

## GOVERNANCE AND PUBLIC SERVICE

2.31 With many sectors of the Indian economy becoming globally competitive, the contrast in performance between the corporate and government sectors and between the State Governments in India and the State/provincial governments in other fast-growing economies such as China is becoming more visible. In fact, some observers have gone as far as to say that Government at the cutting edge level, where it interfaces with individuals and economic agents, is the most important constraint on raising the growth rate of the economy to 10 per cent. As substantial resources, both public and private, are being mobilised to fuel the growth of the economy and make it more inclusive in character, there is a legitimate concern that every bit of the public effort should count and yield better results.

2.32 In a broad sense, governance can be broken into two levels. At an aggregative level, the purpose of governance is to provide an environment that supports and encourages private initiative in a non-discriminatory and inclusive manner. It is concerned, for instance, with laws governing markets, protection of property rights and systems guaranteeing territorial integrity. At an individual level, it is concerned with provision of basic services universally to all citizens with a view to build individual capabilities to harness opportunities. The fact that these services must be provided universally often translates into a much greater government involvement as they may not be easily managed and incentivized through the market mechanism. Initiatives such as the NREGP, Bharat Nirman and the Right to Information Act have to be viewed in this light. Notwithstanding the criticism directed at the implementation gaps that these initiatives suffer from – and all of them have great scope for improvement – doing away with them or transferring their implementation to market mechanisms are not responsible alternatives, at least not at the current juncture of India's development.

2.33 For these programmes to be successful, it is necessary that ground level implementation is efficient. For this, local authorities have to play a very large role; indeed, the efficiency of these programmes is completely determined by the activities of the "last mile". The Central Government can do two things – conceptualize the programmes and commit resources, both of which they have already done. In addition to this, given that the

implementation is with the local authorities, the Central Government can play an additional role, viz., that of ensuring that local authorities have enough incentives to implement the programmes.

### Decentralization and stakeholder involvement in implementation

2.34 Decentralization in planning and implementation of programmes, based on the principle of subsidiarity, is an essential supplement to enhance resource flow in achieving balanced regional development and participation and empowerment of the poor. Pursuing a participatory growth strategy not only makes the ensuing growth acceptable at the grass roots level, it fosters capacity building for sustainable growth at different tiers of local self-governments. Available information shows that, despite the clear Constitutional directions handed out through the 73rd and the 74th amendments, there are wide inter-state variations in the degree of effective decentralization achieved. Evidence suggests that the success of decentralized programme implementation depends on effective transfer of functions, functionaries and finances to local self-governments and creation and patronage of grass-roots level participatory institutions like Grama Sabhas, people's bodies for project formulation, implementation and monitoring, and watershed-based institutions. The success stories of participatory project implementation and devolution of plan and non-plan funds must be systematically studied, recorded and replicated elsewhere with appropriate region-specific adaptations.

### Institutional framework for monitoring and evaluation of public programmes

2.35 It has often been pointed out that our planning and development process, both at the Central and State levels, suffers from lack of adequate closure. The feedback loop of evaluation and assessment of our numerous plan schemes is often missing. As a result the corrective measures on most plan initiatives, if any, are few and far between. Thus, while the intentions have been noble, the delivery systems are weak and characterized by significant leakages and mis-targeting of the intended beneficiaries. At an institutional level, particularly when there is quantum jump in the social sector expenditure in the Eleventh Five Year Plan, it becomes essential that the Central Government strengthen its capacity to undertake evaluation of all plan schemes and create a knowledge base and expertise to help

the State Governments in building and strengthening their respective evaluation agencies. Traditionally, plan monitoring has been done by States by tracking expenditure levels achieved in relation to the budgeted outlays. Though expenditure is an important indicator of the progress of plan implementation, it does not measure the effectiveness of the expenditure undertaken in generating the desired outcomes. It is, therefore, important to move systematically from financial monitoring to output and outcome monitoring.

### Transparency in decision making

2.36 The enactment of the Right to Information Act at the Centre and in many States has bridged a critical gap in the public decision-making process, ushering in greater accountability of the public servants. This move towards greater transparency and right to access public information has been greatly aided by developments in information technology and e-governance. The Government of India has effectively implemented e-governance projects in some departments like Department of Revenue relating to income tax, customs and excise, Ministry of Railways where ticket reservation has become accessible and can be made from any place in the country, the Postal Department which initiated e-facilities like returns of direct e-credit of Monthly Income Scheme to

investor's account, dematerialization of National Savings Certificate (NSC), Kisan Vikas Patra (KVP), etc. Such success stories in e-governance have encouraged many States to initiate their own e-governance programmes and move rapidly from being an IT-aware to an IT-enabled government.

### Conclusion

2.37 The challenges and opportunities arise at two levels. It is incumbent on the Central Government to provide a conducive investment climate and manage the macroeconomy to facilitate non-inflationary growth. The Central Government and the Planning Commission can in certain areas and sectors also play a leadership role in setting an agenda of policy and institutional reforms that will sustain high growth for several decades. At a second level, the States must refocus their efforts on the provision of public and quasi-public goods, some of which have been neglected by States, and improve the quality of the service provided by these goods. As the bureaucratic capacities to deliver these goods and services in sufficient quantity and adequate quality are heavily constrained, they must shed other activities that are best done by private profit and non-profit organisations and focus on excellence in these areas. Only then can they satisfy the majority of their citizens and meet their legitimate aspirations.

#### Box 2.4 Smart Card for empowerment

A Planning Commission Working Group, in the context of the Eleventh Five Year Plan, has examined the design and potential use of the Multi-Application Smart Cards (MASCs) System which facilitates simplification of procedures and enhances the efficiency of Government schemes. Usefulness of the MASCs for various Central Government schemes like, PDS, Indira Awas Yojana and National Rural Employment Guarantee Scheme (NREGS), has been recognized. These studies could form the basis for the introduction of a Smart Card system and a web-enabled information system, on an experimental basis.

The smart cards system will be based on unique ID, sharing of ID, multi-application and access control. The entire system will consist of front, middle and back end. The electronic card will be the front end of the Integrated Smart Card System. The front end is the point of delivery of the system where the smart cards will be read and used. The middle office will be responsible for charging and updating the card periodically (month, quarter, annual) depending on the type of information and the requirement and transfer information from the front end to the back end and vice versa. The back end set-up will contain the computerised records, guidelines, accounts and management information systems. The complete system would require complete digitization of the records.

