

ACADEMY OF CIVIL SERVICES

Governance (Mains GS II)

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#### What is Governance?



- World Bank defined governance as the method through which power is exercised in the management of a country's political, economic and social resources for development.
- The United Nations Development Programme (UNDP), **1997**, defined governance as "the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences."

- In simple words, <u>Governance is the process and</u> <u>institutions through which decisions are made and</u> <u>authority in a country is exercised</u>.
- Governance can be used in several contexts such as <u>corporate governance</u>, <u>international governance</u>, <u>national governance</u> and <u>local governance</u>.
- Thus governance focuses on the formal and informal actors and institutions involved in decision-making and implementing those decisions.

# **Characteristics of Governance**

#### **1.Accountability**:

- Governance lays emphasis on making all the organs of government accountable for the performance of functions.
- Example: The electorates if they are not satisfied with the performance of elected representatives in their constituencies, vote them out of power.

# **2.People's participation:**

- Governance aims at seeking the participation of people in various developmental activities.
- <u>Example</u>: The Panchayati Raj Institutions and the municipal bodies in India are locally elected representative bodies looking after the management of local affairs.

# **3.Rule of Law:**

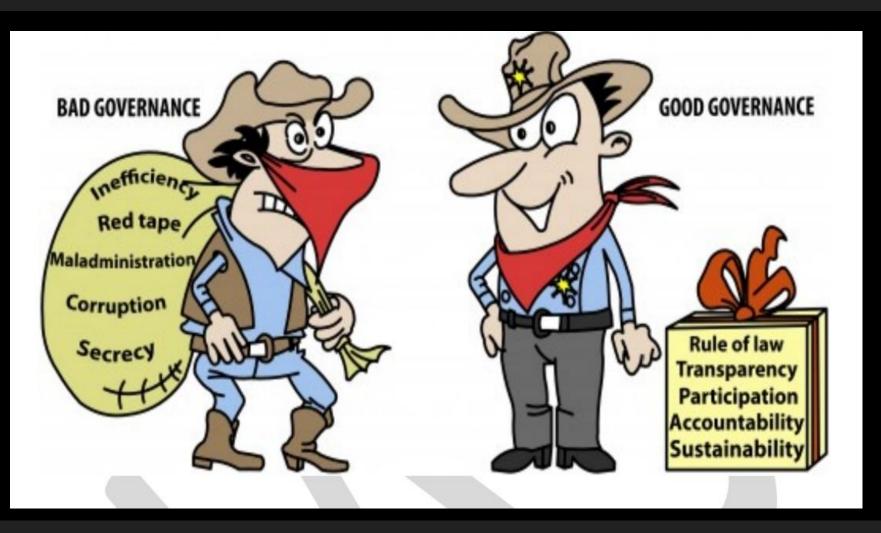
 Governance requires a well-drafted and fair legal framework that protects the interests of people and provides them justice.



 People, being participants in the governance process, are desirous of accessing information from the administration regarding matters that concern them.

# **5.Effectiveness and Efficiency:**

 The government comes up single window portals to fast track the approval mechanism of service requests.



#### RELATION BETWEEN GOVERNMENT AND GOVERNANCE

- <u>Government</u>, as the infrastructure, establishes policies for equitable resorce allocation while <u>governance</u> ensures the participation of Citizens in decision making processes for socio-economic development.
- The <u>government</u> is a body whose sole responsibility and authority is to make binding decisions in a given geopolitical system (such as a state) by establishing laws.
- <u>Governance</u> is the way rules, norms and actions are structured, sustained, regulated and held accountable.

**1. State**: It includes the various government organs (Legislature, Judiciary, and Executive)

**2. Market**: It includes both the organized and informal private sector.

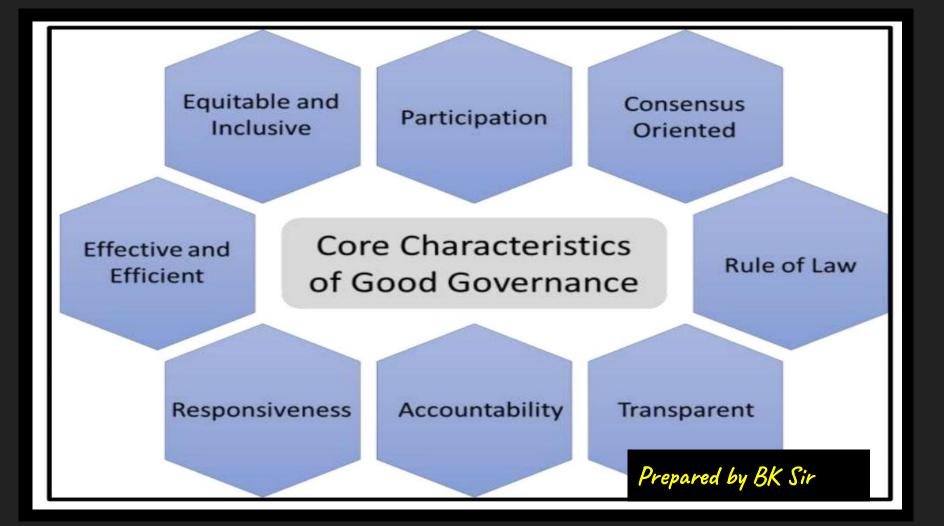
**3. Civil Society:** Non-Governmental Organizations (NGOs), Voluntary Organizations (VOs), media organizations or associations, trade unions, religious groups, pressure groups, and other organizations are included.

**4. Citizens**: It includes diverse groups of the society, especially vulnerable sections like women, children, minorities, SCs, STs, OBCs etc.

#### **FROM GOVERNANCE TO GOOD GOVERNANCE**

# **GOOD GOVERNANCE**

• The World Bank described good governance in its study "Governance and Development" published in 1992 as "<u>the way power is exercised</u> in the development management of a country's economic and social resources."



#### **CORE CHARACTERISTICS OF GOOD GOVERNANCE:**

<u>United Nations Development Programme (UNDP)</u> recognizes eight core characteristics of good governance:

**1.Participation**: People may participate in the decision-making, execution, and monitoring of government activities through participatory governance.

• E.g. <u>MyGov</u> is an innovative platform launched to ensure citizens' engagement in decision making by the Government.

2. Consensus oriented: Good governance necessitates the mediation of various societal interests to achieve a broad consensus about what is best for the entire group.

 E.g. Decentralization of the decision-making process through Gram sabha and social auditing provisions.

# **3.Rule of Law: Equal legal** structures that are uniformly implemented are needed for good governance.

**4.Transparent:** Transparency refers to how decisions are made and how they are implemented by laws and regulations. It also implies that information is readily available in easily readable formats and is available to those who will be impacted by such decisions and their implementation.

• E.g. RTI Act

**5.Accountability:** The acceptance and assumption of responsibility for actions, services, decisions, and policies are known as accountability. Accountability is made up of four elements: accountability, penalty, recourse, and system reform. • E.g.: RTI Act, Citizen charter, E-governance initiatives, civil society movements etc are a few mechanisms to aid accountability among others.

# **6.Responsiveness: Institutions** and procedures must strive to represent all stakeholders within a fair timeline as part of good governance.

7.Effective and Efficient: Good governance entails that systems and organizations deliver outcomes that make the best use of the resources available to them. As a result, it also addresses the fair use of natural resources and environmental conservation.

8.Equitable and Inclusive: People should be given the chance to improve or preserve their well-being. This necessitates providing opportunities for all groups, especially the most vulnerable, to enhance or sustain their well-being.

# **SALIENT FEATURES OF GOOD GOVERNANCE**

- Good education facilities offered by the government having greater employability,
- Development of basic infrastructures like roads, bridges, power, telecom, airport, irrigation and transport
- Safety of public life, property, peaceful law and order,
- Creating new employment opportunities in the government and private sectors,
- Effectiveness and efficiency of working of government and its staffs,

- Good business environment with a free-market economy,
- Reducing inequalities in the society through positive discrimination in favor of the poorest of the poor
- Providing total freedom of speech, of religion, work and attitude of non-interference by government.
- Provision of more concessions to citizens and free from bias,
- Good business environment and Citizen-centric services.

# **BARRIERS TO GOOD GOVERNANCE:**

# **1.Organizational barriers:**

- Lack of Accountability
- Red tapism
- Ineffective Implementation of Laws and Rules
- Limited digitalisation of government offices and inadequate infrastructure

# **2.Issues with Indian political structure:**

- <u>PRIs</u>: Local governance institutions need to be empowered to make them effective and build ground-level governance capacity.
- Lacking Electoral reforms and decentralization of power
- <u>Continuing with archaic laws</u>: The traditional outlook cannot satisfy modern market-oriented citizens.

#### **3.Institutional barriers:**

- Institutions are subject to damage and erosion: Legal and regulatory institutions are not yet robust and efficient enough to support thriving modern challenges. Public institutions like CBI, CVC etc not able to work and deliver as promised. Their inefficiency is a hurdle in achieving governance.
- The internal organization of the judicial system
- Low levels of Awareness of the Rights and Duties of Citizens

#### MAJOR INITIATIVES TO PROMOTE GOOD GOVERNANCE

**<u>1.Decentralization</u>**: Local governments have been strengthened by 73rd and 74th Constitutional amendments that mandate the establishment of Panchayats and municipalities as elected local governments.

**2.Right to Information:** The Right to Information Act, 2005 which marks a significant shift in Indian democracy and ushered in a new era of empowerment of the common man in India

**<u>3.Greater responsiveness:</u>** The greater the access of the citizen to the information, the greater would be the responsiveness of the government to community needs.

**4.Promote openness:** Right to information therefore promotes openness, transparency and accountability in administration by making the government more open to public scrutiny.

**<u>5. E-Governance</u>**: E-Governance effectively delivers better programming and services in the era of newly emerging information and communication technologies .

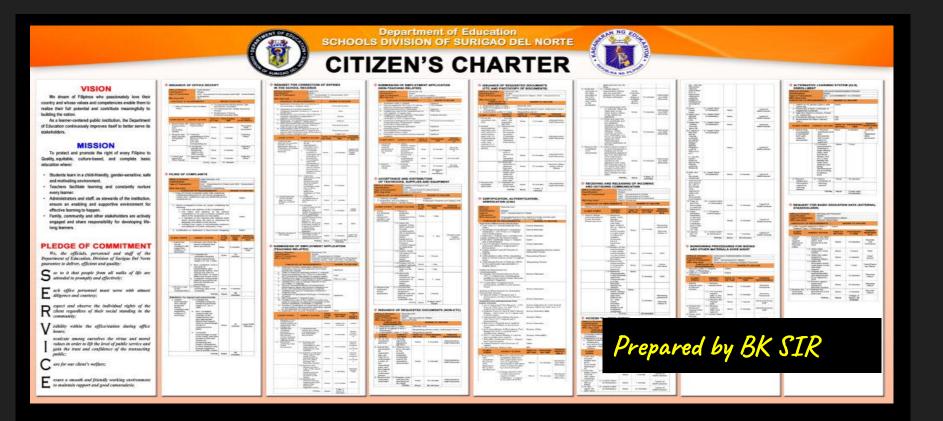
6.National Centre for Good Governance: It was set up in 2014 under the Ministry of Personnel, Public Grievances and Pensions to work in areas of public policy, governance, reforms, and capacity building of civil servants.

7.Mission Karmayogi: The National Programme for Civil Services Capacity Building has been rolled out to transform capacity building in the bureaucracy through institutional and process reforms.

# **<u>8.SOME OTHER STEPS TAKEN</u> TOWARDS GOOD GOVERNANCE:**

- Good Governance Index
- Criminal justice reforms
- Ease of doing business
- Digital India mission etc.

#### **Citizen Charter**



# What is Citizen Charter?

- According to 2nd ARC, Citizen Charter is <u>public</u> <u>statement</u> that defines the entitlements of citizens to a specific service, the standards of the service, the conditions to be met by users, and the remedies available to the latter in case of non-compliance of standards.
- The basic objective of the Citizen's Charter is to <u>empower the citizen in relation to public service</u> <u>delivery.</u>

#### Significance of Citizen Charter

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

#### **Issues with Citizen** Charters in India:

- Absence of legal backing to charters : The Citizen's Charter is not legally enforceable and, therefore, is non-justiciable.
- **Poor design and content:** Critical information that end users need to hold agencies accountable are missing in charters.
- <u>Lack of consultation</u>: End-users and NGOs are not consulted when Charters are drafted.
- Inadequate groundwork: Non-familiarity of the service providers with the philosophy, goals and main features of charters.

- Lack of public awareness: Effective efforts of communicating and educating the public about the standards of delivery have not been undertaken.
- <u>Resistance to change</u>: Vested interests work for stalling the Citizens' Charter altogether or in making it toothless.
- Lack of review: The review and updation exercise of charters have been very poor.
- Charters haven not been prepared in vernaculars.

#### **Recommendations of 2nd ARC report**

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

• Internal restructuring should precede Charter formulation- There has to be a complete analysis of the existing systems and processes within the organization and, if need be, these should to be recast and new initiatives adopted.

• One size does not fit all - Therefore formulation of Citizens' Charters should be adecentralized activity with the head office providing broad guidelines.

- <u>Periodic evaluation</u> of Citizens' Charters preferably through an external agency.
- <u>Benchmark using end-user feedback-</u> Its systematic monitoring and review is necessary even after it is approved and placed in the public domain. In this context, end-user feedback can be a timely aid to assess the progress and outcomes of an agency that has implemented a Citizens' Charter
- Hold officers accountable for results- The monitoring mechanism should fix specific responsibility in all cases where there is a default in adhering to the Citizens' Charter.

### **Sevottam Model**

Three Modules of QMS *Sevottam* Framework that help to identify and fill gaps in service delivery



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

The model prescribes seven steps:

**<u>1. Define services and identify clients.</u>** 

**<u>2. Set standards and norms for each service.</u>** 

**<u>3. Develop capability to meet the set standards.</u>** 

**<u>4. Perform to achieve the standards.</u>** 

**<u>5. Monitor performance against the set standards.</u>** 

6. Evaluate impact through an independent mechanism.

7. Continuous improvement based on monitoring and evaluation.

#### **Social Audit**



- Social audit refers to the joint audit of a scheme by the government and the people, particularly those who are directly affected by the scheme or its beneficiaries.
- <u>Social audit is a process</u> in which details of resources used by public agency for development initiatives are shared with people often through public platforms, which allows end users to scrutinize the impact of developmental programs.
- <u>Benefits</u>: Social audit serves as a potent tool to foster transparency, accountability, and active participation of the people in schemes that are intended for their welfare.

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

**<u>1. Multi-Perspective/Polyvocal</u>:** Reflect the views of all the stakeholders.

**<u>2. Comprehensive:</u>** Report on all aspects of the organisation's work and performance.

**<u>3. Participatory:</u>** Encourage participation of stakeholders and sharing of their values.

**<u>4. Multidirectional:</u>** Stakeholders share and give feedback on multiple aspects.

**5. Regular:** Produce social accounts on a regular basis so that the concept and the practice become embedded in the culture of the organisation covering all the activities.

**<u>6. Comparative:</u>** Provide a means whereby the organisation can compare its performance against benchmarks and other organisations' performance.

7. Verified: Social accounts are audited by a suitably experienced person or agency with no vested interest in the organisation.

**<u>8. Disclosed:</u>** Audited accounts are disclosed to stakeholders and the wider community in the interests of accountability and transparency.

## **SIGNIFICANCE OF SOCIAL AUDITING:**

- <u>Accountability and transparency:</u> Public scrutiny reduces the gap between government and people.
- Improves professionalism: It forces public authorities to keep their records maintained and updated systematically.
  E.g. Kumli Gram-Panchayat of Chhattisgarh, where social audit has improved the professionalism in the Gram Sabha.
- A mandated performance audit not only increases the efficiency and effectiveness of a scheme, but also <u>creates</u> <u>a positive impact on governance.</u>

- **Promote democracy at grassroot level:** Social audit enhances the influence of Gram Sabha, the mainstay of the rural governance structure.
- <u>Participatory and democratic process</u>: It encourages individuals to participate in programm implementation and makes them more open to social development efforts.
- Identifies Implementation Gaps: It enables civil society to determine the disparity between the desired and actual effect of any initiative, programme, or service.

 <u>Highlights governance shortcomings to</u> generate demand for the rural economy: Serves as a foundation for establishing management policies by making expectations in a socially responsible and accountable way by identifying genuine issues. <u>Disadvantaged and vulnerable groups are</u> strengthened, and good governance is facilitated.

#### **IMPEDIMENTS IN REAPING THE BENEFITS OF SOCIAL AUDITS IN INDIA:**

- <u>Not institutionalized:</u> not all States in India have created independent social audit units as there is no obligation to institutionalization of SA.
- Lack of stringent penalty: Flouting of Social Audit principles and norms does not attract any penalty or legal proceeding which makes it a toothless exercise.
- Lack of awareness: Lack of awareness among Gram Sabha members and their social audit rights. Thus effective participation is being hindered and schemes missing public scrutiny.

- Due to <u>linguistic and cultural limitations</u>, there is no consistent social audit methodology among States.
- It is a <u>time-consuming procedure</u> for state authorities, hence the requirement for dedicated officers at the village level just for Social Audit.
- Absence of trained auditors.

## MEASURES REQUIRES TO STRENGTHEN THE FRAMEWORK OF SOCIAL AUDITING:

- Enact a model act in line with Meghalaya's social audit legislation: The Meghalaya Community Participation and Public Services Social Audit Act, passed in April 2017, made Meghalaya the first state in the country to enact a social audit law.
- Integration of social auditing for public awareness: In Chhattisgarh, apart from MGNREGA, the social audit team gathers complaints about other issues and passes them on to the Gram Sabha's Sarpanch and Sachiv.

- Independent social audit units: In Andhra Pradesh, the Society for Social Audit, Accountability, and Transparency was founded as an independent body free of government intervention.
- <u>Strengthening the propriety auditing of CAG</u> and implementing guidelines of CAG on social auditing which institutionalize the practice of social auditing.
- Social audit units should have an independent governing body and adequate staff. Rules must be framed so that implementation agencies are mandated to play a supportive role in the social audit process and take prompt action on the findings.





## **E-GOVERNANCE**



#### **E – GOVERNANCE DEFINITION**

• <u>World Bank defines</u> "e-Governance as the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government".

 <u>e-governance</u> is the use of power of information technology by the government to ease the process of governance.

### **FACTORS FACILITATING E- GOVERNANCE**

- Increasing digital population: Affordable smartphones and Internet access have made India a digital nation with an estimated 750 million connections and a thriving financial technology sector.
- Increasing digital services: Digital platforms providing goods and services, including online education and telemedicine, have grown vigorously during the COVID-19 pandemic, while many professionals have maintained productivity by working from home.

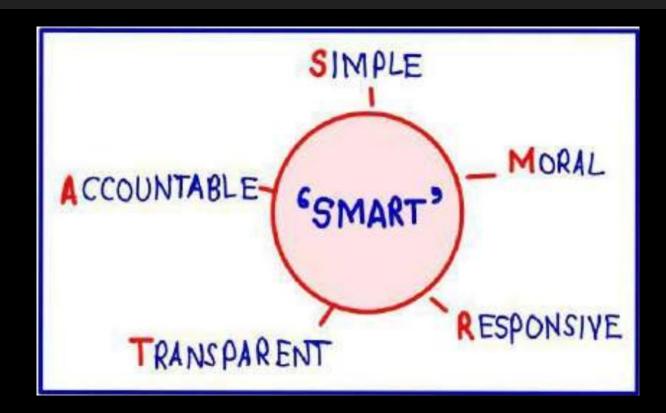
- <u>Rising digital economy</u>: As per the Digital payments report of the RBI, between 2015-16 and 2019-20, digital payment volumes have grown at a compounded annual growth rate of 55.1 percent.
- <u>Modern problems:</u> With the world moving towards new era of digitisation, it is necessary for government to adopt modern methods of governance to tackle new threats of modern time like cyber fraud, fake news etc.
- <u>COVID-19 has further accelerated Digitalisation:</u> Industry body NASSCOM and McKinsey and Co said that COVID-19 had accelerated the digitisation process across industries, and technology service providers saw a jump of 30% digital transformation deals since the pandemic's outbreak.

## **IMPORTANCE OF E-GOVERNANCE**

- Avoid Duplication
- Simplifying bureaucratic procedures.
- Great efficiency
- Greater coordination communicationion
- Enhanced transparency
- Information sharing between agencies.

- Faster service delivery
- Greater efficacy
- Increased flexibility of service use
- Innovation in service delivery
- Greater participation
- Greater citizen empowerment
- Citizen participation

#### **SMART FEATURES OF E-GOVERNANCE**



• <u>S-Simple:</u> Government rules and procedures need to be simplified to make them more user-friendly.

• <u>M-Moral</u>: Since anti-corruption and vigilance agencies have improved, officers are being instilled with ethics and values.

• <u>A-Accountable</u>: Establishment of performance criteria and the effective measurement of those standards.

• <u>R-Responsive</u>: Service delivery that is efficient and government that is responsive to the people.

• **<u>T-Transparent</u>**: Information that was once kept secret is now available to the public, bringing equity and the rule of law in government departments.

# According to 2nd ARC interactions in governance happen at Government To Citizen (G2C), Government To **Government (G2G)** including **Government To Business (G2B) LEVEL.**

## **GOVERNMENT TO CITIZEN (G2C):**

- Ease of service delivery: Ensuring speedy, quality, easy and last mile service delivery. For instance, maintaining digital land records helps correct identification of the beneficiaries of government programs <u>E.g beneficiaries</u> of EWS reservation.
- Plug loopholes and leakages: Availability of information in the public domain and its ease of accessibility to citizens INDUCE transparency and accountability in the delivery process: <u>E.g. online tracking options.</u>

 Facilitates consensus-oriented governance by facilitating people's participation in governance. **Real time governance:** With the help of e-governance, the government can swiftly resolve citizen grievances, incidents and weather and climatic events across the state in real time, leveraging technology services. E.g CPGRAM. • Enhanced security for citizens: Better coordination and timely sharing of intelligence between security agencies

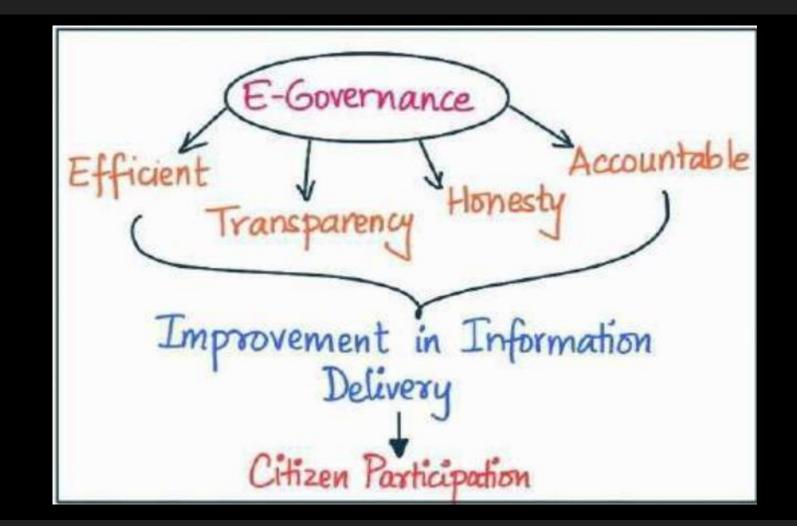
## **GOVERNMENT TO BUSINESS (G2B):**

- Improved interaction with industry and business.
- **Timely approval of projects and tracking** of the projects and policies are important for industrial growth.
- ICT(Information & Communication technology) helps provide single window clearance, thus improving Ease of doing business. <u>E.g Central Board of Excise and</u> <u>Customs begun implementation of the Single Window</u> <u>Project to promote Trading Across Borders in India as</u> part of the "Ease of Doing Business" initiatives

## **GOVERNMENT TO GOVERNMENT (G2G)**

- e-Administration: Automation of Administrative Processes increases the efficiency of operations and processes and reduces unnecessary delays.
- Real Time Monitor Infrastructure Projects: <u>E-Samiksha</u> is used by the cabinet secretary and Prime Minister to monitor the progress of projects and policy initiatives, as well as the follow-up activities of different ministries, in real-time.

- Flatter organization: ICT led to the involvement of all levels in decision-making thus reducing hierarchy.
- Improved relationship between the government and its workers by increasing accountability. E.g. Sandes messaging application etc. Cost and Paperwork Reduction: Transfer of information and files take place online, thus reducing the physical movements and
  - consumption and storage of huge piles of paper.



#### INITIATIVES BY GOVERNMENT TO PROMOTE E-GOVERNANCE

#### Central level e-governance initiatives:

Aadhaar: It is a unique identification number issued by UIDAI that serves as proof of identity and address based on biometric data. It is being used to provide many benefits to the members of the society. myGov.in: National citizen engagement platform Ο where people can share ideas and be involved with matters of policy and governance.

 UMANG: Unified Mobile Application that provides access to central and state government services including Aadhar, Digital Locker, PAN, Employee **Provident Fund services, etc. Digital Locker:** Helps citizens digitally store important documents like mark sheets, PAN, Aadhar, and degree certificates. This reduces the need for physical documents and facilitates easy sharing of documents.

- PayGov: Facilitates online payments to all public and private banks.
- Mobile Seva: Aims at providing government services through mobile phones and tablets. The m-App store has over 200 live applications which can be used to access various government services
- Computerisation of Land Records: Ensures that landowners get digital and updated copies of documents relating to their property.
- **DigiSevak**: Platform connects interested citizens with the government to volunteer for various Digital India activities by Ministries and agencies of government.

- Jan Dhan Accounts, DBT, Bharatnet: These efforts have paved way for the financial inclusion
  - and citizens centric efforts.
- PRAGATI (Pro-Active Governance and Timely Implementation): Aimed at starting a culture of **Pro-Active Governance and Timely** Implementation. It is also a robust system for bringing e-transparency and e-accountability with real-time presence and exchange among the key stakeholders.

#### State level e-governance initiatives:

- E-Seva (Andhra Pradesh): facilitates payment of utility bills, issuance of certificates, licenses and permits.
- Khajane Project (Karnataka): digitalized the treasury system of the state.
- FRIENDS (Kerala): is a single-window facility to pay taxes and other financial dues to the State government.
- Lokvani Project (Uttar Pradesh): Single-window solution relating to the handling of grievances; land record maintenance and providing a mixture of essential services.

# **CHALLENGES TO E-GOVERNANCE**

#### **Technical Challenges:**

- Integration of ICT: Among central states and other levels of administration. Integration of data is the main problem.
- Lack of privacy protection: The Absence of comprehensive data protection regime is an added concern.
- Security: Transaction security is another major problem in e-governance. The tax fine and bill payment must be secured and the system design should be fully proof.

**Challenges of cyberspace:** There have been incidents of hacking of websites which make it tough for people to share personal details. The growing concern about the security of cyberspace and misuse of data is still holding back. E.g. Dec 2022 cyber-attack on AIIMS. **Recurrent server breakdown:** Many times the delay in O service to customers is attributed to technological errors like server has gone down etc. For Example: server breakdown at railway ticketing center.

#### Social Challenges:

Lack of availability of ICT related applications in vernacular languages: The access of information must be permitted in the local languages for user comfort. There should be technologies to translate the information from English to local languages. Low awareness in rural areas: The majority of India's population resides in rural areas, where there is a lack of awareness about e-governance and the use of new technologies. Many rural residents are not familiar with computers or digital platforms, which hinders their participation in e-governance initiatives and access to digital services.

# **Economic Challenges:**

**Cost:** Implementation, operations and maintenance cost of service provided should be low enough for high cost benefit ratio. Maintainability: IT has been continuously evolving and software is frequently upgraded. Thus, the system must be compatible and maintainable for easily fulfilling emerging needs.

#### Administrative and other Challenges:

Lack of Willingness: Decades of following a D particular mode of governance procedure tends to develop inertia and resistance to change. Further, old skills and habits will require to be replaced with new skills and new processes. • Acceptance: E-governance requires reconfiguration of internal and external structure of public sectors.

#### **STEPS NEED TO BE TAKEN TO OVERCOME CHALLENGES TO E-GOVERNANCE (WAY FORWARD)**

#### **1.Behavioral changes:**

- Political will: The vast scope of e-Governance combined with the enormous task of process re-engineering which will be necessary at various levels and the infrastructural and financial requirements necessarily call for commitment to the vision of e-Governance at the highest political level.
- Overcoming resistance to change: e-Governance has to be a collective effort. Resistance and reluctances would need to be overcome by demonstrating the potential benefits of e-Governance.

#### 2.Procedural measures:

- Effective, efficient and periodic independent evaluation by all organizations of the information available on their websites from the citizens' perspective and then redesign their websites.
- Time bound plan: Each government organization should prepare a time bound plan for providing transactional information through their websites.
- Evaluation of success or failure of e-Governance projects may be done by independent agencies on the basis of parameters fixed.

- Ramping up digital Infrastructure: More e-government projects have to be implemented by building adequate e-infrastructure in rural, tribal pockets and backward regions.
- Training and capacity building: Training would have to be imparted to government officials starting right from the cutting edge level so that any apprehensions of intrusive technology is removed and e- Governance is accepted as an achievable and desirable target

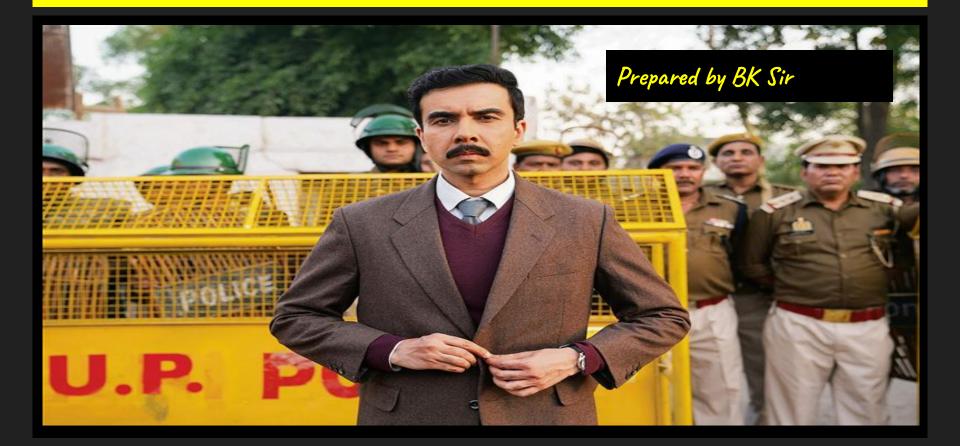
# **4.Financial measures:**

 Public-Private Partnership (PPP): should be promoted in several components of e-Governance projects.
Providing Incentives through budgetary allocations.

## 5.Measures to build capacity of citizens to adopt e-governance seamlessly:

- Developing Awareness among citizens:. The success of e-Governance lies in increasing the number of electronic interactions between citizens and the government and not merely in building the infrastructure of e-Governance.
- Enhance Digital Literacy: At the citizen level, along with connectivity, enhancing digital literacy will be important in encouraging take-up.

# **ROLE OF CIVIL SERVICES IN DEMOCRACY**



The civil service is a sector of government composed mainly of career civil servants who are permanent government officials appointed to run the country with the mandate to serve the nation with public Interest.



# CONSTITUTIONAL PROVISIONS RELATED TO CIVIL SERVICES:

Article 309: It empowers the Parliament and the State legislature to regulate the recruitment, and conditions of service of persons appointed, to public services and posts in connection with the affairs of the Union or of any State respectively.

- Article 310: Anyone holding any post connected civil services holds office during the pleasure of the President or Governor of the State.
- Article 311: Dismissal, removal or reduction in rank of persons employed in civil capacities under the Union or a State.
  Article 312: All India Services.

**<u>1.Policy Advice</u>**: They help the executive define policy areas. They propose ideas, assess choices, build a plan for present policies, and make required adjustments.

2. Institutionalise socio-economic change: They are vital to development, the welfare state, and modern ideas.

**Example - BN Yugandhar, introduced the 2 rupee-a-kg rice scheme.** 

**Example** - The Lohit district administration under Prince Dhawan IAS provided provisions and supplies to migrant labourers during the lockdown and gave them jobs afterward.

**<u>3.Record-keeping</u>**: governmental officials keep daily records according to government standards and criteria.

**<u>4. Enforce laws:</u>** It guides society's behaviour. <u>Example</u>: SR Sankaran, a 1956 "People's IAS officer" in Andhra Pradesh, eradicated bonded slavery and pioneered social initiatives for vulnerable groups, especially the Safai Karamchari Andolan. **<u>5.Watchdogs</u>**: They safeguard public assets. **Example:** Sanjiv Chaturvedi's IFS in Kurukshetra filed a FIR against contractors for illegal tree cutting and hog deer poaching. **<u>6.Channel of Communication:</u>** They work on the ground, providing advice to CEOs and ministers and connecting citizens and policymakers.

**<u>7.Agent of development:</u>** The services promote modern agriculture, industry, trade, finance, and digital divide bridging.

**Example** -Rajiv Mehrishi Committee on COVID-19 economic impact.

**Example** - Armstrong Pame, built a 100-km road in a remote Manipur hill without government assistance.

8. Civil servants have power and accountability at various government levels.

**Example** - First IAS officer to disclose assets was U. Sagayam. His research on illegal granite-mining in Madurai resulted in accusations against many prominent politicians and businesses.

## **Factors impeding Civil Services:**

**<u>1.Promotion Inconsistencies</u>**: Many states don't follow the Civil Services Board's advice. Civil personnel may be politically obedient due to transfer and promotion fears.

**Example** - Manoje Nath, in 1980, as Bokaro SP, he arrested the Bokaro Steel MD in a corruption case and was transferred within 24 hours after barely four months in service.

**<u>2. Lack of Transparency & Accountability:</u>** Committees and studies have determined that the civil service has grown unethical and that public perceptions of its uprightness, neutrality, and fairness have deteriorated.

**<u>3.Political intervention</u>** causes unfair transfers and tenure instability.

**<u>4.Outdated Rules & Procedures:</u>** that prohibit civil officials from acting independently and efficiently.

**Example:** Seniority-based promotion.

**5.Administrative Acquiescence:** Over-centralization in policy and management structures that govern the public service makes them too complex and restrictive.

**<u>6.Elitist Nature:</u>** Civil servants may resist change because they value their benefits and chances.

7.Lack of dynamism: The Indian Civil Service prioritises internal processes over results.

8. Lack of Professionalism and Capacity Building:

Governance reformers have long debated generalists vs. <u>specialists</u>.

<u>9.Ineffective Incentive Systems:</u> Honest civil servants are not rewarded. <u>Ashok Khemka</u> transferred 50 times in 30 years

#### **10.Corruption resulted due to erosion in values and ethics.**

**Example** - ED raids collected 19 crore cash and property papers worth Rs 150 crore from Jharkhand top official Pooja Singhal.

**<u>11.Red Tapism</u>**: Effective governance with decentralisation and citizen-centricity must replace pre-eminence of governance.

**12. Prevalence of "Transfer Industry":** Many officers are transferred before three years for no good reason.Due to political connections, backing, and caste or religious favour, many officials stay in their posts for a long time, depriving other capable officers.

**<u>1.360-degree appraisal</u>:** Example - Malaysia follows annual performance appraisal system for promotion and career advancement of Civil services.

2.Promoting e-office, strengthening training, and Merit-based postings.

**<u>3.Promote integrity:</u>** Strengthen anti-corruption institutions:

- Verifying vigilance operating manuals and directions.
- Recruitment, placement, and training activities for placement transparency.

**4.Insulating Civil Servants from Political** 

Interference, establishing a civil service posting and transfer board, Professionalisation with Stability of Tenure & Competition.

**<u>5.Outcome-Oriented</u>** - Model Code of Governance to compare governance standards.

**<u>6. Specialised care:</u>** Early specialisation by officers based on their education and skills is the key to civil service reform.

7.Refocus training on current difficulties and challenges and Mid-career exams/skill assessments may determine future postings.

8. Enacting code of ethics for Civil services: India has no civil servant Code of Ethics, unlike other nations.

## **Reforms undertaken by the Government:**

**<u>1.Civil Services Exam Reforms</u>**: Reforms include changing the exam schedule, adding stages like the Civil Services Aptitude Test (CSAT), and adjusting the age limit and number of attempts.

**<u>2. Performance-Based Incentives:</u>** The government has adopted performance-based incentives for civil officials to inspire and reward excellence.

**<u>3.Digital Initiatives:</u>** To reduce administrative processes and improve service delivery, the government has established many digital initiatives.

**4.Training and Capacity Building:** Civil servants can train and upgrade their skills at the Lal Bahadur Shastri National Academy of Administration and the National Centre for Good Governance.

**Example - Mission Karmayogi**, the National Architecture for Civil Services Capacity Building, intends to change the Government of India's capacity building apparatus at individual, institutional, and process levels.

**<u>5. e-Samiksha Portal:</u>** A real-time online mechanism for monitoring and following up on Government Apex-level decisions on significant Government programs/projects.

6.Civil Services Board: In 2013, the Supreme Court ordered the Centre and states to establish a civil services board to review bureaucrat transfers and postings to protect the bureaucracy from political meddling and stop political bosses from transferring civil servants.

- All states must have a civil services board to assign officials.

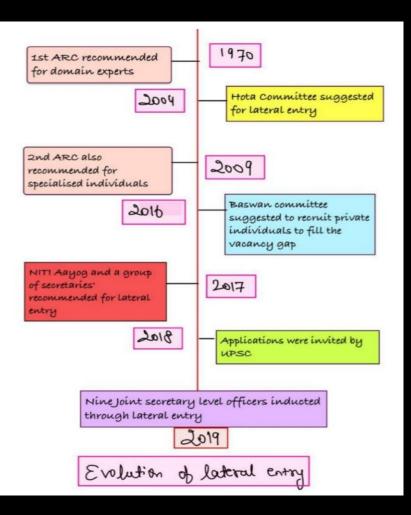
7.Upholding Ethics and Integrity: The government emphasises ethics and integrity in the civil service. Civil officials' ethical behaviour has been promoted by strengthening the code of conduct.

## Conclusion

Civil Service capacity is essential for providing a wide range of services, executing welfare programmes, and governing. To build civil service capacity and efficiently deliver services to citizens, work culture, public institutions, and modern technology should be organically linked.

## **Lateral Entry**

Lateral entry in India involves hiring non-civil servants for high government positions. It adds topic expertise, varied perspectives, and specialized talents to the bureaucracy.



**<u>1.Expertise and Specialized Skills:</u>** Lateral entry recruits' experts with specialised knowledge and skills not widely available in the public service. This can help the government solve difficult problems and control specialised regions.

2. Lateral entrants can bring new ideas, perspectives, and problem-solving methods. Example - Nandan Nilekani, Montek Singh Ahluwalia, Vijay Kelkar, Arvind Subramanian, and Raghuram Rajan are outsiders who run committees and organisations. **<u>3.Efficiency and Effectiveness:</u>** Lateral entry can streamline operations, use technology, and bring best practises from other sectors to government.

**Example - RV Shahi, the Union power secretary from** 2002 to 2007, also came from the private sector.

**4. Fill the officer vacancy gap:** roughly 1,500 IAS officers are needed (Ministry of Personnel Data)—Baswan Committee (2016) recommended lateral entry.

**5. Bridging the Talent Gap** 

#### **Arguments against lateral entry:**

**<u>1.Field Experience</u>**: The civil service has more field experience than external talent.

**<u>2. Issue with implementation:</u>** Career civil employees are better at connecting policy making and ground level execution than external talent.

**<u>3. History of Failures:</u>** Even domain specialists fail sometimes. <u>Example</u>: Air India.

**<u>4.Motivated interest:</u>** People have varied interests and motives. Thus, short-term lateral entry of officials can lead to unethical practises.

**<u>5.Undermines civil servants' role:</u>** Civil servants are institutionalised and efficient. They'll be demoralised by lateral entry.

6. All of the recruits are not joining: Nine joint secretaries were chosen in 2019, eight of whom joined. One director-level inductee did not join the civil aviation ministry in the second round.

# Way forward

**<u>1.Strengthening the recruitment process</u>:** Instead of lateral entry, focus on strengthening the recruitment process. Transparency, efficiency, and merit-based examination of candidates' knowledge, skills, and competencies might improve it.

2. Training and capacity building: Instead of depending on lateral entry to bring in specific expertise, investing in comprehensive training and capacity-building programmes can help existing civil servants expand their skills and knowledge. **<u>3.Collaboration and partnerships:</u>** Instead of relying entirely on the civil service's experience, external organisations can bring in specialised knowledge and skills.

4. Leveraging technology and innovation: Technology and innovation can boost civil service efficiency. **Example** - Digital transformation, data analytics, automation, and artificial intelligence can improve service delivery, expedite operations, and boost public servants' skills.

# Conclusion

While there are challenges associated with lateral entry, a well-designed and carefully implemented approach can harness the potential benefits and contribute to more effective governance and public service delivery in India.

### **GOVERNMENT POLICIES & INTERVENTIONS IN VARIOUS** SECTORS



# **MEANING AND INTRODUCTION**

Public Policies are governmental decisions that are the result of the efforts undertaken by the government to achieve specific goals and objectives. It necessitates a deeply intertwined relationship and interaction between the major governmental agencies like the political executive, legislature, bureaucracy, and judiciary.

# **TYPES OF PUBLIC POLICY**

• **Substantive Policies:** These are those policies that are concerned with the overall welfare and development of society, such as programmes that provide education and employment opportunities, economic stabilization, and law and order regulatory oversight. E.g. Right to Education Act.

• **Distributive Policies:** These are intended for a particular section of society and are associated with the provision of goods, public welfare, or health care services. E.g. Public **Distribution System** (PDS) in India

- <u>Redistributive Policies:</u> These are associated with the reorganization of policies that are concerned with attempting to bring about fundamental social and economic changes. Certain goods and services that are distributed inequitably are streamlined. <u>E.g.</u> <u>JAM Trinity and DBT Scheme</u>.
- The government of India's initiative to link Jan Dhan accounts, mobile numbers and Aadhaar cards of Indians to plug the leakages of government subsidies.

 <u>Capitalization Policy</u>: Under this policy, Union governments provide financial assistance to State and Local governments. E.g Pradhan Mantri Mudra Yojana (PMMY). • **<u>Regulatory Policy:</u>** These are concerned with the regulation of trade, business, safety precautions, and public utilities. These regulations are made on behalf of the government by organizations like LIC and RBI.

# **NATURE/CHARACTERISTICS OF PUBLIC POLICY**

• **<u>Public Interest:</u>** The policy-making strategy is guided by a larger public interest. E.g. **Ministry of Social Justice and Empowerment** came up with a draft National Policy on Persons with Disability (PwD) for the welfare of persons with disability.

- <u>Goal Oriented:</u> Public policies are developed and implemented to achieve the objectives set by the government for the ultimate benefit of the common people in general.
- Collective actions: It is the course of action of the government officials and stakeholders in a collective sense rather than their discrete and segregated decisions. E.g. Swachh Bharat Mission nudging society as a whole to improve cleanliness.

 Participatory and consultative: Various stakeholders, government and the various government organs participate in public policy making and can influence the policy process.

 <u>Dynamic</u>: It's a never-ending mechanism that necessitates daily resources and encourages input. It also evolves.

- <u>Future-oriented:</u> Policymaking hinges on the future, incorporating ambiguity and skepticism. These essential elements foster critical thinking and anticipation, shaping effective and resilient policies.
- <u>Describes the government's concern</u>: It involves the government's actions in response to a specific major issue on which the policy is based. It has the backing of the law and authority.

### **CHALLENGES IN PUBLIC POLICY**

- <u>Complex Problems:</u> Public policy deals with multifaceted and intricate issues such as poverty, healthcare,education, and climate change, which require comprehensive solutions.
- <u>Stakeholder Management:</u> Balancing the interests of various stakeholders, including government, private sector, civil society, and marginalized groups, can be challenging due to competing demands and conflicting priorities.

 <u>Limited Resources</u>: Public policy formulation and implementation are often constrained by limited financial and human resources, making it difficult to address all societal needs adequately. • **Political Dynamics:** Policy decisions are influenced by political considerations, electoral cycles, and vested interests, which may undermine evidence-based and long-term solutions.

- Implementation Gap: Translating policy intentions into effective on-ground implementation is a persistent challenge, often due to bureaucratic inefficiencies, corruption, and lack of coordination between different agencies.
- Policy Evaluation: Regular and rigorous evaluation of policy outcomes is necessary to assess effectiveness, but it is often neglected, resulting in ineffective or outdated policies.

# **MEASURES NEEDED TO BE TAKEN**

#### **1.For Better policy formulation:**

- <u>Decentralizing policy-making</u> exercise and separating policymaking from implementation e.g.Panchayati raj institutions, the Gram Sabha has substantial power to decide on the policy-making process.
- Improving the flow of information from outside the government and participation of all stakeholders and civil society in policy-making.
- Increase the budgetary allocation to social security schemes.

- <u>Collect real-time empirical Data</u>.
- Rigorous legal and constitutional <u>scrutiny</u> before the law and policy formulation
- <u>Building linkages</u> among government agencies and academic institutions.
- **2.For better Implementation:**
- <u>Building a sound delivery mechanism</u> which involves effective participation of people at ground level.

- <u>Convergence of schemes:</u> It will save administrative costs as well as empower the beneficiaries to choose effectively. • <u>Awareness</u> on the part of people regarding details of schemes as well as their entitlements.
- Provisions of <u>social auditing</u> should be ensured.

### Conclusion

The future of governance in India is bound to become more complex leading to disputes and disagreements over different visions of growth and development. In responding to these challenges, the urgent need is for public policy-based analyses in which every stakeholder has a voice and where every voice adds dimension and meaning to the development discourse. The need for ensuring public policy effectiveness is essential to achieve good governance.

# MEANING, ISSUES AND CHALLENGES ASSOCIATED WITH DEVELOPMENT PROCESSES



#### GOOD GOVERNANCE

# **DEVELOPMENT: MEANING AND INTRODUCTION**

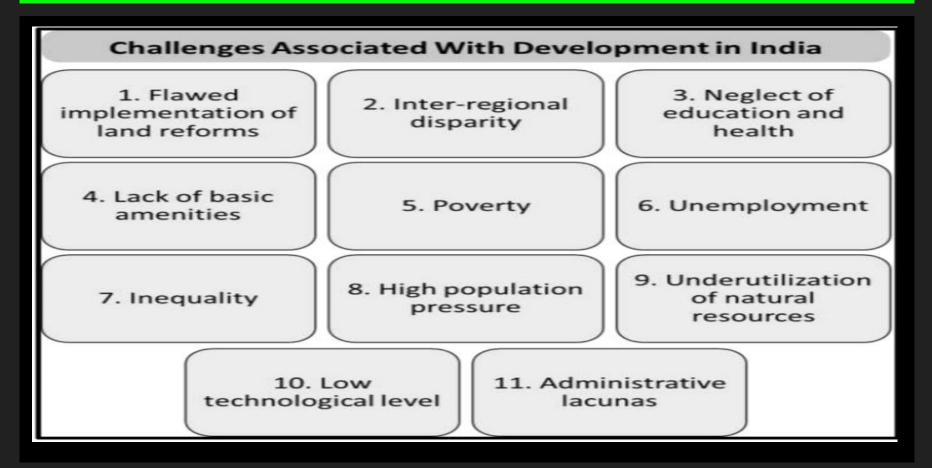
**Development can be characterized as the journey** towards societal transformation, empowering individuals to fulfill their inherent capabilities. Amartya Sen's perspective views development as a political endeavor, aiming to eradicate constraints that impede citizens from exercising their reasoned agency, thereby expanding their choices and opportunities.

## **DIMENSIONS OF DEVELOPMENT**

- <u>Human development</u>: Amartya Sen advocated a human capability approach to human development. It focuses on the well-being of those at the bottom rather than the efficiency of those at the top.
- Political development: It is described as anything done by a government agency (or a development organization) for the benefit of others (e.g. farmers in a developing country). It's referred to as a democratic mechanism because it raises concerns about who has the authority to do something to whom.

- <u>Economic development</u>: The mechanism by which a country develops the economic, political, and social well-being of its citizens.
- <u>Social Growth:</u> Investing in people is what social development entails. It necessitates the elimination of obstacles so that all people can confidently and dignifiedly pursue their dreams.
- <u>Sustainable Development</u>: The Brundtland Report describes sustainable development as development that meets current needs without jeopardizing future generations' ability to fulfill their own. The United Nations has developed Sustainable Development Goals (SDGs), which are a set of broad objectives that must be met by 2030.

#### **CHALLENGES ASSOCIATED WITH DEVELOPMENT IN INDIA**



- Flawed Implementation of land reforms: After independence, land reforms failed to achieve its target. This not only led to stagnant agricultural growth but also further exacerbated the historical unequal resource distribution.
- Inter-regional disparity: Due to the failure of the agriculture sector and flaws in the planning of industrial development regional disparity arose. This culminated in social unrest and protests for reservation by the dominant caste started.

Education and Health remained neglected : India needs to spend 6% of its gross domestic product (GDP) on education, every national education policy (NEP) since 1968 has said. In Budget 2023-24, 55 years since that recommendation, India has allocated only 2.9% of its GDP to education. • Lack of access to basic amenities: In 2011, according to the Census of India, nearly 7 per cent of India's

population lives in rural and slum areas. 46.6 percent of households in India have access to drinking water within their premises.

- **<u>Poverty</u>: According to the Global Multidimensional Poverty Index, around 22.8** crores i.e. 16.4% of the Indian population is poor. This hinders their effective participation in the development process, and they have limited choices to exercise.
- <u>Unemployment</u>: The unemployment rate in India was 8.11% in April 2023, the highest since September 2016.

- **Inequality of income and wealth:** Though India is 5th largest economy, it has high inequality in terms of distribution of wealth and resources.Example - The 2023 report by Oxfam, titled "Survival of the Richest" showed that India's top 5% own more than 60% of the country's wealth, while the bottom 50% of the population possess only 3% of the wealth.
- <u>High Population Pressure:</u> According to the 2011 Census, India had a population density of 382 per square kilometer as against the world population density of 41 per square kilometer. Also, in April 2023 India surpassed China and became the highest populated country.

- <u>Underutilization of natural resources</u>: India is abundant in natural resources such as land, water, minerals, and energy. These resources, however, are usually underutilized due to issues such as remote places, antiquated technology, and a lack of finance.
- Low technological level: New technologies are developed every day. They are, however, costly and need workers with a high level of ability to use in manufacturing.
- Administrative lacunas: Poor urban planning, corruption, poor implementation of government schemes, lack of empathy for poorer sections of the society etc. have contributed to lower development.

# **NON-GOVERNMENTAL ORGANIZATIONS (NGO)**

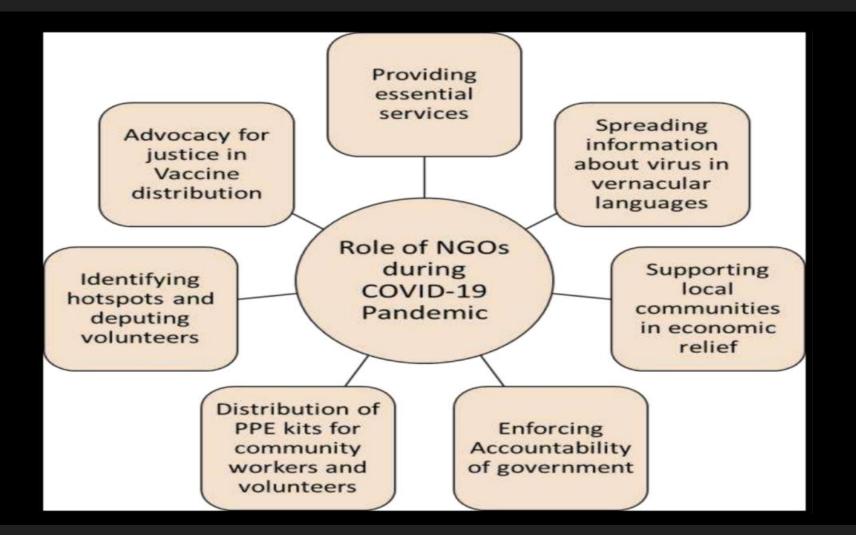


#### **NGO OR NON-GOVERNMENTAL ORGANIZATION**

NGO is defined by the World Bank as "a not-for-profit organization that pursues activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development".

<u>CONSTITUTIONAL PROVISIONS RELATED TO</u> <u>NGO -</u>

- <u>Article 19(1)(c):</u> Allows the right to form associations.
- <u>Article 43</u> to promote cooperatives in rural areas.
- The <u>Concurrent List</u> mentions charitable institutions, charitable and religious institutions.



**<u>1.Welfare scheme implementation:</u>** Due to their proximity to the public, NGOs serve as a link between the government and end users. Thus, NGOs broadly play three roles in the implementation of government welfare schemes: implementer, catalyst, and collaborator.

**<u>2.Capacity building:</u>** They play a critical role in bridging gaps by conducting research to aid policy-making, building institutional capacity, fostering independent dialogue with civil society and assisting people in leading more sustainable lives. 3.Fighting social evils and protecting human rights: Thanks to the efforts of NGOs, the government has outlawed sex determination of fetuses because it contributes to evils such as the abortion of female fetuses.

**4.Economic growth and development**: NGOs have emerged as key players and collaborators in Economic growth and development efforts.

**5.Function in areas where the government is reluctant to enter:** Caste is a topic with which no government wants to tinker.

6.Complement state services: Education and healthcare are two major examples where government-run schools and hospitals are in short supply, particularly in rural areas, lacking adequate resources. However, these programs are supplemented and complemented by NGOs.

## THE IMPACT OF NGOs: CASE STUDIES FOR BETTER UNDERSTANDING

- **<u>1.Imparting education:</u>** Kerala Sastra Sahitya Parishad, a massive NGO, is largely responsible for the state's 100 percent literacy rate.
- **2.Securing the interest of the poor:** NGOs in cities like Mumbai, such as <u>YUVA and SPARC</u>, have consistently protested the demolition of huts and simultaneously worked to improve the quality of life in the sprawling slum clusters.

**3.Role in disaster management:** NGOs assist in rescue operations during disasters and also provide vocational training centers. <u>E.g. Rapid Response</u> is an award-winning NGO, providing disaster response and preparedness services across India.

**4.Fighting environmental pollution**: NGOs can bring in global deals, such as reforms to combat hazardous waste controls, landmine bans, and greenhouse gas and pollution control on a global scale.

o E.g. The <u>Centre for Science and Environment</u> has been a leading voice on pollution, toxins in food and beverage, and other important issues **<u>5.Protecting health and life:</u>** E.g. During the first wave of the COVID-19 pandemic in India, <u>Aid India</u> had already been working on welfare initiatives.

6.Child rights: Bachpan Bachao Andolan have liberated more than 90,000 children in India from child labour, slavery and trafficking.

7.Good Weave International, a network of non-profit organizations dedicated to ending illegal child labour in the rug-making industry provided the first voluntary labelling, monitoring, and certification system of rugs manufactured without the use of child labour in South Asia.

#### **CHALLENGES ASSOCIATED WITH NGOs:**

**1.Concerns related to their Legitimacy and** Accountability: According to the CBI, there is one NGO for every 600 Indian people. However, there is a lack of transparency among NGOs in India and Just 10% of NGOs filed annual income and expenditure statements.

**<u>2.Corruption and Misuse of Funds:</u>** It is a common occurrence for serious allegations of misuse and misappropriation of funds obtained as grant-in-aid from the government, and international donors, and collected from the NGOs' resources.

**<u>3.Lack of Professionally Trained Personnel:</u>** One of the major challenges faced by NGOs in India is a lack of professionally trained personnel.

**4.Lack of Volunteerism/Social Work among Youth:** Volunteerism is dwindling and becoming more professionalized daily and recent social work graduates are interested in pursuing a career in professionalism.

**5.Lack of Funds:** The majority of NGOs in India are operating on a shoestring budget. The government does not have 100% grants in assistance and delays the approval of grants for a variety of programmes.

**<u>1.Effective monitoring:</u>** The government should appoint commissions of inquiry or committees to investigate NGOs' financial mismanagement. E.g., Government must take the cue from 2017, the Supreme Court order, where the apex court ordered the government to conduct an audit of 30 lakh NGOs.

**<u>2.Effective implementation of FCRA:</u>** FCRA should be effectively implemented to ensure that the foreign contributions are not utilized for illegal activities ensuring that their functioning is not hampered in resource sharing.

**<u>3.Cooperative approach</u>**: Universities, colleges, and schools can work together with non-governmental organizations (NGOs) to conduct campus interviews with young graduates involved in volunteering. **4.Concentrating on remote regions:** In India, rural areas account for 65 per cent of the population. As a result, NGOs must expand their operations in rural areas to enlist the help of village residents in improving their lives.

**<u>5.Technology intervention:</u>** NGOs can make use of cutting-edge technologies such as the internet and websites to raise funds, form mutual alliances, advertise their goods, and hire qualified personnel. **<u>6.Applaud NGOs' contributions:</u>** As welfare agencies, NGOs should uphold a high level of service quality. The government should also honor such NGOs by bestowing awards or providing additional funding.

#### WAY FORWARD:

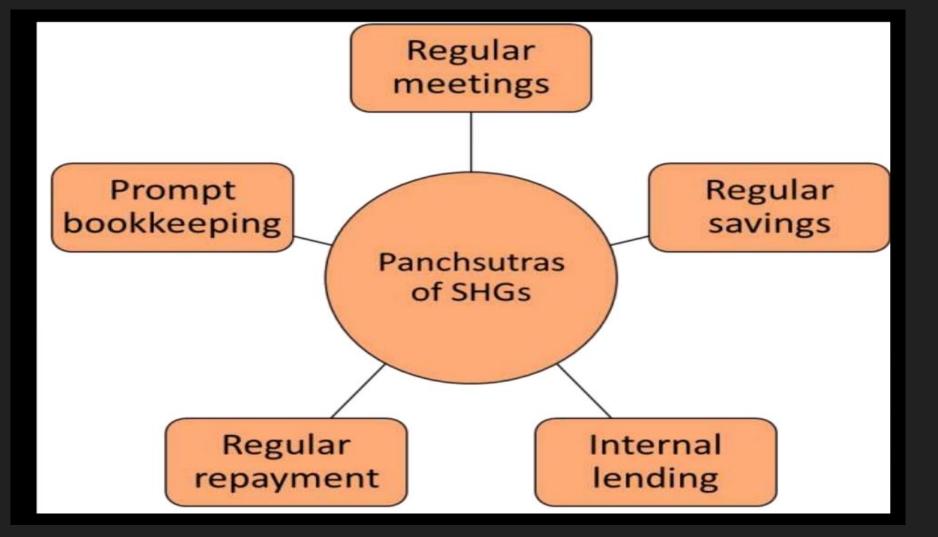
• Better cooperation between the government and NGOs is needed to ensure that social welfare schemes are delivered effectively rather than being hampered in their implementation. NGO regulators should ensure that laws are followed in a fair, open, and non-partisan manner, free of political interference, to increase public trust and confidence in both the regulator and the NGOs.

#### **SELF-HELP GROUPS (SHG)**



# **Definition** -

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



#### **OBJECTIVES OF SHGs:**

- Members' savings and banking practices should be instilled.
- To protect them against financial, technological, and moral threats.
- To allow for the use of a loan for constructive purposes.
- Obtaining economic stability using a loan or credit.

- To profit from mutual experience in terms of organizing and handling their finances, as well as sharing the proceeds among themselves.
- To raise awareness among women in the target area about the importance of SHGs and their role in their empowerment.
- Encourage women to save and make it easier for them to build their own capital resource base.
- To encourage women to take on social responsibilities, especially those related to women's growth.

#### Origin of SHGs in India



### **NEED OF SELF-HELP GROUP (SHG) IN INDIA:**

**<u>1.Tackle poverty:</u>** The very presence of SHGs is critical in making people living in poverty optimistic and self-reliant.

**<u>2.Implement government programmes:</u>** Various programmes for rural upliftment have been implemented by the Indian government and by various state governments.

**<u>3.Women empowerment:</u>** Women play an important role in the Indian economy, both on a national and household level. They account for one-third of the country's workforce.

**<u>4.Local support</u>:** SHGs are based on cooperative concepts which provide a platform for participants to offer each other support. It is regarded as a source of empowerment.

**5.Access to the formal financial system:** SHGs bring together very vulnerable people who do not have access to the formal financial system. Transparency and accountability are usually missing in communities. **<u>1.Economic self-sufficiency</u>**, involvement in village affairs, and education literacy are some of the socio-economic benefits.

**<u>2.Improves women's status:</u>** Women's social capital is built through regular group meetings, which increases their status in the family and society.

**<u>3.Improves health and living standards:</u>** According to an NFHS-4, women who engage in "participatory learning and intervention" have a lower maternal mortality rate and lower neonatal mortality rate. **<u>4.Women from rural areas are mobilized:</u> SHG** architecture is estimated to have mobilized about 46 million rural poor women. These organizations have proven to be successful, particularly in terms of providing financial intermediation services to unbanked rural women.

**<u>1.SHG members lack the necessary</u>** <u>expertise</u> and orientation to pursue viable and profitable livelihood options.

**<u>2. Poor Infrastructure:</u>** The majority of these SHGs are in rural and remote areas with no road or rail access. Electricity continues to be an issue.

**<u>3.Lack of training and capacity building:</u>** The majority of SHGs operate on their own, with no assistance from the government in terms of professional development or capacity building. **<u>4.Politicization</u>: In SHGs, political affiliation and** intervention have become major issues. **<u>5.No security</u>: The SHGs depends on the members'** shared trust and confidence. The SHGs' deposits are not stable or safe.

#### **MEASURES TO MAKE SHGs EFFECTIVE:**

**<u>1.The government should be a facilitator and</u>** promoter, and create a conducive atmosphere for the SHG movement's growth and development. **2.Increasing the number of SHGs in** credit-deficient areas of the country, like Madhya Pradesh, Rajasthan, and the North-Eastern states. **<u>3.Focus on Rapid expansion of financial infrastructure</u> as well as comprehensive IT-enabled connectivity and capacity-building initiatives.</u>** 

**4.Extension of Self-Help Groups to Urban/Peri-Urban Areas** given the fact that many Urban poor remain financially excluded, attempts should be made to increase their ability to generate income.

**<u>5. A separate SHG monitoring cell</u>** must be created that collects both quantitative and qualitative data.

6.Commercial banks and NABARD, in partnership with the state government, would continue to innovate and design new financial products for these classes.

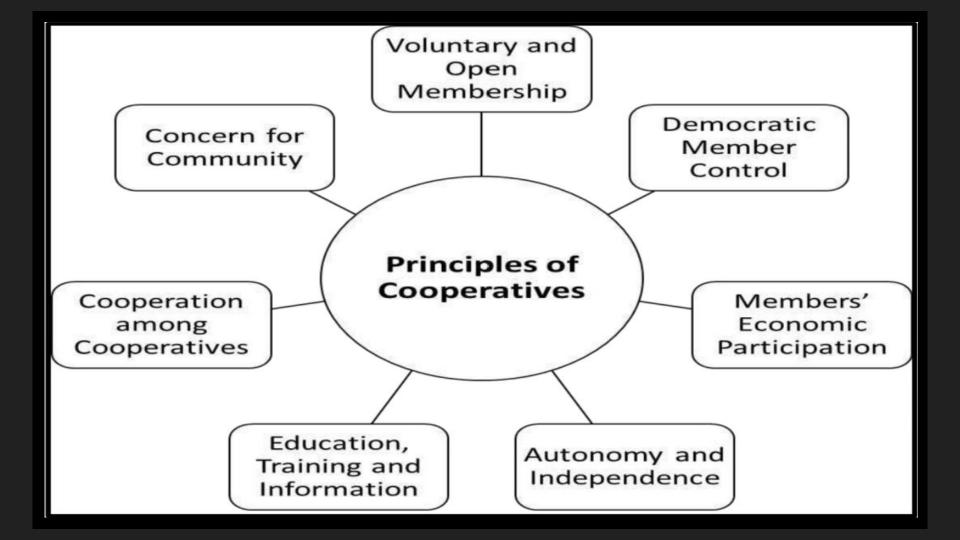
## **COOPERATIVES IN INDIA**



Prepared by BK SIR

### **COOPERATIVES IN INDIA**

- A cooperative society is a voluntary association of individuals having common needs who join hands for the achievement of common economic interests.
- Its aim is to serve the interest of the poorer sections of society through the principle of self-help and mutual help.



# Contribution of the cooperatives sector to India's growth story:

- **Boost to the rural economy:** Cooperatives cover around 97% of Indian villages and around 19% of the agricultural credit is disbursed by the cooperatives.
- <u>Economies of scale:</u> The cooperative sector has been able to foster economies of scale. <u>E.g.</u>, In the dairy sector, there are more than 45,000 cooperatives with nearly 60 lakh members.
- Inclusive growth: The cooperative sector has been instrumental in the prevention of economic power accumulation and provided for a wider dispersal of ownership of productive capital.

• <u>Fertilizer sector</u>: Indian Farmers Fertiliser Cooperative Ltd. is a cooperative of more than 40,000 cooperatives. With its vast network, it has been able to reach more than 5.5 crore farmers.

• <u>Promotion of Organic Farming</u>: Sittilingi Organic Farmers Association is a cooperative engaged in organic farming and promotion of Ragi, bajra etc. It has been improving the incomes of farmers engaged with payment of Rs. 2 to 3 per kg more than the market price for produce.

• Innovation: The cooperative sector has been instrumental in innovation in rural areas. E.g. AMUL has added 102 new products, and IFFCO has organized rigorous training in the usage of drones for its members.

• <u>Welfare</u>: Cooperative societies provide bargaining powers to their members, e.g. Cooperative Spinning Mills and Weavers cooperative societies have helped to prevent the exploitation of lakhs of weavers.

• Employment: The cooperative sector imparts self-employment to more than 17.8 million people and the cooperatives related to fisheries, labor, and gender cooperatives have played an important role in improving the socio-economic conditions of weaker sections.

# Some of the Issues and Challenges in the Cooperatives Sector:

- <u>Regional imbalance</u>: The cooperative sector is more developed in the western and southern parts of the country as compared to eastern such as West Bengal, Odisha, Bihar and north-eastern areas.
- <u>Restricted coverage</u>: Most of these societies are confined to a few members and their operations extended to only one or two villages. As a result, they have limited resources.

• Lack of professionalism: The cooperatives are facing a shortage of skilled workforce and an inability to attract efficient personnel.

• **Dual regulation of cooperative banks:** Cooperative banks are under dual regulation of RBI and the State government which reduces their accountability.

• <u>Defective management</u>: The cooperative credit system has been chastised because it is mostly controlled by landlords and large farmers. As a result, small and medium-sized farmers and marginalized sections do not receive their fair share. They are also denied help from cooperative societies. • Political interference: According to sociologists like Sujata Patel and Daniel Thorner, political intervention is a formidable barrier to the growth of cooperative movements. In rural India, cooperative societies have become a hotbed of politics. Beneficiaries are often chosen based on political reasons.

• <u>Lack of coordination</u>: At the grassroots stage, there has been a lack of coordination among the institutional entities. Co-operative defaulters may become borrowers for other agencies. Due to a lack of coordination, such double funding and overlap are discovered.

#### **Steps Taken by the Government:**

- <u>Ministry of cooperation</u>: The ministry has been established to realize the vision of 'Sahakar se Samriddhi' (prosperity through cooperation).
- <u>NAFED</u>: The National Agricultural Cooperative Marketing Federation has been established to assist the marketing cooperatives in the States to develop their marketing business and to help them render better services to their members.

• <u>Computerisation of PACS</u>: The Cabinet had approved the Computerisation of 63,000 functional <u>Primary Agriculture Credit</u> <u>Societies</u> to bring transparency, and efficiency, improve trustworthiness and help PACS to become the nodal delivery service at the point at the Panchayat level.

- <u>Cooperative societies on the GeM Platform</u>: The cabinet has approved the registration of cooperative societies as 'Buyers' on Government e-Marketplace.
- <u>Multi-State Cooperative Societies (Amendment) Bill, 2022:</u> The Bill has been introduced in the Parliament to amend MSCS Act, 2002 with a view to strengthening governance, enhancing transparency, increasing accountability and reforming the electoral process, etc. in the Multi-State Cooperative Societies.

# Way Forward:

- Enlarge credit portfolio: To enroll the younger generation, cooperatives must provide financial services for the construction of houses and the purchase of consumer durables in the digital form.
- **<u>Digitalisation</u>**: Cooperatives need to adopt digital technologies and computerisation in a big way to attract youth as well as reach out to marginalized and needy people.
- <u>Participation and empowerment of Society members</u>: Legally specify the contours of democratic participation by members and enhance member education programmes by comprehensively revamping the existing arrangement for education.

• <u>Visionary leadership</u>: Leaders such as Tribhuvandas Patel (Amul), Vithalrao Vikhe Patil and Thathya Sahib Kore had the ability to convert a crisis into an opportunity. The cooperative sector is again in need of such leadership.

• <u>The weak and inefficient cooperative societies should</u> <u>either be abolished or merged</u> with strong and efficient ones.

 Institutional credit should be earmarked not only for small farmers, tenants and sharecroppers but also for landless workers and artisans.

## **Conclusion** -

Cooperatives are the most effective means of preserving the spirit of collectivism and democracy. They play a vital role in encouraging collectivism and sustaining the country's social capital basis. Thus they need to be protected, promoted and mushroomed with missionary zeal.

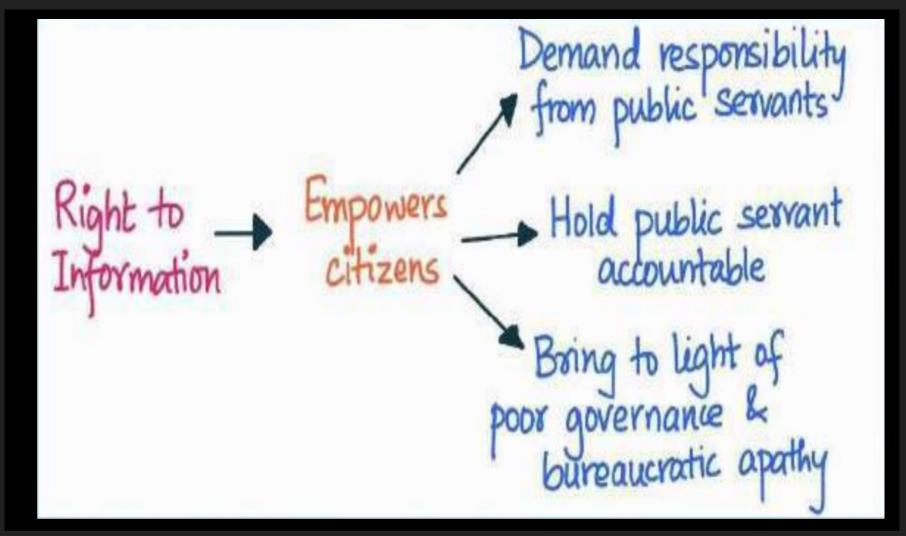
# WAYS AND MEANS TO ENSURE TRANSPARENCY & ACCOUNTABILITY

# ACCOUNTABILITY TRANSPARENCY

Prepared by BK SIR

# **RIGHT TO INFORMATION (RTI)**

- <u>Right to Information (RTI)</u> law, was the result of a vibrant grassroots movement, led not just by the educated elite but common man across the country, that eventually resulted in the passage of the historic law in 2005.
- <u>RTI as Fundamental right:</u> The right to information has been upheld by the Supreme Court as a fundamental right flowing from <u>Article 19</u> of the Constitution, which guarantees every citizen the right to free speech and expression.



• The genesis of RTI law began in <u>1986</u>, when the Supreme Court ruled in the case of <u>Mr. Kulwal vs.</u> Jaipur Municipal Corporation, that the right to freedom of speech and expression guaranteed by <u>Article 19 of the Constitution specifically includes</u> the right to information, since freedom of speech and expression cannot be completely exercised by people without information.

In 1990, the former Prime Minister of India, <u>Shri.</u>
<u>V.P. Singh</u> proposed the RTI Act in India.

• <u>Mazdoor Kisan Shakti Sangathan</u> (MKSS) launched the first grassroot movement for the implementation of RTI in 1994.

• In 1997, <u>Tamil Nadu</u> became the first Indian state to enact RTI legislation.

• On the advice of the <u>National Advisory Council</u> (NAC), the bill for the current RTI Act, 2005 was passed in <u>May 2005</u>, and the RTI Act, 2005 went into effect on October 12, 2005

#### **ISSUES AND CHALLENGES IN IMPLEMENTATION OF RTI**

- <u>RTI is crippled by rising backlog:</u> Seventeen years after the Right to Information (RTI) Act, came into force, there has nearly 3.15 lakh pending complaints or appeals with 26 information commissions across India.
- Most Commissions are functioning at reduced capacity:

- The report card on the Performance of Information Commissions in India, released by Satark Nagrik Sangathan (SNS) and the Centre for Equity Studies (CES) in October 2020.

- <u>Functioning without Chief</u>: The report card revealed that nine out of 29 information commissions (31%) in the country were functioning without a chief information commissioner.

• Lack of transparency: 20 out of 29 ICs (69%) have not published their annual report for 2020-21. Furthermore, most information commissions have not adopted any norms regarding the number of cases a commissioner should deal with in a year.

• <u>Exemptions from sharing information</u>: Section 24 of the Act which exempts information related to security and intelligence organizations.

• <u>Killing of RTI activists</u>: Since the implementation of the RTI Act, On average, there have been about 28 RTI activists who have been threatened, attacked, or killed annually. Over 100 RTI activists have died, 182 have been assaulted, and 188 have been harassed or threatened. • <u>Constraints faced in filing applications</u>: There has been non-availability of user guides. Lack of user guide results in undue hardship to information seekers to gather knowledge about the process for submitting a RTI request.

• <u>Poor Quality of Information:</u> Due to lack of infrastructure and adequate processes to comply with the RTI Act, the quality of information provided is very low. The information provided is either incomplete or lacks substantial data.

#### **RECOMMENDATIONS AND WAY FORWARD**

- Ensure better implementation of RTI: Recommendations by The report card on the Performance of Information Commissions in India, released by Satark Nagrik Sangathan (SNS) and the Centre for Equity Studies (CES) should be implemented.
- Ensure prompt and timely response: All information commissions must put in place necessary mechanisms to ensure prompt and timely response to information requests filed to them.

 Ensure relevant information about its functioning: Each information commission must ensure that relevant information about its functioning is displayed on its website. This must include information about the receipt and disposal of appeals and complaints, number of pending cases, and orders passed by commissions. The information should be updated in real time.

• Ensure submission of annual reports: Information commissions must ensure that, as legally required, they submit their annual report to the Parliament/state assemblies in a reasonable time. Violations should be treated as contempt of Parliament or legislature, as appropriate. • <u>Mechanism for online filing</u>: ICs in collaboration with appropriate governments should put in place a mechanism for online filing of RTI applications, along the lines of the web portal set up by the central government.

• <u>Balancing with Privacy Right</u>: This right is enshrined within the spirit of Article 21 of the Constitution. The right to information must be balanced with the right to privacy within the framework of law.

• <u>Open Data Policy:</u> Government institutions should put all disclosable information on their respective websites. By this, the petitioners may immediately access whatever information they need.

# **Conclusion** -

We can assert that the Right to Information Act of 2005 is an instrument that effectively combats corruption and ensures the accountability of various government bodies, agencies, and departments to the public. By doing so, it serves as a safeguard against arbitrary state action, thus epitomizing the essence of responsible democracy.

# **WHISTLEBLOWERS' PROTECTION ACT**

Whistleblowing is the act of exposing the alleged bribery, incompetence, corruption, fraud, or unethical behavior within public, private, or third-sector organizations by an authority figure or the public.

#### **SALIENT FEATURES OF THE ACT:**

• <u>Protecting whistle-blowers:</u> It protects people who report abuse, deliberate misuse of authority, or arbitrary use of discretion of any power by a public official from harassment, as well as keeping whistle-blowers' identities secure.

• <u>Limited time frame for complaint filing</u>: The <u>law</u> <u>prohibits anonymous allegations</u> and expressly specifies that until the plaintiff establishes his or her identity, no action can be taken by a competent authority. • <u>Criminalize false claims</u>: Anyone who unintentionally or maliciously discloses the identity of a plaintiff faces a sentence of up to three years in prison and a fine of up to Rs 50,000.

• <u>Appeal to high court</u>: Any individual who is aggrieved by a Competent Authority order has sixty days from the date of the order to file an appeal with the concerned High Court.

• <u>The Act does not apply to staff and officers of the Special</u> <u>Protection Group (SPG)</u>, which was formed under the Special Protection Group Act of 1988.  Protection from disclosing identity: The Vigilance Commission shall not disclose the identity of the complainant except to the head of the department if deemed necessary. The Act penalizes any person who has disclosed the identity of the complainant.

## **ISSUES WITH WHISTLE BLOWERS' PROTECTION** ACT, 2014:

- <u>The implementation of the WhistleBlower Protection Act</u> <u>has been delayed</u>. As a result, some people have been harassed, attacked, or killed for their position as RTI activists or whistleBlower.
- <u>Anonymous complaints not allowed:</u> The act does not allow anonymous complaints which is defeating the very purpose of the act. E.g. Submission of the identity of the officer can be revealed and become a threat of life, for instance <u>Satyendra Dubey</u>.

- Organizational execution is ineffective: In several industries, the whistle blower policy manual is not used to offer instructions to workers on the whistleblower programme.
- The whistle blowers have very little protection in India and hence they are wary of sending documentary evidence either to the regulator or to their employers.
- <u>Too many exemptions</u>: It makes a lot of information inaccessible to the public on various grounds

#### **MEASURES NEEDED**

- <u>Appropriate legislation must be enforced</u> to protect innocent whistle blowers.
- Legislation should be enacted immediately to provide protection to whistleblowers on the following <u>lines proposed by the Law</u> <u>Commission:</u>
  - Whistleblowers exposing false claims, fraud or corruption should be protected by ensuring confidentiality and anonymity, protection from victimization in career, and other administrative measures to prevent bodily harm and harassment.

- The legislation should cover corporate whistleblowers unearthing fraud or serious damage to public interest by wilful acts of omission or commission.
  <u>SEBI recently introduced a tipping mechanism.</u>
  - SEBI will award up to ₹1 crore for information and successful action against insider traders. It has also created a "cooperate and confidentiality" mechanism.

# **LOKPAL AND LOKAYUKTAS ACT 2013**

- The Lokpal and Lokayukta Act of 2013 established a <u>Lokpal for the Union</u> and a <u>Lokayukta for the</u> <u>States.</u> These organizations are statutory entities with no constitutional standing.
- They perform the function of an "ombudsman" and inquire into allegations of corruption against certain public functionaries and for related matters.

• The first institution of ombudsman (Similar to Lokpal and Lokayuktas in India) was officially founded in <u>Sweden</u> in 1809.

• In India, the idea of a constitutional ombudsman was first suggested in parliament in the early 1960s by then-law minister Ashok Kumar Sen. Dr L. M. Singhvi invented the terms "Lokpal and Lokayukta".

• The First Administrative Reforms Commission proposed in 1966 the establishment of two autonomous authorities, one at the federal level and the other at the state level, to investigate complaints against public officials, including MPs. The Second Administrative Reforms
Commission in 2005, recommended that the
Lokpal office be created as soon as possible.

• Anna Hazare's "India Against Corruption" movement placed pressure on the government at the Centre, resulting in the Lokpal and Lokayuktas Bill, 2013, being passed by both Houses of Parliament. • Fair investigation and prosecution: The preambular statement of The Lokpal and Lokayuktas Act, 2013 notes that the law has been enacted to ensure prompt and fair investigation and prosecution in cases of corruption against public servants.

• <u>Maladministration</u> is like a termite which slowly erodes the foundation of a nation and hinders administration from completing its task. Corruption is the root cause of this problem.  Most of the <u>anti-corruption agencies are hardly</u> <u>independent.</u> Even the Supreme Court has termed CBI as a "caged parrot" and "its master's voice".

• Lack of Independence: The vast majority of our agencies, such as the CBI and state vigilance department's working, are not transparent and accountable to the general public.

• <u>They act as an "ombudsman"</u> and investigate charges of misconduct against some public officials, as well as other matters.

# **SALIENT FEATURES OF LOKPAL ACT 2013**

• <u>Wide Jurisdiction</u>: The Lokpal has jurisdiction to inquire into allegations of corruption against the Prime Minister, a Minister in the Union government, or a Member of Parliament, as well as officials of the Union government under Groups A, B, C and D.

• <u>Autonomy in enquiry and prosecution</u>: The Lokpal will have to appoint an Inquiry Wing, headed by a Director of Inquiry, and a Prosecution Wing, headed by a Director of Prosecution.

# **POWERS OF THE LOKPAL:**

• Jurisdiction: The Prime Minister, Ministers, Members of Parliament, Groups A, B, C, and D officers and officials of the Central Government are all subject to Lokpal's jurisdiction.

• **Proactive Disclosure:** The Lokpal Act requires all elected officials to disclose their assets and liabilities, as well as those of their dependents.

• <u>Power of civil court</u>: The Lokpal's Inquiry Wing has been given the authority of a civil court.

- In exceptional cases, Lokpal has the authority to seize properties, proceeds, receipts, and benefits obtained through corruption.
- Ensure neutrality: Lokpal has the authority to recommend the transfer or suspension of a public servant accused of corruption.
- Preserve evidence: During the preliminary investigation, Lokpal has the authority to issue orders to avoid the destruction of documents.

# **ISSUES ASSOCIATED WITH LOKPAL ACT**

- Lacking Constitutional backing: The Lokpal has no constitutional backing, and there are no appropriate mechanisms for challenging Lokpal's decisions.
- <u>Delay in appointments</u>: For more than five years, the chairperson and members of the Lokpal were not appointed since the inception of the act.

• Not covering Judiciary: The greatest flaw is the Lokpal's removal of the judiciary from its purview.

 Overlap in Lokpal, CVC probe may cause **confusion:** The Act provides that the Lokpal may refer complaints about government officers to the CVC, which would send a report to the Lokpal regarding officials falling under Groups A and B while proceeding under the CVC Act against those in Groups C and D.

# **MEASURES REQUIRED TO BE TAKEN**

- <u>Appointments of Lokpal</u>: The Department of Personnel and Training, which works as a nodal Ministry for both Lokpal and CIC, refused to provide a copy of the minutes.
- <u>Greater accountability:</u> Greater right to information, and citizen and citizen group empowerment are all needed.

• Functional autonomy and availability of manpower: To tackle the problem of corruption, the institution of the ombudsman should be strengthened.

• <u>Early disposal of cases</u>: Lokpal gets 1,427 complaints in 2019-20, out of which 80% cases are still pending hearing.

• Ensure Active participation of opposition in appointment: The amendment act in 2016, enables the leader of the single largest opposition party in the Lok Sabha to be a member of the selection committee in the absence of a recognized Leader of Opposition.

# **Microfinance Institutions**



# What are Microfinance Institutions?

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

## What are the benefits of Microfinance?

- <u>Credit to Low-Income Borrowers:</u> Microfinance provides credit to the poor people with low income and assets who face difficulty in accessing finance from formal banking institutions. They help in providing funds to small entrepreneurs in poor regions.
- <u>Collateral-Free Loans</u>: No collateral is required for Microfinance loans. This helps persons with little or no assets to access credit.

 Financial Inclusion: Microfinance helps those sections of population who are unable to access credit from Banks/formal institutions.

• Income Generation: Loans provided by MFIs help small entrepreneurs set-up/expand/scale-up their operations. This enables them to improve their income.

 <u>Women Empowerment</u>: Microfinance facilities have proven to be vital in providing financial independence to women and thus empowering them • <u>Rehabilitation</u>: Microfinance is able to provided access to finance in naxal areas as well. It has thus helped in rehabilitation of the conflict-affected people.

• **<u>Rural Development</u>**: Microfinance boosts economic activities in the rural area and thus aids in rural development. It helps create livelihood opportunities as well.

• <u>Encourage Self-Sufficiency and Entrepreneurship</u>: MFIs can provide much-needed funds to an individual for the establishment of a new business that requires small investment and offers long-term profit. Thus they promote entrepreneurship and self-sufficiency among the lower-income population.

# What are the challenges associated with Microfinance?

• Financial Illiteracy: Financial illiteracy leads to lack of awareness about various MFIs, and the services the offer. This makes the poor people reluctant to approach the MFIs.

• Inability to Generate Funds: MFIs face difficulty to raise sufficient funds as they are generally not 'for-profit'. This restricts their access to funds from private equity investors or other market-based avenues of funding.

• <u>Heavy Dependence on Banks</u>: MFIs are dependent on borrowing from banks. For most MFI's funding sources are restricted to private banks.

• <u>Weak Governance</u>: Many MFI's are not willing to convert to a corporate structure; hence there is lack of transparency. This also limits their ability to attract capital. MFI's face challenge to strike a balance between social and business goals.

• Interest Rate: Some MFIs charge high interest rates, which the poor find difficult to pay. MFIs are private institutions and do not get any subsidized credit for their lending activities. Thus they tend to charge higher interest rate.  <u>Regional Imbalances:</u> There is unequal geographical growth of MFIs and SHGs in India. About 60% of the total SHG credit linkages in the country are concentrated in the Southern States. In poorer regions like in Jharkhand, Bihar etc. where the proportion of the poor is higher, the coverage is comparatively lower. This could be attributed to lack of State government support, NGO concentration and public awareness

What steps have been taken to promote Microfinance in India?

## **<u>1.Government Programmes:</u>**

(a) SHG-Bank Linkage Programme (SHG-BLP): This channel was initiated by NABARD in 1992. This model incentivises women to unite together to form a group of 10-15 members. Women belonging to financial backward classes contribute by giving their individual savings to the group at regular intervals. Loans are provided to the members of the group by their

(b) Micro Enterprise Development Programme (MEDPs): The programme enables SHG members to be up-skilled to take up income generating livelihood activities. The main objective of the programme is to enhance the capacities of participants through appropriate skill up-gradation in existing or new livelihood activities in farm or non-farm activities. It helps enrich knowledge of participants on enterprise management, business dynamics and rural markets;

(c) Livelihood and Enterprise Development **Programme (LEDP):** It was initiated on a pilot basis in 2015 with a view to create sustainable livelihoods among matured SHG members and to obtain optimum benefit from skill up-gradation. (d) Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE): It implements the credit guarantee scheme for Micro and Small Enterprises (MSEs). It has added MFIs to the list of member lending institutions (MLIs).

# **2.Regulatory Initiatives:**

(a) Y H Malegam Committee: It was set-up in the wake of AP Microfinance crisis in 2010. It was constituted by the RBI to study issues and concerns in the Microfinance sector;

(b)Introduction of Regulations for NBFC-MFIs: Based on the recommendations of the Malegam Committee, RBI introduced a comprehensive regulatory framework for NBFC-MFIs.

### What more can be done / Way Forward

• <u>Regulation</u>: The Microfinance sector has expanded a lot in the last 2 decades. Hence there is a need for a comprehensive regulatory framework for the sector, instead of piecemeal and reactive regulatory initiatives.

• Interest Rate Transparency: MFIs are employing different patterns of charging interest rates and a few are also levying additional charges. MFIs should transparently inform the borrowers regarding the interest rate charged on the loans. • <u>Encourage Microfinance Penetration</u>: Encouraging MFIs for opening new branches in areas of low Microfinance penetration by providing financial assistance will increase the outreach of the Microfinance. This will increase rural penetration of Microfinance.

• Expand Product Range: MFIs should provide complete range of products including credit, savings, remittance, financial advice and non-financial services like training and support. This will enable the people from underserved access all financial services.

• Use of Technology: MFIs should use new technologies, IT tools, and applications to reduce operational costs.

 Different Sources for Raising Funds: In the absence of sufficient finances, the reach of MFIs becomes limited. MFIs should look for other sources for funding their loan portfolio e.g., by converting to for-profit company (NBFC).

#### Conclusion

The Microfinance sector has played an important role in ensuring inclusive and balanced development. Yet the benefits of Microfinance have been limited to some regions. Moreover, the sector faces issue of rising bad loans along with several operational challenges for the MFIs. There is a need for comprehensive regulation of the sector to make it more inclusive and sustainable.