while calculating the state's share of funds from the Centre thereby under-estimating the actual flow of funds to the State Governments. A viable solution with necessary safeguards is urgently called for.

### **Too many schemes & lack of convergence**

19. A good number of Plan schemes are in operation with similar objectives and targeting the same population. Generic components like extension, training and IEC (Information, Education & Communication) get repeated in most of such schemes leading to wastage. For every new scheme, there is a tendency to develop new implementation machinery at national, state and district levels. There are schemes that are seen no longer productive, but still continue. All this calls for a lot of consolidation and convergence.

20. Though a rigorous procedure has been in place for introducing new Centrally Sponsored Scheme (CSS), there is a proliferation of CSS which could not be kept in check. Following a direction from the National Development Council, several CSS schemes were sought to be transferred to the states. In February 1999 the Planning Commission prepared a list of such schemes with an outlay of Rs 3,709 crore annually for handing them over to the states. But Central Ministries have been reluctant to fall in line, and as of July 2000 they have agreed to give up schemes worth only Rs163 crore and transfer them to the states. In the meanwhile several new CSS have been introduced in the last two years.

21. New CSS get initiated at mid-stream through announcements in annual budgets, at the time of Independence Day and other such events. The scheme 'Mahila Samridhi Yojana' which was initiated in the Eighth Plan with the objective of enhancing savings habits among women was wound up last year after its administrative cost rendered the scheme unviable. Schemes like 'National Reconstruction Corps' (1999) and 'Annapurna' (1999), which were brought in midway, duplicate ongoing schemes, yet they get introduced as new schemes on non-economic considerations. Other schemes approved in this manner include:

- (i) Integrated Scheme for Raising the Status of the Girl Child (1997-Rs. 6,215 crore)
- (ii) Kasturba Gandhi Swatantrata Vidyalaya Scheme (1998-Rs. 500 crore)
- (iii) Free Education for Girls up to college level including professional colleges (1998-Rs. 663 crore)
- (iv) Deen Dayal Hathkarga Protsahan Yojana (1999-Rs. 196 crore)
- (v) Credit Guarantee Fund for Small Scale Industries (1999-Rs. 2,500 crore); and
- (vi) National Innovation Foundation (1999-Rs. 21 crore)

22. As a part of the project schedule, there is need to provide for evaluation, both concurrent and post-project, but such a need is yet to be recognised. In this respect, Externally Aided Projects are definitely on an advantage since the donor agencies do regular evaluation of the projects. Absence of such a mechanism in the case of other national projects makes it difficult to know the progress in various components and apply mid-term corrections, if need be, in physical and financial targets.

23. In addition to these common issues, several sector-specific issues have come to the notice of Planning Commission, which are set out in the following paragraphs:

### **Agriculture and Cooperation Sector**

24. The Department of Agriculture and Cooperation (DAC) has 182 attached/subordinate/ autonomous offices under it. As many as 7500 people work in these offices, not counting about 30,000 working for the Indian Council of Agricultural Research. All this is notwithstanding the fact that Agriculture is a state subject. The Department runs 147 schemes with a total Ninth Plan outlay of Rs.9,228 crore.

25. DAC's major developmental programmes/activities relate to cereals, pulses, oilseeds, commercial crops and horticulture. The Department, it is observed, has split the major components into crop-specific schemes -- and even within a particular crop into various activities -- thus multiplying the schemes virtually for all the components. In each scheme related to a crop, be it cereal crop, oilseeds, pulses or horticulture, there are common components for providing subsidy and loan. There are subsidies on many components such as seed and planting material, production of breeder, foundation and certified seeds and also for distribution apart from subsidy for transportation, front line and field demonstrations, farmers' training, subsidy on agricultural implements, micro nutrients, and the like. In case of horticulture, subsidy is provided for nurseries, planting materials, area expansion, workshops, seminars and publicity including irrigation devices. For example, in ICDP rice, subsidy is on all these components and when a scheme is considered for pulses or oil-seeds, the same components also figure there. This, it is seen, results in overlapping of subsidy on different crops under various schemes; a cluster of farmers in a particular area, then, could avail subsidy on implements, on micro-nutrient or on sprinkler sets under more than one scheme. Further, for training front line demonstration and field demonstrations expenditure could have been minimised to a large extent if these were organised on cropping system- based approach instead of a crop-specific approach.

26. From early 1960s/70s, schemes are being implemented without having any evaluation done to know their shortcomings or impact. While doling out money, due consideration is not given to the likely delivery of inputs. For example, money is invested in revival/modernisation of sugar mills but after modernisation the mills are in red, their net worth completely eroded. A major problem being faced by those mills, i.e. artificially high state-administered prices of sugar cane, has not been addressed.

27. The Ministry has now submitted a proposal for macro management scheme which is reportedly based on area approach rather than crop approach. Yet it has not spelt out how a merger of 34 schemes (28 + 6 being weeded out) would assist states and what are the activities that will be supported through the macro management programme. There is no information on manpower created for the Department-run 147 schemes at the Central, State and district levels and how this manpower would be re-deployed after macro management scheme becomes operational. As and when macro management scheme becomes operational, 31 more schemes would become redundant on which the Department has yet to take a view. It is high time the Department carried out a detailed exercise on convergence and weeding out of existing schemes. Instead of 147 schemes that are currently in operation, it would appear, 8 or 9 schemes would suffice to address the problems in Agriculture Sector in a focused and cost-effective manner.

28. There are 314 Krishi Vigyan Kendras (KVKs) established, but DAC's schemes make very little reference to use of those Kendras in extension services. Presumably they are working in parallel. Instead of running parallel extension services by ICAR and DAC there is a need to decide which agency should handle extension services. Similarly, subsidy may not be necessary for crops or activities that are commercially viable. Consider the support being provided for seeds; yet less than 10% of the total requirement of seeds is met through seed producing agencies and the rest 90% by farmers/private sector enterprises. One can justify subsidy for propagation of new technology including varieties, production of breeder and foundation seeds but their multiplication and distribution could be left to market forces. State Agricultural Universities have surplus land which they could profitably utilise for production of foundation/certified seeds on a commercial basis. Similarly, the Seed Corporation of India and State Seed Corporations may be made viable on commercial lines. Another area of concern is the huge budgetary support to National Cooperative Development Corporation (NCDC) every year. Planning Commission suggested that NCDC work on the lines of financial institutions and outstanding Government loans be converted into equity to enable the Corporation to leverage the money and do funding of the cooperative sector units on a much larger scale without recourse to budgetary support. Response from the Department is still awaited.

#### **Lack of convergence in other social sectors**

29. Absence of convergence of delivery mechanism and the resulting duplication of efforts could be seen in many schemes initiated by the Ministries. For instance, Ministry of Social Justice & Empowerment had formulated a Centrally Sponsored Scheme of National Programme for Rehabilitation of Persons with Disability (NPRPD) in 1997. The scheme involves appointment of 32,000 Community Based Rehabilitation Workers and 3,200 Multi-purpose Rehabilitation Workers, apart from creating 160 District Rehabilitation Centres and Apex Institutions at the State and national levels. The objectives of rehabilitation are also met under different schemes of Ministry of Health & Family Welfare, Ministry of Social Justice & Empowerment (national institutes for different disabilities like orthopaedically handicapped, visually handicapped and mentally handicapped), Ministry of Human Resources Development, Ministry of Labour and Ministry of Rural Development.



30. A similar scheme 'Kasturba Gandhi Swatantrata Vidyalaya Scheme' (KGSVS) was formulated by the Ministry for improving literacy among women in backward communities. The scheme aimed at establishing 500 residential schools in districts where women literacy was found to be less than 10 % as per 1991 Census. Ministry of Social Justice & Empowerment itself is implementing other schemes for backward communities, like Residential Schools for Scheduled Caste (SC) Girls, Residential Schools for Scheduled Tribes (ST) Girls, Educational Complexes in low literacy pockets for Development of Women Literacy, Ashram Schools in Tribal Areas and Hostel facilities for SC/ST Girls. All these aim at basically improving the women literacy in backward areas. Department of Women & Child Development is operating a scheme for raising the status of girl child by providing incentives for education throughout the country. Apart from these, Department of Education is operating externally aided and domestic projects like District Primary Education Programme (DPEP), Shikshakarmi, Lokjumbish, Mahila Samakhya, Operation Blackboard and Non-Formal Education – all aimed at improving basic literacy throughout the country.

31. There are a number of programmes in implementation aimed at improving the economic and social status of women, spread across various Central Departments like Departments of Women & Child Development, Rural Development, Agriculture, Education, Health & Family Welfare and Labour. At the beginning of Ninth Plan, there were about 17 independent schemes under implementation through the Department of Women & Child Development -- all aimed at development of women. These include:

- (i) Hostels for Working Women
- (ii) Setting up of Employment & Income Generating Training for Women (NORAD)
- (iii) Support to Training-cum-Employment Programme (STEP)
- (iv) Short Stay Homes
- (v) Education Work for Prevention of Atrocities against women
- (vi) Rural Women's Development & Empowerment Project
- (vii) National Resource Centre for Women
- (viii) National Crèche Fund for Women
- (ix) Strengthening of WCD Bureaus
- (x) Mahila Samridhi Yojana
- (xi) Integrated Women Empowerment Project
- (xii) Condensed Courses of Education & Vocational Training
- (xiii) Socio-Economic Programme
- (xiv) Awareness Generation Projects
- (xv) Organisational Assistance to Voluntary Organisations
- (xvi) Grants in Aid to Voluntary Organisations in the field of Women & Child Development; and

(xvii) Indira Mahila Yojana

32. A major initiative viz. Mahila Samridhhi Yojana was wound up in 1999-2000 due to unviable operational costs. The recast "Indira Mahila Yojana (IMY) [1999]" envisages a holistic approach to tackling problems of women by creating an organisational base for them in all parts of the country to come together through Group Mechanism. The Department did attempt to converge seven of its schemes with IMY: Mahila Samridhhi Yojana, Setting up Employment & Income Generation for Women (NORAD), Support to Training-Cum-Employment Programme (STEP), Awareness Generation Project, Rashtriya Mahila Kosh (RMK), Organisational Assistance to Voluntary Organisations and Education Work for Prevention of Atrocities Against Women. An issue, however, which could not be crystallised at the time of approval of the scheme is linkage with similar schemes in other Ministries. For instance, Department of Rural Development's project DWCRA (Development of Women & Children in Rural Areas) -- now merged with Swaran Jayanti Swa Rozgar Yojana) -- has components for Group formation and income generation. At present, there are about 2.67 lakh groups under this scheme covering 3.5 million target population. In addition, all the components of Swaran Jayanti Swa Rozgar Yojana of Department of Rural Development have sub components on Womens' Development. Under Jawahar Gram Samridhhi Yojana about 30% of employment opportunities are reserved for women and under Indira Awas Yojana housing priority is given to unmarried women and widows. The Reproductive & Child Health (RCH) programme of Department Health & Family Welfare has a comprehensive 'Information Education And Communication (IEC)' programme. Since any programme on Women Development will be having an IEC component, there is immense potential for one Group working on awareness generation incorporating all aspects of womens' problems in a unit, be it a block or a district. Since imparting of literacy should go hand in hand with other developmental programmes, implementation of the Adult Education Programmes of Department of Education should be ideally coordinated with the activities of Self Help Groups (SHGs). In this context, the need for coordination between SHGs and the wide network of vocational training institutes for women under the Ministry of labour cannot be overlooked. The National Vocational Training Institute, Noida (UP), and 10 Regional Vocational Training Institutes for women in different parts of the country and about 400 Industrial Training Institutes including ITI wings for women impart training to women with self employment/employment potential. SHGs can be used as a centre for disseminating information on the availability of courses in these training Institutes to women in the area. The Ministry of Labour is also implementing a scheme on Grants-in-Aid to Voluntary Organisations for helping women workers to become aware of their rights and opportunities and also become economically independent.

33. There are also small localised schemes being taken up in different sectors. Department of Education implements Mahila Samakhya Yojana, aimed at empowering women through education, with a Ninth Plan outlay of Rs.35 crore. A scheme on 'Women in Agriculture' is being implemented by Department of Agriculture which aims at organising/identifying farm women groups for channelising all the agricultural support services to make them 'Self Help Viable Units'. The scheme is being taken up as a pilot basis in one district each in seven states.

34. One common feature in all these disparate schemes is creation of SHGs. Possibilities of having different SHGs in one block/district dealing with different programmes without much interaction with each other cannot be ruled out. An ideal approach would be to have a district/block plan for women which would identify their total needs in that particular block; the demand may then be met through pooling of resources of various Departments. The success of this approach would depend on inter-departmental co-ordination which cannot be taken for granted, going by past experience.

#### **Schemes for Aged**

35. There are three major schemes which are under operation at the Central Government level aimed at offering support and care to old persons; these would cover indigent senior citizens who have no income of their own. A 1995 National Old Age Pension Scheme (NOAPS) provides pensions at the rate of Rs. 75 per month to 53.35 lakh destitutes aged 65 and above. In 1999, Department of Rural Development, which is the Administrative Ministry for NOAPS, initiated another scheme called 'Annapurna' aimed at persons above 65 who though eligible for old age pensions remained out of NOAPS' reach. However, departing from the income route to security followed in NOAPS, Annapurna aims at food security through providing 10 kilograms of food grains per month free of cost to the targeted population. The identification criteria remain the same. Annapurna could be a non-starter at the field, it was suggested, because it may prove unviable to transport 10 kg of food grain every month for beneficiaries in a panchayat, who may number 4 or 5; quite likely, the food grains may not reach the beneficiary after all. Also, Gram Panchayats for most part have a poor system of Fair Price Shops (FPS); to make the success of the scheme depend on these ill-functioning FPS may not be result-oriented. Apprehensions have been expressed that the local Food Corporation of India or the State Food Corporation may try to dump bad quality food grain on to the poor. An ideal option would have been to increase the beneficiaries under NOAPS by 20%, rather than initiate a new scheme, it was suggested. A merger with NOAPS is seen as the only solution if Annapurna fails to take off.

36. The Ministry of Social Justice and Empowerment is implementing an Integrated Programme for Older Persons by giving assistance to voluntary organisations for setting up/continuing Old Age Homes, Day Care Centres, Mobile Medicare Units etc. for the Aged. The scheme which was revised in 1999 has provisions for Self Help Groups, Associations of Older Persons, Health Care, and Housing and Income Security needs. Since the scheme is kept unstructured, with flexibility given to Non Governmental Organizations (NGOs) to take up activities relevant to the situation, it is not clear how requirements like income security needs are going to be met through the scheme. Health care of the targeted persons could be met by the primary/secondary health care structure provided by respective State health system.

37. Several national programmes are in operation in Health Sector pertaining to communicable diseases such as Malaria, Leprosy, T. B; those focused on maternal and child health such as Reproductive and Child Health (RCH) Programme, India Population Projects (IPP); and others dealing with public health problems such as

HIV/AIDS, polio eradication and blindness control. Besides these programmes, many states are implementing Externally Aided Projects touching upon the same diseases and same areas.

38. A major problem relates to the distribution of external assistance among different areas affected by the disease. Instead of viewing it in a holistic manner i.e. pooling the resources from different sources, dovetailing them into a national programme and distributing them among various states as per the incidence of disease burden, the approach has been one of ad-hocism. States that could tie up projects with donor agencies, in which the agencies usually have a greater say, are given permission leading to inequitable distribution of external assistance and its benefits. Apart from this, each externally aided programme insists on its own institutional arrangements by way of structure of implementing agency, on monitoring and decision making arrangements, parameters of expenditure for different components, etc. The problem of overlapping/duplication has also been raised in respect of expenditure on equipment, consumables, training, Information, Education and Communication (IEC) and drug supply. Further, while undertaking various activities for delivery services with liberal financing received from donor agencies, attention is not given to the long term issue of sustaining these activities once the external funding ceases to be available. State Governments do give a written commitment to the Administrative Ministry that the liabilities will be taken care of after the cessation of the project, but the commitment is not followed up for its compliance.

39. There is a great deal of enthusiasm in Ministries / State Governments to attract international assistance for specific programmes / projects and in the eagerness to ensure that assistance materialises, various conditionalities imposed by Donor agencies are agreed to at various levels. It has been observed that these projects provide for norms of expenditure in identified activities which are far more liberal than those provided for in the national scheme or which are otherwise in vogue in the state of operation. This leads to a great deal of dissonance in overall programme and has an adverse effect on the quality of implementation in the areas not covered by such projects. These projects also usually provide for a lavish super structure of supervision and control in addition to what is already available in the implementing state for the rest of the programme. It is felt that the expenditure on this account which involves perks of additional posts, consultants, contract staff and other establishment expenses etc. does not lead to accrual of benefits commensurate with the expenditure incurred, is considerably wasteful and is substantially avoidable.

40. Another trend in the recent past has been that states initially negotiate the proposals and at a later stage the proposals get transferred to the Central Ministry. At that stage its inclusion in the Plan becomes at the cost of other national programmes of the Ministry. Even if it is taken in the state sector, commitments of meeting the counterpart funding fail to get honoured at a later stage and Centre was to be looked upon to provide additional assistance to meet the counterpart funding. When proposals are received in Planning Commission at a late stage, lack of time leaves hardly any room for modifications except at the risk of delaying the whole project. At that stage, it becomes difficult to dovetail the project with required modifications into

the overall sectoral priorities and the national programmes and also ensure sustainability of the programmes after the completion of the foreign assistance.

41. There have also been instances of State Governments directly approaching international bodies for funding projects without routing the proposal through the concerned Ministry / Planning Commission. Planning Commission's interventions even in respect of state sector projects is essential to ensure forward and backward linkages with existing programmes and infrastructure. There are also other major issues like proposed area of operation, norms of expenditure in identified activities, super structure of supervision, development of parallel structures of implementation which had to be looked into in an impartial way which the Commission is in a position to do and which the concerned state governments are likely to overlook in their enthusiasm to tie up with the Donor agencies.

42. In the Education Sector the main issue has been existence of disparate schemes working towards Universalisation Of Elementary Education. The strategy of Sarva Shiksha Abhiyan with the objective of combining all these disparate schemes into one composite scheme can initiate convergence and a holistic approach to dealing with problems of the sector. However, the proposal is still at a conceptual level and calls for lots of work to evolve it into one single scheme for elementary education. The externally aided project 'District Primary Education Programme' is now being implemented in about 176 districts in 15 states and there are vertical structures of implementation in operation exclusively for these projects. Since the agreement signed by Government of India with the donor agencies will continue to be in force, which also covers implementation/monitoring structures, it is doubtful how far the convergence envisaged through the new strategy will be practicable. Even in domestic programmes of Central and State Governments, a large number of organisational/administrative structures at the state/district level are in existence. The requirement for flexibility in respect of various components -- presumably to take care of the diversities across areas/districts -- may limit the scope for mergers and savings in these components. Much will depend on how successfully the Department of Elementary Education and Literacy is able to work out a state-specific strategy for convergence in consultation with each state.

### **Pro-People Policies**

43. Government has been implementing several programmes for eradication of poverty in India. While the objectives of these programmes may be commendable, they are based on a belief that spending of money is in itself a necessary and sufficient condition for poverty alleviation. This belief underplays the role of non-monetary policies and the impact they have on the lives of the people. It has been the experience of many grass root workers that availability of funds is no panacea for tackling the problem of poverty, unless accompanied by a pro-poor policy framework. Many examples of anti-poor laws and policies are discussed in the chapters on SCs/STs, forestry and decentralisation. The examples discussed there show that a large number of policies and rules act against the interests of the poor.

44. It is rather said that Ministries are more concerned with the schemes and controlling budgets (and with setting up of new institutions that create opportunities for promotion of bureaucracy and for distribution of patronage for others), and less with policies. This belief under-plays the role of non-money factors and the impact they have on the lives of the people. Often, certain government policies harm the poor much more than any benefit that accrues to them through money-oriented schemes. What is being given from one hand through spending money, much more than that is perhaps being snatched away from the poor by the other hand through existing anti-people policies.

45. Policies and budgetary provisions, despite the rhetoric, have not been integrated so far. They sometimes run on parallel tracks. On lesser-known reason for this isolation is that development and planning in India are associated with spending of money. That Planning = Expenditure = Development is the mindset behind such beliefs. Changes in policy or laws, are not seen as an integral part of the development process because these have no direct financial implications. The Indian planner, unfortunately, has still to understand the difference between planning and budgeting.

#### **CAG's Viewpoint on State Plans**

46. In a communication dated September 4, 1998 addressed to the Deputy Chairman, Planning Commission, the Comptroller and Auditor General of India (CAG) has come to the conclusion that public investment has no longer the ability to remain the engine of growth because of total lack of discipline in the states. He has also hinted that there should be drastic reduction in the quantum of central assistance to the states. CAG's findings are quoted below:

- a. Approved State Plans and Revised State Plans were far too ambitious. In the event, the actual expenditures were well below the revised plans.
- b. State contribution to resources for financing the State Plans in most cases was modest/ negligible. The plans were largely financed by Central Assistance, Market borrowings plus resources transferred for Central Sector Schemes and Centrally Sponsored Schemes.
- c. Some states financed more than 100% expenditure from Government of India funds and diverted substantial amounts to Non-Plan Expenditure. One State built a cash balance (held as Treasury bills) of Rs.1,100 crore at the end of the Plan period, producing the rather piquant situation of Government of India borrowing funds from Reserve Bank of India (RBI), giving it to the State, which in turn provided funds to RBI to invest in Government of India Treasury bills.
- d. There has been considerable diversion of funds from Centrally Sponsored Schemes and Central Sector Schemes. States' contribution to Centrally Sponsored Schemes has been negligible.
- e. The size of the Plan was beyond the States' capacity to implement. Our reports contain enough material on systematic transfer of funds from the Consolidated Fund to the Public Account because expenditure rates were much slower than transfer of resources.
- f. These transfers have occurred in the main with regard to Social Sector. There

is enough evidence in the State Reports of transfer of funds to Public Account, Savings and, in many cases, diversion of funds to other sectors. In other words, outlays on Social Sector were beyond the implementation capacity of the State governments.

- g. Given the difficult situation of Union finances, the large fiscal deficit and the considerable inflationary pressures *it is a moot point whether the present policy of generous transfers to the States should continue.*
- h. *Public Investment no longer has the ability to remain the engine of growth.* Pay Commission obligation is virtually the last straw.
- i. As the country moves towards the next Plan and the Commission undertakes exercises to prepare the Plan some of these issues would require consideration before *adopting the age-old approach of 'the bigger the better.'*

47. While quoting from the letter above, it may be stated that the Planning Commission does not share CAG's pessimism or the recommendation to reduce central assistance. The situation though grave need not be viewed as one without redemption. Far from cutting down on central help to the states, the situation requires increasing assistance, though linked to specific projects and policies. The Planning Commission would also resist the tendency of Central Ministries to control expenditure on social sector by proliferating Centrally Sponsored Schemes; quite clearly, these subjects are in the state domain and most funds on these programmes must be a part of the state plans. However, the Planning Commission would like to improve the effectiveness of public expenditure in these sectors by better monitoring and impact studies so that approved policies are not lost sight of. The states would gain in fiscal respectability if they adopt the agreed measures. Alongside, it is suggested, there must also be a system of strong disincentive of losing out on central assistance if the states do not put in place measures like hiking user charges, however unpopular, or improving governance.

48. The extent of adjustment required on the part of states should not be underestimated. In order to wipe out the revenue deficit and achieve a revenue surplus in five years, some very tough decisions may become necessary. These could include a freeze on new hiring and creation of new jobs of primary school teachers only at the panchayat level, restructuring of power sector, increasing user charges at various levels, liquidation or privatisation of public enterprises, tax reforms, and above all better governance. The adjustment process would be painful; not adjusting will be even more painful. Without structural reform, per capita growth will stagnate and may turn negative (as it has already turned in Bihar), state finances will border on insolvency and the state will not be able to attract private investment, employment will fall and crime rate would increase. With a wide ranging reform programme, on the other hand, states will not only improve the quality of public services and stabilise their debt, but significantly raise per capita growth rate and make a dent on poverty and quality of life of the population.

49. All this is not going to be a painless process. Informal discussions with the states would show that most of them will not take unpopular measures (such as

increasing user charges for power and water) on their own unless a super ordinate body monitors and helps them in such an endeavour coupled with a threat of withdrawing assistance in case of default on agreed programmes. In the absence of such reforms, however unpalatable they may be, it is feared that states may be heading towards financial ruin and anarchy. Such reforms have been accepted several times in the past but resolutions have remained mere rhetoric because there were no immediate disincentives associated with inaction.

## **Good Governance**

50. Development is an outcome of efficient institutions rather than the other way around. *Good Governance* has therefore entered the development lexicon, even though how to achieve good governance remains debatable. There cannot be two opinions that the quality of governance must be improved. Focus must be shifted from maximising the quantity of development funding to maximising of development outcomes and effectiveness of public service delivery. This will help in improving the perception of investors and donor agencies about the investment climate in the States. It will also contribute to increasing the revenue collecting ability of States.

51. An effective and responsive district level field machinery should have a high degree of commitment, motivation, professional competence, adequate knowledge of the job and, above all, integrity. Stated objectives should be internalised and widely shared by the members of bureaucracy starting from Collector down to the village level worker. Discipline needs to be combined with a high degree of innovation. Hard work should lead to output and output should lead to reward. Do the Civil Service and the development machinery conform to these standards?

## **Present Picture**

52. In many states people perceive bureaucracy as wooden, uninterested in public welfare and corrupt. This perception of a collapse of ethical standards has implications for fiscal discipline. Any reluctance to hit at entrenched government servants, take action against corrupt ones, reduce their numbers or make changes in their service conditions to their disadvantage may add to the belief of people that the state apparatus exists only for government servants. The problems of security, a culture of harassment, long delays, administrative secrecy and a seeming inability to check organised power theft - all discourage formal sector, large scale, law-abiding tax paying units from investing in some states. But it is the growth of the latter upon which prospects for future productivity, growth and higher wage jobs will largely depend. States will not be able to end any fiscal crisis they face nor restore growth unless they are able to address problems of governance. Whether the issue is tax compliance or the environment for the private sector or the states' physical and social infrastructure, progress will be impossible without a significant redirection and improvement in the way the states run their administration. Unless massive efforts are undertaken to improve governance and make the administrative apparatus perform what it is paid for, public may not take very kindly to withdrawal or reduction of



subsidies.

53. In his address to the National Development Council meeting held on Feb. 19, 1999, the Prime Minister stated:

*People often perceive the bureaucracy as an agent of exploitation rather than a provider of service. Corruption has become a low-risk and high-reward activity. Frequent and arbitrary transfers combined with limited tenures are harming the work ethics and lowering the morale of honest officers. While expecting discipline and diligence from the administration, the political executive should self-critically review its own performance. Unless we do this, we cannot regain credibility in the eyes of the people who have elected us to serve them.*

A World Bank study of villages in UP and Bihar reported that health problems are common cause of persistent poverty. Illness of the breadwinner or other members of the family not only reduced their daily incomes but led them to indebtedness and even loss of assets as treatment by government health services was just not available.

Nearly all the informants said transport costs to government centres was too high when the outcomes was so uncertain. *Medical staff assigned to PHC (Primary Health Centres) are usually absent, and therefore a trip to the Health Centre results in waste of transport money. Quality of care was not mentioned as an issue; if care is generally unavailable, its quality is hardly relevant.* Even when PHC staff is on site, they give only prescription as they do not have medicine on hand. Poor patients then must visit the market and incur a second transport expense.

A similar study of the schools showed that in most places either teachers were absent, or teaching was being conducted by proxy teachers who were hired by the regular teachers on very low wages.

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

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

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

55. A young IAS Officer from Bihar has described the predicament of honest officers in the following terms: -

“As Project Director I was handling RD funds and it was often a problem to release money to the Block and Panchayats. This was so because the BDO or the Mukhia would immediately take up ‘n’ number of schemes and distribute the total money as advance to either his own relatives who act as agents or Abhikartas (Junior Engineers) in JRY schemes or the muscle men or petty contractors of the local MLA. If any action is proposed against the BDO or the Mukhias a report has to be sent to the Minister who often does not take any action. This further emboldens the BDO while the Collector / PD gets demoralised. Upright officers have been systematically marginalised by the indulgent political masters who expect a committed bureaucracy. Committed officers enjoy outstanding CRs and foreign training, while upright officers are sidelined in Rajbhasha, Protocol etc. When they apply for GOI deputation, all kinds of hindrances are created. This is done to break the upright officer and make him submissive and more committed.”

56. Almost the entire social sector programme is implemented by State level field machinery and this emphasises how important it is that field officials, especially at the level of District Collector and Project Director, keep up standards of performance and integrity.

57. The collapse of ethical standards has a number of implications for fiscal discipline. In such a scenario of low institutional capability and poor performance of civil servants it is unfair to expect that the political processes would be totally free from populism. Politics is after all ‘art of the possible’, and if the civil service is no longer able to ensure good governance, politicians are forced to resort to populism in order to reach at least some benefits to the people to keep the faith of the voter alive in the political system. Subsidies on water, power and transport help in maintaining the credibility of the democratic system, since the voter does not seem to be getting any other benefit through the vast and ever-growing bureaucratic machinery. A civil service renewal programme which improves public satisfaction, therefore, has to be an essential component of effective implementation of development programmes.

58. Some operational decisions may be required as part of the efforts at good governance, as discussed below.

#### **a. Stability of tenure**

59. A malaise-afflicting civil service generally is the instability of tenures; in turn, it leads to a lack of involvement and makes for an inability to contribute effectively to amelioration of the system. According to a study done by the DOPT, the average tenure of 82 non-technical Secretaries in Central Government was less than a year; only six of them were at their posts for more than two years in July 2000. Transfers are sometimes reportedly used as instruments of reward/ punishment; there is no transparency about them; and in the public mind transfer after a short stay is seen as a stigma.

60. Frequent transfers and limited tenures play havoc with public organisations.

Respect for authority is whittled away. Rapid changes erode the mandate of the Department or organisation. It generates a lack of confidence to act firmly and equitably for the public good. An incumbent not sure of how long he will stay may not be able to pay attention to details or master the situation. Other staff in the organisation is also affected by the instability. Hence the need to instil in officials a certain security of tenure in every post, barring cases of promotion.

61. For each state, there could be an average tenure worked out for Collectors, Superintendents of Police (SP), Project Officers, and other key officials. A *stability index* may be worked out for such posts, and a norm of at least two years fixed. The right to transfer should not be exercised by an authority higher than the appointing or punishing authority. This will signal that government does not meddle with transfers of officials at lower levels.

62. For higher ranks in civil service e.g. Chief Secretaries, Secretaries of Government and Directors General of Police (DGPs), the postings may be contractual for a fixed period and suitable systems may be evolved to ensure they are rarely removed before the period of the contract without their consent or explanation.

63. The Transfer Allowance of each department may be so fixed that no authority can transfer more than one-third of a cadre in a year.

#### **b. Transparency and Corruption**

64. An air of secrecy pervades government functioning. Decisions are taken behind closed doors. There is need to share information and make the system more transparent. Transparency builds external demand for reform and makes administration more responsive and performance-oriented. Suggestions have been made to enact a Right to Information Act to make things more transparent, curb acts of corruption and check arbitrary exercise of state power. Transparency should permeate all official procedures and systems and people should have access to all relevant public information. For development programmes, muster rolls and information on payment of bills to contractors and the like need to be explained to Gram Sabhas. There is nothing radical about all this; existing rules already provide for such sharing of information but the rules are mostly observed in the breach. State Governments should issue clear guidelines on the subject.

65. Suggestions have also been made that the Government announce and implement a comprehensive anti-corruption strategy, which may include:

- compulsory retirement of officials whose record and reputation is tainted;
- Strengthening State Vigilance Departments, Lok Ayukt and the anti-corruption branch of the state police empowering them effectively to initiate and pursue investigations independently of government;
- Prosecution of officials against whom there is evidence of corruption;

- Guaranteed protection of civil servants who expose corrupt practices;
- Passing a law which would make all oral orders of transfer illegal as also other administrative matters which interfere with delegated powers.

66. There have also been suggestions that senior officials should make available their property and tax returns for scrutiny. Law Commission has already drafted a Corrupt Public Servants (Forfeiture of Property) Act. It is for the State Governments to act on it; the bill provides for confiscation of ill-gotten wealth. Already, there is a law to confiscate benami properties; the states are required to frame rules and procedures and the number of cases prosecuted under this law could be monitored.

67. Another area where reforms may be needed relates to *post-retirement bonanzas*. The Fifth Pay Commission, while recommending the age of superannuation at 60 years, suggested abolition of extension in the service rules. Talent, if need be, may be used post-retirement on a short-term consultancy basis to meet specific, time-bound requirement and then the contract terminated. No officer above the age of 60 should be entitled to government housing. Jobs in organisations like Administrative Tribunals, Commissions of Inquiry, Pay Commission, Vigilance Commission and other regulatory bodies may be offered to serving civil servants as against the retired; this will help ease the prevalent congestion at top levels of the civil service.

### **c. Reduction in Size**

68. With the changing role of government, the size and scale of civil service is also liable to change. Efforts may be made to identify surplus staff, set up an effective redeployment plan and devise a liberal system for exit. For the time being recruitment may be limited to functional posts while vacant posts of secretarial and clerical posts may not be allowed to be filled. China offers an example of how in a span of three years the bureaucracy is pruned by 25%.

69. The Administrative Reforms Commission headed by Morarji Desai had recommended the abolition of clerical positions in the secretariat by merging field departments with secretariat departments at appropriate levels and by following decision-making pattern of the army through a single file system. Such move can result in substantial reduction especially in the category of group 'C' employees. Reduction in the fleet of government vehicles and closing down of unnecessary units can also reduce the number of lower level employees in Government. In addition Fifth Pay Commission's proposal to reduce the number of general holidays could help better utilisation of the existing staff. Some posts in each cadre could be pruned.

70. Other specific measures may include:

- A provision already exists to review work of those above 50 years and retire them if not found suitable.
- Encourage officers to join voluntary organisations of repute, educational and research institutes during mid-career. Rules may provide for new recruits to government service to take leave without pay for five years at a stretch after they put in 10 years of service.

- Government servants with only four years left to retire may be offered choice of taking retirement on full salary or retaining government house for the remaining period of their service while their post is abolished.
- Central Government could take a lead and trim its staff especially in Ministries dealing with state subjects and transferring most of Centrally Sponsored Schemes to the states. There may be some control in the Ministries on initial recruitment. Wherever possible, vacancies caused by retirement may remain unfilled or the posts be abolished.

#### **d. Professionalism**

71. All talk of excellent or brilliant performance is meaningless unless a bottom line of minimum acceptable standard of performance is stipulated, maybe, at two levels viz. organisational and individual. Each Ministry/ Department of the state government and all departments and agencies under district administration may have a well defined criteria spelt out by which to evaluate performance/non-delivery of promised service by their functionaries. Individual's performance standard needs to be in consonance with organisational performance standards. This will encourage professionalism and relate performance norms to concrete output.

#### **e. Effective Implementation of Development Programmes**

72. Implementation of development programmes requires to be made more effective. Close monitoring could be organised in select areas like primary health, primary education, watershed development and empowerment of the local people. The monitoring can be on the basis of a questionnaire designed by select public institutions in consultation with the Planning Commission.

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

#### **f. Accountability to People**

74. At present the system of government is such that it is difficult for an average citizen to have access to information about schemes and programmes that affect him, and even about his rights and records. The complicated procedures distance government from people who are sought to be provided with services and create potential sources of corruption. Computer-based information systems can help cut out discretion and delay, like installing a system where one inserts a ten rupee note and gets a land ownership record. Each department may have a citizen's charter establishing clearly enforceable norms.

75. Departments such as Police and Revenue which have more dealings with the people may be assessed once in three years by an independent professional organisation, consisting of journalists, retired judges or members of the armed forces, academicians, activists, NGOs, and even retired government servants. The professionals should look at policies and performance and suggest constructive steps for improvement. At present the systems of inspection are elaborate but often preclude the possibility of a 'fresh look,' being totally governmental and rigid. The system needs to be made more open so that the civil service can gain from the expertise of outsiders in the mode of donor agency evaluation of projects and there is a feeling of greater accountability. The survey teams would check out quality of service delivery in key areas, scrutinise policies and programmes and delivery mechanisms. They should elicit views of civil servants on work constraints and on reporting fraud and corruption. Such reviews should form the basis of time bound changes and improvements.

76. Action against corrupt officers in many states cannot be initiated as the power to sanction prosecution is vested in state governments. This may be made a semi-judicial process where a designated authority may sanction prosecution on receipt of complaint from CBI or other agencies.

#### **g. Improving quality of life through greater attention to environment**

77. In the last thirty years, there is enough empirical evidence to say that environmental conservation must go hand in hand with economic development; any economic development that destroys the environment will create more poverty, unemployment and diseases and thus may not qualify to be called *development*. For the poor who depend on nature for their daily survival, Gross Nature Product is more important than the Gross National Product. Environmentally destructive economic development will impoverish the poor further and destroy the resource base for their livelihood. Denuded hills and barren pastures push down groundwater levels, reduce availability of organic manure and make for loss of soil and moisture for crops; this affects productivity of rainfed agriculture and income through cattle. For India, environmental concerns go beyond "pretty trees and tigers" and are linked to peoples' lives and concerns.

78. Better environment and forests involve decisions which may not be all popular: like closing down of polluting industries, controlling vehicular pollution and reducing subsidy on forest raw material. Environment needs greater investment with benefits which are not easily discernible or immediate. Improving governance must mean better policies and more funds for improving the quality of life through greater attention to environmental concerns. A certain part of the additionality of funds would be reserved for forestry and related activities and would be available when the states change their policies in favour of greater peoples' involvement in those activities. How State Governments follow up these policies would need monitoring when allocating more funds for such programmes.

## **h. Decentralisation and Redefining Role of Government**

79. The 73<sup>rd</sup> Constitution Amendment envisages a polity where more and more powers are decentralised to the third stratum, but in many States administrative and financial powers are concentrated in Secretariats and Directorates. This centralisation of authority is seen to facilitate political corruption while making for long and tedious processes to the inconvenience of the public.

80. Every organisation/Department/Ministry needs clearly to work out a plan for devolution of powers. This decentralisation would mean greater responsibility down the line accompanied by a delegation of powers, both administrative and financial. Devolution of spending responsibilities and revenue raising powers to elected local bodies can ensure significant gains in service quality and accountability. Local Government finances must be strengthened. Along with this the capacity of rural elected bodies to make efficient use of devolved resources must also be reinforced. There is need to revive the system of inspections and summary recording of observations and work done.

81. De-regulation has made almost no impact at the state level. The systems of buying and selling land, issue of a ration card or refund of security, and Rent Control Acts, all need a thorough revision. One can set up an industry worth crores of Rupees in India without any licence today, but it is not as easy for a farmer to set up a brick kiln unit, a rice shelling plant or a cold storage without bribing. A simple operation of converting prosopis (a shrub growing everywhere in states like Gujarat and Tamil Nadu) into charcoal, which can give employment to thousands of people, requires four different permits: one to cut the tree, another to transport it, a third to set up the kiln which costs only a few thousand Rupees, and the fourth one to move transport charcoal which is also a forest product. In another state, tribal women are prohibited from doing value addition to gathered products, such as brooms; they must sell it to the designated contractor who enjoys a monopoly and pays pittance to the tribals. Almost all occupations in urban informal sector, such as hawking, small manufacturing in residential areas and the like, are illegal! An informal sector that provides maximum employment is mostly declared illegal and is subjected to the whims of law enforcing agencies.. A Committee may be set up to identify specific laws and rules that hamper entrepreneurship. Also, a systematic review is needed to define areas from which government must withdraw, albeit in a phased manner, and identify Departments that need to be wound up. It is also suggested that officers be encouraged to take mid-career sabbatical and live in rural areas to check out how the various organs of administration exploit the common man.

82. If some poverty alleviation programmes have not helped the poor, part of the blame should go to administrative structures and organisational weaknesses. Improving the administrative apparatus by itself may put pressure on the exploitative structure to change in favour of the poor. The establishment and strengthening of countervailing non-exploitative institutions may be more effective in enhancing the bargaining power of the poor than attempts at changing the structure.

## Summing up

83. In its Human Development Report, 1997, the United Nations Development Programme (UNDP) has summed up elements of good governance thus: people's participation, rule of law, transparency, responsiveness, consensus orientation in decision-making, equity, effectiveness and efficiency, accountability and strategic vision. These characteristics and a corruption-free administration can be built into the system in a number of ways. There is no uniform recipe or panacea for all situations. Any strategy for good governance must have the following ingredients : (a) people's participation; (b) citizens' charter; (c) civil services reforms; (d) effective monitoring and evaluation; and (e) external oversight mechanism.

84. Attempts to reform bureaucracy have commonly not met with success. In India too, over the years, several consultants, committees and commissions have been set up to revamp bureaucratic administration. The feeling however persists that only cosmetic changes are achieved and that the bureaucracy still retains its diffused responsibility, excessive scrutiny and excessive blocks to taking action. There is too much centralisation; there are too many executive functions and tasks which could have been delegated to the lower levels of governance; too many levels through which a case has to pass before a final decision is taken, too much of sequential (rather than parallel) processing of cases where multiple ministries and departments are involved; too little effective monitoring despite numerous audit reports, inspections and other control mechanisms and poor inter-departmental coordination. Indian administration, it would seem, comes alive at best during a crisis but it remains unresponsive while performing routine functions.

85. There have been determined efforts in countries with an effective bureaucracy to decentralise authority, insulate administration from political influence and strengthen accountability for performance. The Singapore Statutory Boards, for instance, have full autonomy to hire, fire, promote and generate resources to meet their expenditure, subject however to Parliamentary approval for their policy framework and accountability for performance. In Britain, under the financial management initiative, some autonomous executive agencies have been set up ensuring decentralisation with accountability through policy frameworks. In India decentralisation with accountability has made some progress in Central public sector enterprises but much work needs to be done elsewhere.

It is clear that efforts at reducing the size of government, ensuring better goal orientation and stability of tenure leading to specialisation are all time consuming. But the country will have entered the 21<sup>st</sup> century with a vision for the future if those efforts are initiated and the process is pursued in right earnest.



## A note on peoples' participation

"Peoples' participation" has become a standard rhetoric in India today. Different actors interpret it differently. One view is that participation means getting people to agree to and go along with a project that has already been designed for them, or to get support of a few leaders. This has been the approach in many development schemes that did not work. People did not identify themselves with the assets created such as the hand pump or trees planted, nor did they undertake the responsibility of maintenance of assets. "I manage, you participate", was the dominant underlying principle behind such projects. These tended to try to make people aware of their responsibility without giving them any authority to spend funds or to manage assets. People's participation was then expressed not in a manner that would establish their rights over assets, land or its produce. The important question is, participation for whose benefit, and on what terms?

Participation should include the notions of contributing, influencing, sharing, or redistributing power and of control, resources, benefits, knowledge, and skills to be gained through beneficiary involvement in decision making. Participation is a voluntary process by which people, including the disadvantaged (in income, gender, caste, or education), influence or control the decisions that affect them. The essence of participation is exercising voice and choice, and developing the human, organizational and management capacity to solve problems as they arise in order to sustain the improvements.

Half hearted measures towards peoples participation have only resulted in wastage of funds with no gains. It must be therefore understood as a process by which the people are able to organize themselves and, through their own organization, are able to identify their own needs, and share in the design, implementation and evaluation of the participatory action. Thus various elements of participation are decision making at various stages, control and management of funds and resource, share in usufruct and final produce, and certainty of benefits. In other words, participation should not only stop at information sharing or consultation, but decision making and initiating action are important and essential components of participation.

**Initiating Action** - Initiating action by the people represents the highest level of participation that surpasses involvement in the decision making process. Self-initiated actions are a clear sign of empowerment. Once people are empowered, they are more likely to be proactive, to take initiative, and to display confidence for undertaking other actions to solve problems beyond those defined by the project. This level of participation is qualitatively different from that achieved when people merely carry out assigned tasks.

**Why participate** - Participation engenders financial, social, and psychological costs as well as benefits. People or beneficiaries are likely to participate when their benefits outweigh their costs, just as a government department is likely to foster beneficiary

participation when the benefits of doing so (for Forest Department, for instance, higher rate of survival, greater sustainability, and improved public image) outstrip the costs to the agency. However, knowledge about the costs and benefits of participation remains limited; little guidance about budget allocations appropriate to induce participation is available to the people or even field staff of government departments. Nevertheless, from the perspective of both, government department and NGO, people's participation (as an input or an independent variable) can contribute to the achievement of four main objective: *effectiveness; efficiency; empowerment; and equity*.

**Who participates** - The most important characteristic that brings people together to take action is commonality of interest. This is the glue that binds people who may otherwise not have much in common in terms of geography, wealth, power, leadership, degrees of organization, social cohesion, caste, income, gender, or education. Commonality of interest may supersede other distinctions, including the entity of 'community' (or village or other administrative label of convenience).

**Outcomes and indicators of participation** - Participation in decision making is an important capacity building process. As people participate in making new decisions and solving problems, learning takes place. This learning is internalized, because it is accomplished experientially. It therefore leads to changes in attitude, behaviour, confidence, and leadership. Newly acquired knowledge is therefore the first outcome of participation.

Empowerment is a result of participation in decision making. An empowered person is one who can take initiative, exert leadership, display confidence, solve new problems, mobilise resources, and undertake new actions. Empowerment, it is hypothesized, is an important outcome of high levels of participation involving control over decision making for a range of activities. Hence empowerment is a leading outcome of successful capacity building at the individual and institutional levels.

The third outcome is organization building. Decentralized programmes require strong local organizations. When local organizations get the opportunity to manage resources and support development, they can become stronger. Participation in decision making is hypothesized to strengthen the capacity of local organization to carry out activities. Local organizations can be a few people working on joint management committees, or a village council, or organizations of several villages.

These three outcomes of participation – learning, empowerment, and a vibrant organization – need to be measured through observable indicators, which will vary from project to project. Each project must develop clearly observable indicators on people's participation, so as to judge whether they are on track or not. Such indicators should then be given to monitors and evaluators, who have to do mid-course evaluation and impact assessment.

**When to participate** - One of the characteristics of participation is that it cannot be turned on and off like a tap, that is, 'now you participate, now you don't'. Participation is an evolutionary process that gathers momentum and defies breakdown into neat, self-contained categories, except for analytical purposes. Establishing participation is particularly important in the early stage, because expecting responsible behavior in the later stages is not only misguided but may result in ineffective projects. Participation should be viewed as a process that starts with planning of mangrove projects and ends with maintenance and usufruct sharing, rather than as an element that can be injected in the later stages of a project whenever outsiders determine.

To sum up, ensuring the success of water supply schemes or rehabilitation of degraded lands would require strong people's groups with enhanced management capacities which should then be harnessed by the concerned government department or NGO. This alone will fulfil the objective of the project for successful management of the assets created.