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Directorate of Distance Education

B.A. [Public Administration]
II - Semester
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ADMINISTRATIVE THEORY
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Administrative theory refers to the combination of history, organizational theory, social theory, political theory and related studies that is focused on the meanings, structures and functions of public service in all its forms. It often recounts major historical foundations for the study of bureaucracy as well as epistemological issues associated with public service as a profession and as an academic field.

While public management is both the implementation of government policy and also an academic discipline that studies this implementation and prepares civil servants for working in the public service. These two interrelated fields are an essential study for those who are interested in public service.

This book, *Administrative Theory*, examines various issues related to these fields in detail.

This book is divided into fourteen units. It has been designed keeping in mind the self-instruction mode (SIM) format. It follows a simple pattern, wherein each unit of the book begins with the Introduction followed by the Objectives for the topic. The content is then presented in a simple and easy-to-understand manner and is interspersed with Check Your Progress questions to reinforce the student’s understanding of the topic. A list of Self Assessment Questions and Exercises is also provided at the end of each unit. The Summary and Key Words further act as useful tools for students and are meant for effective recapitulation of the text.
UNIVERSITY OF MUMBAI

OVERVIEW OF PUBLIC ADMINISTRATION

UNIT 1

1.0 INTRODUCTION

Public administration is a part of the wider term ‘administration’. Public administration is concerned with the organization of government policies and programmes as well as the behaviour of officials formally responsible for their conduct. It has to play a very significant role as an instrument of development and change. The concept of public administration has been given various interpretations by different thinkers. There are different opinions about the scope of public administration, whether it is the managerial part of the governmental world, or the entire complex of activities of only the executive branch of government or of all branches, i.e., legislative, executive and judicial.

1.1 OBJECTIVES

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

- Discuss the nature of public administration
- Describe the scope and evolution of public administration
- Evaluate the significance of public administration
- Discuss New Public Administration
1.2 MEANING AND SCOPE OF PUBLIC ADMINISTRATION

The concept of public administration has been given various interpretations by different thinkers. As the term itself signifies, ‘public administration’ simply means the activities undertaken by the government to fulfil its desired ends. The difference, however, is only regarding the ‘activities’ which are to be considered as the administrative activities. Some thinkers take a broader view and include all governmental activities having for their purpose the fulfilment of public policy, while others take a narrow view and consider only those activities concerned with the executive branch of the government.

There are some writers who lay emphasis on the function of the implementation of public policy. Similarly, according to J.S. Hodgson, ‘Public administration comprises all the activities of persons or groups in governments or their agencies, whether these organizations are international, regional or local in their scope, to fulfil the purpose of those governments or agencies’.

Thinkers like J.M. Pfiffner lay more emphasis on the coordinating role of the administration. In his opinion, ‘Administration consists of getting the work of government done by coordinating the efforts of people so that they can work together to accomplish their set tasks’. Then there are others who emphasize upon the administrative function of implementing the law of the country. In the words of H. Walker, ‘The work which the government does to give effect to a law is called administration’. However, the definition given by F.A. Nigro is more comprehensive and includes, besides the above mentioned functions, the relationship between public administration and political process, as well as its association with the community as a whole. Nigro defined public administration as, ‘Public administration is cooperative group effort in a public setting, covers all three branches—executive, legislative and judicial—and their interrelationships. It has an important role in the formulation of public policy and is thus a part of the political process. It is more important than, and also different in significant ways from private administration; as a field of study and practice has been much influenced in recent years by the human relations approach. It is closely associated with numerous private groups and individuals in providing services to the community’.

The above definitions take a broader view of the term. There are thinkers who take a narrower view and as students of public administration you should be more concerned with the ideology. In this category comes D. Waldo who defines public administration as ‘The art and science of management as applied to the affairs of state’. According to M. Dimock, ‘Public administration is the fulfilment or enforcement of public policy as declared by the competent authorities. It deals with the problems and powers, the organization and techniques of management involved in carrying out laws and policies formulated by the policy-making agencies.”
or government’. He further adds, ‘Public administration is law in action. It is the executive side of government’.

All these definitions make it clear that public administration is really the government in action. In common usage, it is concerned with the executive, the operative and the most obvious part of the government. In other words, it is mainly concerned with executing the implementing part of the governmental activity, with the question as how law should be administered with equity, speed and without friction. An ignorant Indian villager may not know anything of the constitution of the country, but a daroga or a patwari is a living reality to him. Therefore, public administration comprises the systematic execution of the will of the people which has been discovered, formulated and expressed in the form of laws by the legislature. For instance, the assessment and rating of taxes, the hanging of a criminal, the delivery of mails, the recruitment of the army, etc., are all acts of public administration. To summarize, it may be said that public administration is the non-political machinery of the government carrying on its work for the welfare of the people according to the laws and policies set up by the state. It is the permanent executive as distinguished from the political one. At this stage, you must be clear that public administration has to do with people and not with things. There is a school of thought which holds that in the future the tendency will be a form of administration of persons towards administration of things. But this appears to be only a narrow view. Things may be arranged, but ultimately, it is the participation of the human elements that matters. Things, no doubt, are of great importance to the administrator who arranges them but they cannot be administered by him. Administration has to do with human beings for which it is meant. It is essentially a matter of social relationships. It must not also be forgotten that the administrator is neither a philosopher nor a politician, but the non-political side of the executive.

There are different opinions about the scope of public administration, whether it is the managerial part of the governmental work, or the entire complex of activities of only executive branch of government or of all branches, i.e., legislative, executive and judicial. There are, thus, two divergent views regarding the scope of the study of public administration and they are mentioned below:

(i) Integral view: Public administration is a sum total of all the activities undertaken in pursuit of and in fulfilment of public policy. These activities include not only managerial and technical but also manual and clerical. Thus, the activities of all persons working in an organization from top to bottom constitute administration. In other words, public administration is conceived in a comprehensive sense to include all the activities of the government whether they are performed in the executive, legislative or judicial branches of the government. Public administration consists of all those operations having for their purpose the fulfilment or enforcement of public policy.

(ii) Managerial view: The work of only those persons who are engaged in the performance of managerial functions in an organization constitutes the
administration. They shoulder the responsibility of running the enterprise. Their functions are as follows:

- Planning means working out broad outline of the things that need to be done and the method to be adopted to accomplish the proposed set for the enterprises.
- Organizing means building up the structure of authority through which the entire work to be done is properly arranged and defined in order to achieve the desired goals.
- Staffing means appointing suitable persons to the various posts under the organization.
- Directing means making decisions and issuing orders and instructions and embodying them for the guidance of the staff.
- Coordinating means interrelating various parts of the work and, thus, eliminating the overlapping and conflict in different activities of an organization.
- Reporting means keeping both the supervisors and subordinates informed of what is going on and arranging for the collection of such information through inspection, research and records.
- Budgeting means fiscal planning accounting and control, i.e., all the activities relating to financial management.

The scope of public administration can be divided under Principles of Public Administration and Sphere of Public Administration. According to jurisdictional viewpoint, the sphere of public administration includes the Central Governments, state governments, its regional and local authorities and also the public corporations. Thus, public administration, in sum, includes the totality of government activity, encompassing exercise of endless variety and the techniques of organization and management whereby order and social purpose are given to the effort of vast numbers.

A more comprehensive account of the scope of public administration has been given by Walker. He has divided it into two parts:

(i) Administrative theory: It includes the study of structure, organization, functions and methods of all types of public authority engaged in carrying out the administration at all levels, i.e., national, regional, local, etc. Further, it is a study of all problems connected with the external control of Parliament and the Cabinet over administration, internal control of administrative machinery, judicial control over administration, administrative tribunals, planning, programming and execution of public actions, recruitment of personnel and problems connected therewith research, information, public relations, etc. The emphasis is to find out certain principles of administrative actions which can be usefully applied in practical administration.
(ii) Applied administration: It is difficult to give a comprehensive statement as to what ‘applied administration’ should exactly include because of the new and fast-growing field of public administration. Walker has made an attempt to classify the main forms of applied administration on the basis of ten principal functions, which are as follows:

- **Political:** It includes a study of executive-legislature relationship, politico-administrative activities of the Cabinet, minister-official relationships, etc.
- **Legislative:** It includes delegated legislation, preparatory work done by the officials in drafting of bill for the enactments, etc.
- **Financial:** It includes the whole of financial administration from preparation to the enactment of budget, etc.
- **Defensive:** It includes a study of military administration.
- **Educational:** It covers all the aspects of the educational administration.
- **Social:** All the administration in the social field such as housing, food, social security and employment, etc.
- **Economic:** It covers all the administrative activities in the economic fields, i.e., industries, agriculture, foreign trade, commerce, public enterprises, etc.
- **Foreign:** It covers foreign administration, which includes international cooperation, international agencies for international peace, prosperity, diplomacy, etc.
- **Imperial:** It includes problems and techniques of imperial domination over other nations, etc.
- **Local:** It covers the administration of local bodies.

Although there is much of overlapping in the classification of Walker, it is a good attempt at an exhaustive definition of the applied administration. In a more summarized form, you can say that the applied administration includes the study of administration in the various countries of the world, of various departments of services in the progressive states, of organization at various levels, i.e., governmental, local, national and international of the historical development of the administrative methods and techniques and of the problems connected with the international organizations.

**People and government expectations**

It may be observed that public administration is only a means to the attainment of the objects of the state itself. The scope of public administration varies with people’s expectations of what they should get from government. A century ago they expected chiefly to be left alone. Now they expect a wide range of services and protection. Throughout the world, the demands made by people from governments have
continually increased and in time to come they would further increase. The expansion of government functions inevitably means more of the administrative agencies, more officials and employees. The administrative system consequently grows and becomes diverse. Hence, it is quite natural that although public administration is the administrative branch of the executive organ only, but still its range is quite wide as it varies with people’s idea of a good life.

1.2.1 Significance of Public Administration

There has been a tremendous increase in the importance of public administration with the expansion of state activities. The state is no longer considered as the preserver of status quo, instead of the concept of the service state has been almost universally accepted. The centuries’ old notion of police state which was to be responsible only for the maintenance of law and order and the policy of laissez faire, i.e., least interference in day-to-day activities, has completely lost its relevance. The modern state has undertaken the new role of accelerator of economic and social chance as well as prime mover and stimulator of national development. With this change in the ends of modern state, the purpose of public administration have also been completely reoriented. Its functions have enormously increased in number, variety and complexity and its methodology has grown from the trial and error stage into an orderly discipline with an organized, ever-increasing body of knowledge and experience. Today, you see a great bulk of administrative departments coming into being.

Since a child remains under public administration from ‘cradle to grave’, his birth as well as death is to be registered with the local authorities. There are a number of welfare agencies, which provide all necessary benefits to the child. Besides, all of us use the services of public administration in almost every walk of life.

Public administration is an integral part of the social, cultural and economic life of a nation and is a permanent force in its life. It is possible for a state to exist without a legislature or an independent judiciary but no state can exist without a well-organized administration. Edmond Burke said, ‘Constitute government how you please, infinitely the greater part of it will depend on the exercise of powers which are left at large to the ministers of state. Without proper management, your commonwealth is no better than a scheme on paper and not a living, active, effective constitution’. The powerful and important role played by public administration in the life of a nation led Ransay Muir to remark that in England the minister is a tool in the hands of the permanent executive. In the words of D. Waldo, it is ‘a part of the cultural complex; and is not only acted upon, it acts’. It is a great creative force. Lack of sound administration may bring even the mightiest empire to pieces as was the case with the ancient Roman Empire.

With the great advancement of science and the invention of new techniques at all levels of human activity, the problem of maintaining effective coordination between the administration and the rest of the community has assumed great
importance. The administrator is the essential servant of the new age, which is becoming so complex that neither the bluster of the power politician nor the abundant goodwill of the multitude will avoid breakdown, if, despite the adoption of right policies, wrong administrative steps are taken. Therefore, the pursuit of greater knowledge of public administration becomes the most essential future of civilized government and even civilization itself, rests upon the ability to develop a science and a philosophy and a practice of the administration competent to discharge the public functions of civilized society.

Check Your Progress
1. What is the integral view of public administration?
2. What role has the modern state undertaken, according to the principles of public administration?
3. What has assumed great importance with the advancement of science and the invention of new techniques?

1.3 EVOLUTION OF THE DISCIPLINE AND ITS PRESENT STATUS

The evolution of public administration as an academic discipline falls into a number of critical stages. Some such stages are as follows:

Phase I: 1887–1926

Public administration as a discipline was born in the United States, and that country continues to enrich it even today. Woodrow Wilson, who was teaching Political Science at the Princeton University, and who later became the President of the US is regarded as the father of the discipline of public administration. In an article entitled, ‘The Study of Administration’, published in 1887, Wilson emphasized on the need for a separate study of public administration. He made a distinction between politics and administration and argued, ‘It is getting to be harder to run a constitution that to frame one.’ Wilson’s name is associated with two notable features. He is regarded as the founder of the discipline of public administration. Second, he is the originator of politics–administration dichotomy, which came to dominate the scene for quite some time.

No notable event took place until 1900, when Frank J. Goodnow published his Politics and Administration. In it, Goodnow developed the Wilsonian theme further and with greater courage and conviction. He argued that, politics and administration were two distinct functions of a government. According to him, ‘politics has to do with policies or expressions of the State while administration has to do with the execution of these policies.’ In short, Goodnow posited the political administration dichotomy.
In the early part of the twentieth century many American universities began to take active interest in the reform movement in government, and thus scholars got attracted to the field of public administration. In 1914, the American Political Science Association published a report, which delineated the objectives of the teaching of Political Science. One of the objectives proclaimed was prepared specialist for governmental positions. Thus, public administration was recognized as an important sub-area of Political Science. The subject began to gain increasing spreading. In 1926, appeared the first text book on the subject. This was Leonard D White Introduction to the Study of Public Administration. This book faithfully reflects the dominant theme of the contemporary period; its premises are that politics and administration are to be kept separate; and efficiency and that economy are the watchwords of public administration.

It may, thus, be seen that the dominant feature of the first period was a passionate belief in political administration dichotomy.

Phase II: 1927–1939

The second phase in the history of public administration has as its central theme the ‘Principles of Administration.’ The central belief of this period was that, there are certain principles of administration, and it is the task of the scholars to discover them and to promote their application.

This period opened with the publication of W. F. Willoughby’s Principles of Public administration (1927). The title of the book was very suggestive and indicated very correctly the new thrust of the discipline. This period saw the publication of a number of works, the more important among them are Mary Parker Follett’s Creative Experience, Henri Fayol’s Industrial and General Management, Mooney and Reiley’s Principles of Organization. This period reached its climax in 1937, when Luther H. Gulick and Lyndall Urwick’s Papers on, Science of administration appeared. The use of the word—Science is significant, for Gulick and Urwick implied that, administration was science.

Urwick observed

It is the general thesis of this paper that, there are principles which can be arrived at inductively from the study of human organization, which should govern arrangements for human association of any kind. These principles can be studied as a technical question, irrespective of the purpose of the enterprise, the personnel, comprising it or any constitutional, political or social theory underlying its creation.

What are these principles? Gulick and Urwick coined that acronym-POSDCoRB-to promote seven principles of administration. In short, the years 1927–1937 were, the golden years of principles in the history of public administration. This was also a period when public administration commanded a high degree or respectability and its products were in great demand both in government and business.
Phase III: 1938–1947

The advocates of principles of administration began soon to be challenged, and the period from 1931 to 1947 was, indeed, one of continuous and mounting challenge and questioning. In 1938, Chester I. Barnard’s *The Functions of the Executive* was published and this book did not in the least uphold the stand taken by the writers of the second period like Willoughby, Gulick, Urwick, etc., Herbert, A. Simon wrote an article entitled ‘The Proverbs of Administration’ in 1946, and its argument was further developed in his *Administrative Behaviour*, which was published in 1947 and on which he was awarded the Nobel Prize in the year 1978. The principal thesis of Simon was that there is no such thing as, principles of administration; what are paraded as principles are in truth not better than proverbs.

The claim that, public administration is a science that was challenged by Robert Dahl, in 1947, and he argued that the quest for principles of administration was obstructed by three factors. These were values permeating administration while science was value-free. Besides, human personalities differ and so do the social frameworks within which the organizations have inevitably to operate. As a result of these criticisms, public administration found itself in a deflated position, and the morale of the discipline was low. It was on this note that, public administration entered the fourth phase in its history.

Phase IV: 1948–1970

This period has been one of crisis period for public administration. The brave new world promised by the thinkers of the principles era stood shattered and the future of the discipline appeared to be a little uncertain. Public administration was facing a crisis of identity. Many public administrators responded to this crisis of identity by returning to the fold of the mother science, namely, Political Science. But they discovered that they were not very much welcome to the home of their youth. Many political scientists began to argue that the true objective of teaching in the field was intellectualized understanding of the executive, thus, reversing the objective laid down in 1914, namely, preparing specialists for governmental positions. There was also a talk of continued dominion of Political Science over public administration. The process of de-emphasis of public administration in the larger discipline of Political Science got, if anything, accelerated in the 1960s. In short, this period witnessed the spectacle of Political Science, not only not letting public administration separate itself from it, but also not fostering and encouraging its growth and development within its own field.

Public administration, naturally, was in search of an alternative and the alternative was available in the form of administrative science. Here, too, public administration had to lose its distinctiveness and separate identity and merge with a larger field.
Phase V: 1971 Onwards

Despite the uncertainty and turmoil of the preceding period, public administration registered great progress and entered the seventies with an enriched vision. Public administration attracted, within its fold scholars from various disciplines and thus became, truly interdisciplinary in its nature. Indeed, of all the social sciences, it is public administration which is most interdisciplinary. It is focusing its attention more and more on the dynamics of administration. It is also drawing heavily on the management sciences. Public administration has come closer to policy science and related areas and has been showing ample concern for issues in the field.

The foregoing discussion may invite one criticism from the readers. It seeks to trace the history of public administration solely in the context of the United States. The discipline of public administration would, indeed, become altogether indistinguishable, if the American contribution to it is taken away. The discipline was born in that country, and it strongly bears the marks of its parentage. The USA continues to be the single most important source of literature in the field of public administration.

This is a remarkable feature but should not surprise us very much. The USA is forced by the emergence of what is aptly called, The Organization Man, and is directly experiencing the organizational thrusts and thus is face to face with the administrative phenomenon. The traditions of scholarship in this field, thus, receive continual stimulation and support from the national environment. Not unnaturally, the discipline has learnt to reflect the American concerns and in the process they tend to become universalized.

The evolution and growth of public administration as a distinct discipline, thus, facilitated the creation of philosophy of administration as follows:

- It must bring into sharp focus all the elements entering into the administrative action.
- All elements entering into the administrative action should, then, be integrated and brought into a system of proper and unified relationship.
- Where possible principles are developed, it should be borne in mind that they are valid guides to future action under substantially similar conditions.
- Administration is concerned with both ends and means. A skilful fusion of the two is the test of administrative excellence.
- A philosophy of administration should be conceived in such a way that, if it describes reality and provides reliable tool to the executive, it constitutes a grand total which exceeds the sum of its parts.
- A good administrative system should communicate spirit and a rounded feeling of widespread satisfaction.
Gerald Caiden also listed some of the crucial roles as assumed by public administration in the contemporary society and polity. These are as follows:

- Preservation of the polity
- Maintenance of stability and order
- Institutionalization of socio-economic change
- Management of large scale commercial services
- Ensuring growth and economic development
- Protection of the weaker sections of the society
- Formation of public opinion
- Influencing public policies and political trends

1.4 NEW PUBLIC ADMINISTRATION

Periods of turbulence and instability in history often produce new waves of thought that seek to challenge the traditional contents of academic disciplines and therefore, impart to them a new direction. Since 1968, the evolving discipline of public administration came to be enriched by the emergence of what came to be known as the New public administration. The term came to stay with publication, in 1971, of Toward a New public administration: Minnowbrook Perspective, edited by Frank Marini. This work was largely based on the Minnowbrook conference held in 1968 and New public administration cannot be fully understood except in terms of that academic get-together. Some of the salient features of New public administration were:

- It was anti-positivist in more than one sense. It rejected a definition of public administration as value-free
- It rejected a rationalist and determinative view of mankind
- It also rejected the politics administration dichotomy
- It was anti-bureaucratic and anti-hierarchical
- It was anti-mechanistic in its approach to organization problems, rejecting the over-emphasis on the machine and the system

New public administration therefore, was marked by the above anti-goals. It displayed an intense concern for relevant societal problems. It stressed on ethics and values, innovation and social equality. It laid great emphasis on human relations, a creative approach to administration and social change. It was, therefore felt that to achieve the desired objectives, New public administration must have the following characteristics:

- Increasing orientation towards changing reality
- Influence policies that can improve the quality of working life, as well as have competence to implement such policies
The basic elements of New public administration, as described in the report of a Delphi exercise conducted in 1972–73 by Emanuel Wald at the Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, New York, were:

- A softened normative approach
- Movement towards social technology
- Policy orientation
- Synchronization (that is, revising the traditional breakdown of administrative activity into distinct functional component POSDCoRB)

The major landmarks in the growth and emergence of new public administration were:

- Honey Report on *Higher Education for Public Services*, 1967
- Conference: *Theory and Practice of Public administration*, 1967
- The Minnowbrook Conference, 1968
- Publication of *Toward a New public administration*;
- *The Minnowbrook Perspective*, edited by Frank Marini, 1971
- Publication of *Public administration in a Time of Turbulence* edited by Dwight Waldo, 1971

Check Your Progress

4. Who is regarded as the father of the discipline of public administration?
5. Who wrote the book *Principles of Public Administration*?

1.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The integral view of public administration is that it is a sum total of all the activities undertaken in pursuit of and in fulfilment of public policy.
2. The modern state has undertaken the new role of accelerator of economic and social chance as well as prime mover and stimulator of national development.
3. With the great advancement of science and the invention of new techniques at all levels of human activity, the problem of maintaining effective coordination between the administration and the rest of the community has assumed great importance.
4. Woodrow Wilson is regarded as the father of the discipline of public administration.

5. W. F. Willoughby wrote the book *Principles of Public Administration*.

### 1.6 SUMMARY

- The concept of public administration has been given various interpretations by different thinkers. As the term itself signifies, ‘public administration’ simply means the activities undertaken by the government to fulfill its desired ends. The difference, however, is only regarding the ‘activities’ which are to be considered as the administrative activities.

- The above definitions take a broader view of the term. There are thinkers who take a narrower view and as students of public administration you should be more concerned with the ideology. In this category comes D. Waldo who defines public administration as ‘the art and science of management as applied to the affairs of state’.

- There are different opinions about the scope of public administration, whether it is the managerial part of the governmental work or the entire complex of activities of only executive branch of government or of all branches, i.e., legislative, executive and judicial.

- The scope of public administration can be divided under Principles of Public Administration and Sphere of Public Administration. According to jurisdictional viewpoint, the sphere of public administration includes the Central Governments, state governments, its regional and local authorities and also the public corporations.

- It may be observed that public administration is only a means to the attainment of the objects of the state itself. The scope of public administration varies with people’s expectations of what they should get from government. A century ago they expected chiefly to be left alone. Now they expect a wide range of services and protection. Throughout the world, the demands made by people from governments have continually increased and in time to come they would further increase.

- With the great advancement of science and the invention of new techniques at all levels of human activity, the problem of maintaining effective coordination between the administration and the rest of the community has assumed great importance. The administrator is the essential servant of the new age, which is becoming so complex that neither the bluster of the power politician nor the abundant goodwill of the multitude will avoid breakdown, if, despite the adoption of right policies, wrong administrative steps are taken.
The gradual evolution of the concept of welfare state helped in the growth of the subject of public administration. The welfare movement tremendously enlarged the scope of government functions and administration, since public administration became the chief instrument of social welfare.

In the early part of the twentieth century many American universities began to take active interest in the reform movement in government, and thus scholars got attracted to the field of public administration. In 1914, the American Political Science Association published a report, which delineated the objectives of the teaching of Political Science.

The second phase in the history of public administration has as its central theme the ‘Principles of Administration.’ The central belief of this period was that, there are certain principles of administration, and it is the task of the scholars to discover them and to promote their application.

The claim that, Public administration is a science was challenged by Robert Dahl, in 1947, and he argued that the quest for principles of administration was obstructed by three factors. These were values permeating administration while science was value-free.

Public administration, naturally, was in search of an alternative and the alternative was available in the form of administrative science. Here, too, public administration had to lose its distinctiveness and separate identity and merge with a larger field.

Despite the uncertainty and turmoil of the preceding period, public administration registered great progress and entered the seventies with an enriched vision. Public administration attracted, within its fold scholars from various disciplines and thus became, truly inter disciplinary in its nature. Indeed, of all the social sciences, it is public administration which is most inter-disciplinary. It is focusing its attention more and more on the dynamics of administration.

The USA is forced by the emergence of what is aptly called, The Organization Man, and is directly experiencing the organizational thrusts and thus is face to face with the administrative phenomenon.

Since 1968, the evolving discipline of public administration came to be enriched by the emergence of what came to be known as the New public administration. The term came to stay with publication, in 1971, of Toward a New public administration: Minnowbrook Perspective, edited by Frank Marini.

1.7 KEY WORDS

- **Public administration**: It is the implementation of government policy and also an academic discipline that studies this implementation and prepares civil servants for working in the public service.
• **Organizing:** It means building up the structure of authority through which the entire work to be done is properly arranged and defined in order to achieve the desired goals.

• **Coordinating:** It means interrelating various parts of the work and, thus, eliminating the overlapping and conflict in different activities of an organization.

### 1.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

**Short-Answer Questions**

1. What is New Public Administration?
2. State the nature and scope of public administration.
3. Briefly state the account of the scope of public administration as given by Walker.

**Long-Answer Questions**

1. “The concept of public administration has been given various interpretations by different thinkers.” With regard to this statement, discuss the concept of public administration as given by different thinkers.
2. Describe the features of the various phases in the evolution of public administration.
3. Evaluate the significance of public administration.

### 1.9 FURTHER READINGS


UNIT 2 INTRODUCTION TO NEW PUBLIC MANAGEMENT

2.0 INTRODUCTION

In the previous unit, you learnt about the meaning, scope and significance of public administration. You also learnt about the evolution of the discipline and the concept of new public administration. In this unit, we will discuss the new public management perspective and the state vs market debate. New public management is an approach used to running public service organization that is used in government and public service institutions and agencies, while state vs market discusses the optimum economic approach to distribute goods for public welfare.

2.1 OBJECTIVES

After going through this unit, you will be able to:
- Discuss the principles and characteristics of new public management
- Examine the criticisms of new public management
- Describe the state vs market debate

2.2 NEW PUBLIC MANAGEMENT PERSPECTIVE

The growing fiscal deficit most developing nations have faced since the 1980s forced them to borrow to raise revenue for government, which in return created the problem of indebtedness for them. Public management, though increasingly used since the 1980s, is not yet a fully developed concept. The movement in public management in public administration focussed on the role of top administrative leaders, such as political appointees.
Public management adheres to traditional objective, discipline and social science inquiry and prefers the multi-disciplinary, problem-oriented and clearly normative nature of its policy-oriented kin. The public manager is concerned with the specific functions necessary to organization and implementation of the public policy, i.e., planning, organization, directing and controlling followed by the Luther Gulick’s formula of POSDCORB.

Public policy and public management are partners, convergent in outcome yet with different focus. Lynn combines the theories of managerial and organizational behaviour of senior public executives who pursue public policy. Managing public policy, according to Lynn, is a result of the executive effort directed at affecting governmental outcomes by influencing the processes that design and carry out governmental activity.

You can, thus, say that public management has an important role in effecting policy operations. The concept of public management is the combination of two words ‘public’ and ‘management’. Its contents emphasized on the concepts taken from both political science and business management. While constitutional principles, rule of law, equity, fairness, etc., are the contents of political science, efficiency, financial transactions and benefits are its business ingredients.

Public management is used at both micro and macro level towards the betterment of the policy-making. The public manager deals with the public policy, in managing the policy process and also contributes in implementation of public policy. It is an ongoing process and criteria in making, implementation and assessment of the public policy.

**New Public Management**

The concept of new public management is of recent origin in the new globalization period. As mentioned, it is a mixture of two words—public and management—and its contents highlight the concepts taken from both political science and business management. While constitutional principles, rule of law, equality, justice, sovereignty, etc. are the basic contents of the political science efficiency, cost profit, cost breakdown, planning and implementation constitute its business ingredients. Thus, public management stands for the acceptance of experienced and examined management methods for collective problem solving.

In short, new public management takes what and why from public administration and how from business management. Traditional public administration is generally associated with bureaucracy while the latter is decried and denounced by new public management. Richard Common defines new public management (NPM) as a vast range of contemporary administrative changes. NPM has become a very popular concept. Its secret lies in its appeal as an attractive solution to the problems of big and inefficient government.

The term new public management was invented by Christopher Hood in 1991 and used in his paper *A Public Management for All Seasons*, which was published...
Christopher Hood defines new public management as follows:

- Emphasis on professional management in the public sector
- Emulation of private sector management style
- Shift to the competitive approach, the motivation being to cut costs and raise standards of service and product
- Emphasis on standard setting, performance measurement and goal setting
- Increased concern for output control
- Rules and regulation and economy in resource use
- Unification of massive units into provider producer functions and the introduction of contracting

Another notable contribution in the development of NPM was made by Gerald Caiden. Others who have contributed to NPM are P. Hoggett, C. Pollitt, R. Rhodes, R.M. Kelly, P. Aucoin and L. Terry.

No organizations or institutions whether political, social, economical or even religious, can carry on the work without proper administration or management. Principles of management are now commonly used not only for managing business organizations, but also educational, social, financial and even governmental organizations. Now, the government agencies are freely using progressive modernized and updated management thoughts and principles into their area to carry forward their various policies and activities. No more administrative set up is in their updating with the demand of time and, at the same time; management with its ever changing face is providing the base to reach the goal.

Management is the moral process in all forms of organizations, though it may differ in its complexity with the size of organizations. In other words of Clauds S. George, management is the central core of national as well as personal activities and the way you manage yourself and your institutions reflect with alarming clarity what you and your society will become.

Momentum to public management has principally come from two sources. The first source came from the USA where the dominant view is that management techniques developed and examined in the private sector may profitably be applied in public administration. The second source is now protection or New Right, which believes in authority of the market as the guiding principle for society as whole. By the same count, it calls for the retreat of the state, and argues for deregulation, privatization and agreement management.

The 5 Ds

In a federal set-up, the tendency of centralization should not always be over powering. This was kept in mind while formulating our Constitution. The eighth schedule clearly mentioned the areas of power and functions of the states and...
union governments. The regulatory framework in which the Indian administration was working with prime focus on the instructions of the Centre does no longer hold true.

The process of decentralization calls for making the levels of administration responsive to the local need. With the passage of seventy third and seventy fourth Constitution (Amendment) Acts, 1992, the local government has become a reality. The functions and subjects on which the local bodies shall work are specified in the Eleventh and Twelfth Schedule of the Constitution. This devolution of powers and functions is getting hampered due to the absence of finances and adequate and well trained functionaries.

There has been an increasing tendency of concentrating the administrative machinery either in the state capitals or districts; there is an urgent need to disperse the offices with optimal facilities of funds, finances and functionaries. E-governance can act as both a tool to centralize as well as decentralize, but surely assists in a two-way communication with of course cost and other challenges attached with it. The policies once formulated are given to administrators to implement. The ground realities act as the test for policy execution, thus bureaucrats use the principle of delegation. This could be misused by discretionary application, so clear and specific benchmarks are must.

The exact mix from the two is, however, not easy to determine. In fact, there are two polar view points, which are as follows:

- There are strong similarities between public management and private management. This school of thought favours free transferring of standards of good management of public administration.
- There are some basic differences between public and private management.

It, thus, highlights the exclusive political environment within which public administration is obliged to function. In addition, to these views, there is also a third middle path. This school of thought believes that the truth lies somewhere in between the two extremes. In development of their ideas, the proponents of this take into account both colonial and normative arguments.

In today’s liberalization world administration has been replaced by management. Public administration is also identical with management with overlapping circles. The Indian Institute of Public Administration (IIPA) is not only a professional body but also a source head of all that stands for the best in public management. Earlier, IIPA was a direct training centre for the Indian Administrative Services (IAS) and other services. Now, they are providing training programmes, lectures on the public management, public administration and other fields of the social science with its rich library and training techniques that are needed in public management and administration.

The old picture of administration has been compressed by so many practitioners in various fields that it has lost its shape so much so that it has got
It means the following:

- Planning
- Organizing
- Staffing
- Delegation
- Coordination
- Reporting
- Budgeting

Gulick also identifies following five different aspects of time:

1. Time as an input time
2. Time as output time
3. Time as the flow of events
4. Time as a gap between two or more significant events or processes
5. Timing as a management policy

Gulick clarified that time has realistic and significant connotation for public management. It reflects that the principle of management should eternally tie to the culture in which they arise. He also defined that the culture must evolve appropriately well before major challenges in human organizations as it is not a machine but an organism. He stressed that time must become a central strategic and moral concern in public management. Therefore government must plan and work with this flow in time and for time.

The world has now settled down with the definition of management in its changing scenario with Ms such as men, money, materials and machines; irrespective of the fact whether it is a developed nation or a developing one. In the changing scenario of management, you have begun to realize with the globalization of Indian economy that all our institutions need management discipline. All professional managers, irrespective of their environment ranging from financial management, personnel management, inventory management, etc., have to bring about better result in their wider spectrum to total management.

Human values in public management cannot be ignored. Many scholars have asserted that all management is man management in the final analysis. In the design of an organization, management is the most powerful element. It adopts and adapts the organization to its environment. It shapes the environment to make it more suitable to the organization. It requires coordination at all levels and coordination leadership is a must. It is leadership that ensures synchronization of that activity of people, both at the planning and execution stages.
So, you can say that the public management movement focusses on the role of top managerial leaders, such as political appointees. The concentration of the public management movement on top management has resulted in overlooking the contributions of other levels in administration. It worked blindly as the administrative chain of command except the top.

The concept of NPM defines the way of handling management of an organization with following various methods and techniques of the management. It also follows the rule based on man, money, material and machines.

Political thinker Luther Gulick also emphasizes that time was crucial in the concept of new public management. Without it there is no change, no growth, no cause and effect and no responsibility for management. Gulick describes that all public policy transformations are rooted in the timing and democracy timing is the trademark of the statecraft. A dominant trend in public administration has emerged in 1980s as one of the growing disillusionment with the state as an instrument of social betterment. All over the world, the state discovers itself under siege so as to say, and it is under constant attack, while the governing capacity of the government is seriously questioned.

While people now a days have less faith in the government the need for what Jan Koolman and Martijn Vliet call collective problem solving had not diminished. The remedy has been discovered in the business administration. UA Gunn calls new public management as the third way between the public administration and private administration. J.L. Perry and K.E. Kraemer observe that public management is the merger of the normative orientation of traditional public administration and the instrumental orientation of general management.

**Approach of new public management (NPM) as public choice theory (PCT)**

New public management is a commercial approach to public administration as well as the turning point on the basis of public choice theory (PCT) and managerialism. NPM also believed in the dominance of the market and in private sector management. PCT has resonance with the ‘Neo Right Movement’ or ‘Neo Liberalism’.

Market model—the dominant model of the governance in the NPM schema introduces competitive elements in the public administration with marketization, privatization and downsizing being its key features. The two defining pillars of NPM are public choice theory and neo Taylorism. New public management is anti-bureaucratic and it must be viewed in a larger perspective, which is more than anything else. It marks an aggressively managerial approach in public administration and thus can be seen as a direct criticism of the traditional model of public administration.

Public choice theory has exercised a powerful pressure upon the policy-making since the 1970s. It seeks to communicate an altogether new direction to the public
New public management administration. It gives itself to a market value and thus closes down the control of the government in respect of the supply of public services, as an alternative introduces the principle of challenge. As the public bureaus are exposed to competition, there is a continuous search for improvement in service standards. People get the option of choosing between competitive service suppliers and now power is decentralized. New public management is thus dressed up in the language of management and imported methods and techniques for the profitable sector. It is characterized by three powerful business features like management, service and client orientation and market type mechanism. However, Osborne’s and Gaebler’s book, Reinventing Government: How the entrepreneurial spirit is transforming the public sector, can be a roadmap for designing a government on the wide principles of NPM. The following are to be considered:

- Catalytic government that is based on direction-finding rather than rowing or self-creating
- Community owned government that believes in empowering rather than serving
- Result-oriented government that believes only in the outputs and not in the inputs
- Mission-oriented government that change rule of determined organizations
- Consumer-driven government that believes in meeting the needs of the customer and not the bureaucracy
- Enterprising government that believes in earning rather than spending
- Preventative government that believes in prevention better than cure
- Decentralized government that believes in the substantive participation and team management
- Market-oriented government that believes in the massive change through the market
- Competitive government that believes in competition and initiates in the organization

New public management is result oriented and goal oriented. It believes in flexible planning in organization on personal terms and conditions of employment and so on. It depends upon three factors that are wealth, competence and efficiency.

Critique

New public management (NPM) is criticized for separating political decision-making approach from the implementation aspects of public administration. Political executives are to lose control over the implementation of their policy as a result of managerial reforms.

NPM involves several shifts and changes. However, public management implies replacement of the traditional methods and ethos of the public administration by private sector practices that are claimed to be of superior effectiveness.
NPM disagrees for a public sector less protected from the private sector and for greater management’s diplomacy in handling of public administration. It is the executive model, which is rather unfamiliar with the public administration and it is the supervisory thrust that pushes public administration into neo-taylorian direction. The trend towards the new public management observed in public administration is not without criticism. The influx of private sector must not ignore the values inherent in public administration. New public management puts forward the state to adopt an alternative in the market form. It boldly recommends privatization and all that it implies and all growing techniques of management and application.

Under the new public management, the concept of public administration is progressively disappearing and there is a search of alternatives to boost up the concept of publicness. NPM or business management has now marginalized these essential features of the public administration. New public management is a dominant trend and is now becoming more and more specialized and is rapidly evolving as true profession with definable principles.

2.2.1 Minnowbrook Conference

The genesis of the Minnowbrook Conference lay in two factors. First, the 1960s was a turbulent period besieged by numerous societal problems, but public administration showed no signs of being aware them, much less being serious to solve them. This was well highlighted by Waldo’s article on Public administration in a Time of Revolutions, published in Public administration review in 1968. Secondly, there was a need to hear young scholars and practitioners the discipline as Public administration was facing a kind of generation gap. The Philadelphia conference, it may be noted, was attended participants who were above the age of 35 years and the majority whom being even in their fifties and sixties. Where were the scholars and practitioners who were in their 30s? The younger age group was invited to the Minnowbrook conference. The Minnowbrook conference was the youth conference on public administration and it was this academic get-together which gave rise to what has to be known as new public administration.

The keynote of new public administration is an intense sensitivity to and concern for the societal problems of the day. Its parameters are relevance, post-positivism, morals, ethics, and values, innovation, concern for clients, social equality, etc. The proponents of new public administration express their dissatisfaction with the state of the discipline of Public administration and want it to be alive to problems presented by the turbulent times.

The advocacy for a post positive approach emphasized the need to abandon value-free and value-neutral research and instead to cultivate an approach emphasizing social equity. Social equity means that public administrators should become champions of the under privileged sections of the society. This implies that they must become active agents of change and non-believers in status quo. New forms of organization need to be carved out to suit the fast changing
environment. Emphasis is placed on cultivation of client-loyalty and programme-loyalty.

The Minnowbrook conference may rightly be credited with the honour of having produced the first coherent grammar of new public administration. It was this Conference which expressed, very loudly, and clearly the dissatisfaction with the state of the discipline. It was the first one which sought to give a new image to Public administration—a subject actively concerned with the problems of the society and full of reformist intentions.

2.2.2 State vs Market Debate

Through the 1990s, the debate in India steadily shifted against the State’s major role in the economy. It moved towards primacy of the market and private enterprise. One can realize the force of this changed perspective from the fact that even services such as water and electricity were considered for transformation into private market-driven enterprises. Dr Ravi Kanbur of Cornell University observed in a recent lecture at ISEC in Bangalore that such a shift has not been confined to India alone. During the 1980s, similar change in policy outlook occurred in Latin America, Africa, Asia and the old Soviet Union and its satellite states. This shift was stimulated by the events like the collapse of the Soviet Union and the emergence of Chinese economy as a powerful driver of world trade and investment. Driven by these changed circumstances, the economic opinion saw a shift in the pendulum from the prime role of the State in the economy in the 1950s and 1960s to an overriding role for the private enterprise and the market forces.

Like many others our currency is rigidly tied to the dollar in a currency board. Further, it is not even fully convertible. Unfortunately, import duties are still among the highest in the world. There is a prevalence of very low income tax slabs. So those who pay taxes are possibly among the most heavily taxed in the world in purchasing power parity terms. If one takes account of infrastructure and other services, State-owned enterprises account for a much bigger portion. It has been opined that technocratic solutions should be tempered by political realism. This is the justification for the move against disinvestment and bigger investment in social and physical infrastructure by the State. It is held that ownership issue is not of much consequence. What matters is the fact that they are run competitively and efficiently, generating a good return on State’s investments. There is an urgent need to redress the decreasing public investment in agriculture for almost 20 years and to spend more to avail health and education for all. However, the major issue is the State’s ability to spend more, and do it efficiently and effectively to provide health, education and other social services to the masses.

The process of economic liberalization came to India in 1970s. But, the reform process began only after July 1991. It was instigated by the then Indian Prime Minister P.V. Narasimha Rao and his Finance Minister Manmohan Singh. During that time the Government started a process of a systemic shift to a more open economy with greater reliance upon market forces, a larger role for the
private sector including foreign investment, and a restructuring of the role of the Government. Moreover, the economic reforms or liberalization in India marked a shift from a socialist economy to a market economy. The immediate cause was a foreign exchange crisis during the Chandrashekhar government when India had to sell its gold reserves.

The main aim of liberalization was to dismantle the excessive regulatory framework which acted as a shackle on freedom of enterprise. Over the years, the country had developed a system of licence-permit-control raj. The aim of the new economic policy was to save the entrepreneur from unnecessary harassment of seeking permission from the bureaucracy to start an undertaking.

Similarly, the big business houses were unable to start new enterprises because the MRTP Act had prescribed a ceiling on the asset ownership to the extent of Rs 100 crore. In case a business house had assets of more than Rs 100 crores, its application was rejected. It was believed that on account of the rise in prices, this limit had become outdated and needed a review. The second objection by the private sector lobby was that it prevented big business houses from investing in heavy industry and infrastructure which required lumpsum investment. The NDA, in its election manifesto had suggested that the asset limit of MRTP companies should be raised to Rs 1000 crore. The government thought it wise to abolish the limit altogether, so that big business could establish big projects in the core sectors— heavy industry, petrochemicals, electronics, etc. The government was of the view that in the context of liberalization, the MRTP limit had become irrelevant and needed to be scrapped.

The major purpose of liberalization was to free the large private corporate sector from bureaucratic controls. It therefore started dismantling the regime of industrial licensing and control. In pursuance of this policy, the industrial policy of 1991 abolished industrial licensing for all projects except for a short set of eighteen industries.

The list of industries in which industrial licensing is compulsory:
1. Coal and lignite
2. Petroleum and its distillation products
3. Distillation and brewing of alcoholic drinks
4. Sugar
5. Animal fats and oils
6. Cigars and cigarettes
7. Asbestos and asbestos-based products
8. Plywood and asbestos-based products
9. Raw hides and skins
10. Tanned furskins
11. Paper and newsprint
12. Electronics, aerospace and defence equipment
13. Industrial explosives
14. Hazardous chemicals
15. Drugs and pharmaceuticals

Check Your Progress

1. What is the element with which traditional public administration is generally associated and which is decried by new public management?
2. Who invented the term new public management?
3. What does POSDCORB stand for?

2.3 ANSWERS TO CHECK YOUR PROGRESS QUESTION

1. Traditional public administration is generally associated with bureaucracy while the latter is decried and denounced by new public management.
2. The term new public management was invented by Christopher Hood in 1991.
3. POSDCORB stands for:
   - Planning
   - Organizing
   - Staffing
   - Delegation
   - Coordination
   - Reporting
   - Budgeting

2.4 SUMMARY

- The growing fiscal deficit most developing nations have faced since the 1980s forced them to borrow to raise revenue for government, which in return created the problem of indebtedness for them. Public management, though increasingly used since the 1980s, is not yet a fully developed concept.
- The movement in public management in public administration focussed on the role of top administrative leaders, such as political appointees.
Public management adheres to traditional objective, discipline and social science inquiry and prefers the multi-disciplinary, problem-oriented and clearly normative nature of its policy-oriented kin. The public manager is concerned with the specific functions necessary to organization and implementation of the public policy, i.e., planning, organization, directing and controlling followed by the Luther Gulick’s formula of POSDCORB.

Public policy and public management are partners, convergent in outcome yet with different focus. You can, thus, say that public management has an important role in effecting policy operations. The concept of public management is the combination of two words ‘public’ and ‘management’. Its contents emphasized on the concepts taken from both political science and business management. While constitutional principles, rule of law, equity, fairness, etc., are the contents of political science, efficiency, financial transactions and benefits are its business ingredients.

The concept of new public management is of recent origin in the new globalization period. As mentioned, it is a mixture of two words—public and management—and its contents highlight the concepts taken from both political science and business management. While constitutional principles, rule of law, equality, justice, sovereignty, etc. are the basic contents of the political science efficiency, cost profit, cost breakdown, planning and implementation constitute its business ingredients. Thus, public management stands for the acceptance of experienced and examined management methods for collective problem solving.

The term new public management was invented by Christopher Hood in 1991 and used in his paper A Public Management for All Seasons, which was published in Public Administration (Volume LXIX, No. 1).

In today’s liberalization world administration has been replaced by management. Public administration is also identical with management with overlapping circles.

The administrative formula of POSDCORB, which is primarily concerned with efficiency means the following:
- Planning
- Organizing
- Staffing
- Delegation
- Coordination
- Reporting
- Budgeting

Human values in public management cannot be ignored. Many scholars have asserted that all management is man management in the final analysis.
In the design of an organization, management is the most powerful element.

- New public management is a commercial approach to public administration as well as the turning point on the basis of public choice theory (PCT) and managerialism.
- New public management (NPM) is criticized for separating political decision-making approach from the implementation aspects of public administration. Political executives are to lose control over the implementation of their policy as a result of managerial reforms.
- The Minnowbrook conference was the youth conference on public administration and it was this academic get-together which gave rise to what has to be known as new public administration.
- Through the 1990s, the debate in India steadily shifted against the State’s major role in the economy. It moved towards primacy of the market and private enterprise.
- The major purpose of liberalization was to free the large private corporate sector from bureaucratic controls. It therefore started dismantling the regime of industrial licensing and control.

2.5 KEY WORDS

- **Public Choice Theory**: It is the use of economic tools to deal with traditional problems of political science.
- **Neo Liberalism**: It is a political theory of the late 1900s holding that personal liberty is maximized by limiting government interference in the operation of free markets.
- **Fiscal Deficit**: A fiscal deficit occurs when a government’s total expenditures exceed the revenue that it generates, excluding money from borrowings.

2.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

**Short-Answer Questions**

1. How does Christopher Hood define new public management?
2. What are the two sources of momentum to public management?
3. Write a short note on centralization and decentralization in India.
4. What was the Minnowbrook conference all about?
Long-Answer Questions

1. Discuss the approach of new public management (NPM) as public choice theory (PCT).
2. Explain the criticism against the new public management.
3. Examine the state vs market debate in detail.

2.7 FURTHER READINGS


UNIT 3  THEORIES OF PUBLIC ADMINISTRATION

Structure
3.0 Introduction
3.1 Objectives
3.2 Classical Theory
3.3 Scientific Management
3.4 Bureaucratic Theory
3.5 Systems Theory
3.6 Answers to Check Your Progress Questions
3.7 Summary
3.8 Key Words
3.9 Self Assessment Questions and Exercises
3.10 Further Readings

3.0 INTRODUCTION

In the previous unit, you learnt about new public management and the Minnowbrook conference. In this unit, the discussion will turn towards administrative theories of public administration. Administrative theories are crucial to the study of public administration. They reflect the basic approach to the formulation of public policy along with its implementation. Since administration has been a feature of the human society since a very long time, there are different theories as to how the administration should be carried out. The broad categorization of administrative theories includes traditional and new administrative theories. In this unit, you will learn about the traditional or classical approach to administration. This will include a study of the classical approach, the scientific theory, the bureaucratic theory of administrative theory and the systems theory.

3.1 OBJECTIVES

After going through this unit, you will be able to:
- Explain the classical approach
- Examine the scientific and bureaucratic theory
- Describe the systems theory
3.2 CLASSICAL THEORY

The classical approach is also known as the functional approach, empirical approach and the management process approach. The main features of this approach are as follows:

- Management is viewed as a systematic network of various functions like planning, organizing, directing, staffing and controlling.
- On the basis of experiences of practising managers, management principles are developed and used as guidelines and form the basis for management training.
- Functions, principles and skills of management are universal. They can always be applied in any situation.
- Formal education and training are emphasized for developing managerial skills in upcoming managers.
- Emphasis is placed on economic efficiency and the formal organization structure.
- People are motivated by economic gains. Therefore, organization controls economic incentives.

Advantages of classical approach

The advantages of classical approach are as follows:

- It focuses on what managers actually do.
- It highlights the universal nature of management.
- It provides a scientific basis for managerial practice.
- It provides starting point for researchers to verify the validity and to improve the applicability of management thought.

Disadvantages of classical approach

The disadvantages of classical approach are as follows:

- It ignores the environmental changes and their effect on management.
- It relies too much on the past experience. The technique or principle found effective in the past may not be effective in the future.
- It is based on oversimplified assumptions. Its principles are ambiguous and contradictory.
- It offers a mechanistic framework that undermines the role of human factors.

The classical approach is based on the following three main pillars:

- Bureaucracy
- Scientific management
- Administrative theory
3.3 SCIENTIFIC MANAGEMENT

The first stage of management identified in the United States was scientific management, which was started by Taylor. But there were some precursors to Taylor who made some significant contributions.

James Watt, Jr. and Matthew Robinson Boulton, who invented and developed the steam engine, were the earliest users of scientific approach to management. They managed the Soho Engineering Foundry in Great Britain and developed quite a number of management systems. They developed the processes of market research and forecasting, planning machine layout and standardization of components. They also developed some important casting systems, training and development programmes, welfare programmes, productivity based payments and so on.

Robert Owen was another pioneer of the early nineteenth century. He concentrated on the personnel side and carried out many experiments. He is rightly referred to as the ‘Father of Modern Personnel Management’. He improved the working conditions and incurred benefits as he thought that these would improve productivity.

It was only with the advent of Frederick W. Taylor and his work, *The Principles of Scientific Management*, published in 1911, that greater attention was paid to scientific management as a separate discipline.

Industrial problems increased due to the advent of large-scale factory systems, mass production and mechanization. People needed some specific principles and methods for solving the problems they faced. The initial impetus in the scientific management movement was Taylor. He was more concerned with the engineering aspect and the problems of workers and productivity-oriented wages.

Then came Henry Fayol, who is known as the ‘Father of Modern Operation Management Theory’. He, as a Frenchman, developed management theory and its principles and published his book in French which was translated into English later.

Taylor and Fayol both realized that working towards the problems of personnel and its management at all levels is the key to industrial success. Both applied scientific methods to the problems they faced while dealing with personnel and management. Taylor worked primarily on the operative level moving upward in the industrial hierarchy, while Fayol concentrated on the managing director level and worked downwards. This shows us the difference in the working of Taylor and Fayol. Taylor and Fayol gave France a unified management body more than twenty years before the same ideology began to be realized in Great Britain.
Contribution by F.W. Taylor – Scientific Management

Scientific management which focuses on production efficiency is primarily attributed to the ideas and works of Fredrick W. Taylor. As you learned above, Taylor is well known for his famous work *The Principles of Scientific Management*, published in 1911, which became the foundation of the scientific management movement. He criticized the methods of traditional management which were composed of the following elements:

- Managerial decisions were made on the basis of intuition, feelings, opinions and traditional past experience, rather than scientific investigation.
- Jobs were performed by rule of thumb rather than standard times, methods or motions.
- The prevalent practices were assumed to be correct and no efforts were made to introduce new and novel techniques of management or operations.
- Training was generally under an apprentice system and no formal techniques for skills and professional development existed.
- Management was considered as a group of overall supervisors rather than a group performing unique duties.

Taylor was interested in replacing traditional management by scientific management by developing the most scientific and rational principles for handling people, machines, materials and money and to secure maximum benefits for the employers as well as employees. He offered four principles as basis for scientific management.

(a) Every job should be broken into its elements and a scientific method to perform each element should be established.
(b) Workers should be scientifically selected with right attitudes for the job and ability and then properly trained to perform the work.
(c) Management should cooperate with the workers to ensure that all work is done in accordance with the scientific principles.
(d) The work and responsibilities are to be so divided between management and workers that such work assignments result in interdependence between management and the workers. The management should design the work, set up and supervise the work and the workers are free to perform the work.

Scientific management became the accepted management philosophy about the relationship between people and work. It was a complete mental revolution for both management and employees towards their respective duties and towards each other.

3.4 BUREAUCRATIC THEORY

Based on the writings of Max Weber (1864-1920), who was a German sociologist, a bureaucratic form of an organization refers to a management approach which is
based on a rigid formal organizational structure with set rules and regulations. Weber looked for rules to eliminate managerial inconsistencies that contribute to ineffectiveness. He further believed that every deviation from the formal structure interferes with efficient management. He believed in strict adherence to rules which would make bureaucracy a very efficient form of organization founded on principles of logic, order and legitimate authority. Weber describes it as follows:

“The purely bureaucratic type of administrative organization..... is from a purely technical point of view capable of attaining the highest degree of efficiency. It is superior to any other form in precision, in stability, in the stringency of its discipline and in its reliability. It thus makes possible a particularly high degree of calculability of results for the heads of the organization and for those acting in relation to it. It is finally superior both in intensive efficiency and in the scope of its operations and is formally capable of application to all kinds of administrative tasks”.

The various requirements for an effective and efficient bureaucracy, according to Weber are enlisted as follows:

- Division of labour by functional specialization.
- A well-defined hierarchy of authority.
- A system of rules covering the duties and rights of employees.
- Certain obedience to a superior’s command, appointments and promotions purely on the basis of merit.
- Separation of personal lives from organizational positions.
- A system of procedures dealing with work situations.
- Implementation of an adequate control system.

Bureaucracy, even though necessary for large organizations, has come to be associated with red tape and excessive rules and regulations and hence delay in getting changes done or proposals approved. In the competitive global market of 1990s, organizations are moving towards participative management, team work and employee innovation and creativity.

Contributions by Gilberths

Frank Gilbreth (1868-1924) and Lillian Gilbreth (1878-1972), as husband and wife team, contributed extensively towards scientific management and were primarily responsible for analysis and study of time and motion of work performance of workers, thus improving upon time and motion elements of operations by eliminating unnecessary motions.

Frank Gilbreth conducted a motion study of bricklayers. He identified eighteen individual motions that a bricklayer used in placing a brick with cement on the wall. By thoroughly studying these motions and changing the task structure, he was able to reduce the eighteen motions to five, which increased the productivity
by over 200 per cent. This also promoted the individual worker’s welfare in the sense that every motion that was eliminated reduced fatigue. By using motion picture cameras, they tried to find the most economical motions for each task in order to upgrade performance and reduce fatigue.

In this area of motion study, the Gilbreths identified 18 basic hand motions by breaking down the task into its fundamental elements. They called these motions ‘therbligs’ (‘Gilbreth’ spelled backward, with the ‘t’ and ‘h’ reversed). These therbligs included such motions as search, select, grasp, hold, position and so on.

Lilian Gilbreth emphasized that the scientific study of management should include both analysis and synthesis. Analysis involves breaking down a task into its essential elements and with synthesis, the task is reconstituted to include only those elements that are necessary for efficient work and eliminate the other elements. This would help workers to reach their maximum potential by developing their skills and abilities and by improving efficiency.

Bureaucracy refers to a type of office organization that is marked by organized procedure, hierarchical division, allocation of responsibilities as per separate levels and impersonal social relationships.

Example: Government institutions, armed forces corporations etc. Max Weber, a German social scientist has been one of the most influential personalities popularizing the term ‘bureaucracy’ in the context of social science and organizational control. The main features of this approach are as follows:

- **Division of work**: There is division of work on the basis of specialization of jobs in bureaucratic organizations. Each employee performs his specialized work in a predictable manner.

- **Rules and regulations**: Detailed rules and regulations regarding work behaviour, rights and duties of employee are laid down. Rules are designed to ensure the consistency and predictability in work performance. In addition to it, procedures are laid down for orderly performance of tasks.

- **Hierarchy of authority**: Hierarchy in organizations is characterized by downward delegation of authority. Each superior exercises control over his subordinates. The authority flows from top level to lower level of management.

- **Technical competence**: The selection and promotion of employees are based on the technical competence of employees. For each job, the qualifications are prescribed. Training is also provided to familiarize the employees with the rules and administrative procedures of the organization.

- **Recordkeeping**: Every decision and action is recorded in its original as well as draft form.

- **Impersonal relations**: Superiors are formal in dealings with their subordinates.
Advantages of bureaucracy

The advantages of bureaucracy is as follows:

- **Specialization**: A bureaucratic organization provides the advantages of specialization because every member is assigned a specialized task to perform.
- **Structure**: A structure of form is created by specifying the duties and responsibilities and reporting relationships within a command hierarchy. Structure sets the pace and framework for the functioning of the organization.
- **Rationality**: A measure of objectivity is ensured by prescribing in advance the criteria for decision making in routine situations.
- **Predictability**: The rules, regulations, specialization, structure and training impart predictability and thereby ensure stability in the organization. Conformity to rules and roles in the structural framework bring about order to cope with complexity.
- **Democracy**: Emphasis on qualifications and technical competence makes the organization more democratic. Officials are guided by the prescribed rules, policies and practices rather than by patronage or other privileged treatment.

Limitations of bureaucracy

The limitations of bureaucracy may be understood under the following heads:

- **Rigidity**: Rules and regulations in a bureaucracy are often rigid and inflexible. Rigid compliance with rules and regulations discourages initiative and creativity. It may also provide cover to avoid responsibility for failures.
- **Goal displacement**: Rules framed to achieve organizational objectives at each level become an end in themselves. When individuals at lower levels pursue personal objectives, the overall objectives of the organization may be neglected.
- **Impersonality**: A bureaucratic organization stresses mechanical way of doing things. Organizational rules and regulations are given priority over individual needs and emotions.
- **Compartmentalization of activities**: Jobs are divided into categories, which restrict people from performing tasks that they are capable of performing. It also encourages preservation of jobs even when they become redundant.
- **Paperwork**: Bureaucracy involves excessive paper work as every decision must be put into writing. All documents have to be maintained in their draft and original forms. This leads to great wastage of time, stationery and space.
- **Empire building**: People in bureaucracy tend to use their positions and resources to perpetuate self-interests. Every superior tries to increase the
number of his subordinates as if this number is considered a symbol of power and prestige.

- **Red tapism:** Bureaucratic procedures involve inordinate delays and frustration in the performance of tasks.

Despite its drawbacks, bureaucracy has become an integral feature of modern organizations. It is, therefore, necessary to understand it and to overcome its negative aspects through proper reckoning of individual needs and organizational goals.

**Example:** A college or university is perhaps the best example of a bureaucratic management or structure. It has very rigid and formal college entrance and registration procedures so that the organization is able to deal with a large number of people in a reasonable and just manner. Although many individuals may dislike them, regulations and standard operating procedures guarantee uniform treatment to a great extent. However, those same rules and procedures, with their time-consuming communication and decision-making processes, tend to bog down organizations.

### Check Your Progress

1. State the other names for the classical approach.
2. Who were the early users of the scientific approach to management?
3. Name the philosophers who conducted the motion study of bricklayers?

### 3.5 SYSTEMS THEORY

The system approach is a sub-approach of the behavioural approach. One of the most significant landmarks in the evolution of organization theory is the development of general systems concept for organizational analysis. The origin of general systems is traced to the thinking of the biologist Von Bertalanffy, in the 1920s. But it was only due to the quest of a number of post World War II scholars for a body of concepts lending unity to studies undertaken in various disciplines, that the concept of system was developed. In short, general systems theory originated in a movement aimed at the unification of science and scientific analysis. According to this approach in organizational analysis, an organization can be considered a social system to be studied in its totality. In other words, a system is a collection of interrelated parts which receives inputs, acts upon them in an organised or planned manner and thereby produces certain outputs.

There is a growing trend to place all types of organizations within the broad framework of general systems theory. A system is seen as an assembly of interdependent parts (sub-systems) who interact among themselves. Interdependence implies that a change in one part influences other parts, ultimately...
affecting the entire system. Individuals are viewed as the basic unit of organizational systems. All human organizations are open sub-systems engaged in transactions within the larger social system, that is, society. All sub-systems receive inputs in the form of human and material resources from the larger system, while giving out outputs in the form of products, services or rewards to its members as well as to the larger system. Other features of organizational sub-systems are: they are adaptive; they affect the larger system as well as are affected by it; they are dynamic in the sense that they undergo continuous change as a result of interaction with other sub-systems within the larger social system.

The chief contribution to systems analysis in organizational theory is Herbert Simon. Simon views the organization as a total system, a composite of all the sub-systems which serve to produce the desired output. His basic assumption is that the elements of organizational structure and function emanate from the characteristics of human problem-solving processes and rational choice. Therefore, the organization is viewed as a system comprising individuals making choices and behaving on the basis of their reactions to their needs and environment.

The chief value of the systems approach found in the systematic search for significant interactions while evaluating policies or actions of any organization. What systems analysts are set to achieve is to predict the system’s movements by interpreting the relationships between its parts. The systems approach is particularly relevant to the study of large public organizations operating in larger social, political and economic environments.

Charles W. Churchman draws attention to five basic considerations in relation to the systems approach to management:

- The total objectives of the system and the measures of system’s performance
- The system’s environment acting as a constraint
- The system’s resources that are put to use in performance
- The system’s components and its goals and activities
- The management of the system (the regulating and decision-making aspect)

The organization has been conceived by many administrative thinkers as a socio-technical system comprising both the social and technical variables. It is not merely an assembly of buildings, money, machines and processes. The system consists in the organization of people around various technologies, whose motivation, behaviour and relationships determine both the quality and quantity of its inputs and outputs.

As Miller and Rice put it, 'Any enterprise may be seen as an open system which has characteristics in common with a biological organism. An open system exists, and can exist, only by exchanging materials with its environment. It imports materials, transforms them by means of conversion processes, consumes the products of conversion for internal maintenance, and exports the rest. Directly or indirectly, it exchanges its outputs for further Intake, including more resources to
maintain itself. These import conversion; export processes are the work the enterprise has to do if it is to live’.

The systems approach to organizational analysis is now widely used. This approach can take into account more variables and interrelationships while looking at an organizational problem in the framework of a larger system. Another important dimension is the interaction between a system and its environment. The underlying assumption of the systems approach is that there is a continuous mutual interaction between the system and its environment. This conceptualization was to eventually become the precursor of the ecological approach to organizational study.

**Systems Approach in Public Administration**

Webster defines a system as, ‘a set or arrangement of things so related or connected as to form a unity or organic whole’. A system is thus a unified whole having a number of interdependent parts or sub-systems and it has identifiable boundaries that distinguish it from its surrounding environment in which it is embedded, and with which it interacts. Systems are often characterized as closed or open. Biological and social systems are open systems in the sense that they are in constant interaction with their environment. By contrast, physical and mechanical systems are closed in relation to their environment.

The concept of boundary is important in understanding the domain of a system. Physical and mechanical systems have easily identifiable boundaries. But the boundaries of social organizations have to be understood from their activities and functions in real life situations. Closed systems have the general tendency toward entropy and disorganization; open systems, on the other hand, have the tendency to develop through greater internal differentiation and move toward higher levels of organization. Most social systems fall in this latter category. They grow through internal elaboration of their organizations and tend to develop more and more specializations leading to increasing organizational complexity.

The systems approach treats an organization as an example of a system, i.e., a set of interdependent parts forming a whole with the objective of fulfilling some definable function. A business organization is essentially regarded as a decision-making system, and the organization is treated as being built up from an analysis of information requirements and communications networks. It thus, treats the process of decision-making as basic to the determination of objectives and policies.

The methodology of the systems approach thus consists of the following steps:

- Specifying objectives
- Establishing sub-systems (main decision areas)
- Analyzing these decision areas and their information needs
- Designing the communication channels to facilitate information flow within the organization
NOTES

The contemporary approach to the theory of organizations is to abandon the idea of treating organizations as mere passive instruments operating in response to external pressures. Organizations are regarded as semi-autonomous systems which develop their own internal goals, e.g., Simon refers to their, performance objectives and conservation objectives, latter relating to the organization’s desire to survive.

Argyris defines, an organization as an organic inter-relation of parts which has essentially their activities, namely:

- Achieving particular objectives
- Maintaining itself internally
- Adapting to the internal environment

The systems approach is particularly relevant to the study of complex public organizations that have elaborate structures and that are embedded in larger social, political and economic environments. According to the open system perspective, an organization survives and grows by drawing inputs from the environment which are processed internally to produce its output. It is through this input-conversion-output processes that an organization lives and develops. The systems thinking helps us to have a total view of the organization including its different parts and their interrelationships.

The systems view of organization was latent in the writings of Mary Parker Follett and Chester Barnard. Herbert Simon’s decision-making scheme follows the systems approach which was further elaborated by him and his associates later. Philip Selznick has used the systems framework in his studies of governmental and other complex organizations. To quote Selznick:

"Cooperative systems are constituted of individuals interacting as wholes in relation to a formal system of coordination. The concrete structure is therefore a resultant of the reciprocal influences of the formal and informal aspects of organization. Furthermore, this structure is itself a totality, an adaptive organism reacting to influences upon it from an external environment."

The Tavistock Institute of Human Relations in England has produced a number of researches based on systems framework. The organization has been conceived as a socio-technical system comprising both the social and technical variables. As Miller and Rice put it:

"Any enterprise may be seen as an open system which has characteristics in common a biological organism. An open with system exists, that can only exist, by exchanging materials with its environment. It imports materials, transforms them by means of conversion processes, consumes some of the products of conversion for internal maintenance, and exports the rest. Directly or indirectly,
it exchanges its outputs for further intakes, including further resources to maintain itself. These import–con version-export processes are the work the enterprise has to do if it is to live.”

The systems approach is now being widely used in organizational analysis. It has proved to be a very useful tool for the conceptualization of the organization and its internal and external relationships. Also, it has facilitated the contingency or situational view of organizations which marks a radical departure from the traditional approach that emphasized generally the, one best way of structuring organizations. Under the influence of systems theory, the current view in organizational analysis is that the structure can vary from situation to situation depending on such factors at their environmental conditions and technology.

### Check Your Progress

4. What is the origin of general systems?
5. What is a system?

### 3.6 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The classical approach is also known as the functional approach, empirical approach and the management process approach.
2. James Watt, Jr. and Mathew Robinson Boulton, who invented and developed the steam engine, were the earliest users of scientific approach to management.
3. Frank Gilbreth conducted a motion study of bricklayers.
4. The origin of general systems is traced to the thinking of the biologist Von Bertalanffy, in the 1920s.
5. Webster defines a system as, ‘a set or arrangement of things so related or connected as to form a unity or organic whole’.

### 3.7 SUMMARY

- The classical approach is also known as the functional approach, empirical approach and the management process approach. The classical approach is based on the following three main pillars: Bureaucracy, Scientific management and Administrative theory.
- It was with the advent of Frederick W. Taylor and his work, *The Principles of Scientific Management*, published in 1911, that greater attention was paid to scientific management as a separate discipline.
Taylor and Fayol both realized that working towards the problems of personnel and its management at all levels is the key to industrial success. Both applied scientific methods to the problems they faced while dealing with personnel and management.

- Scientific management which focuses on production efficiency is primarily attributed to the ideas and works of Fredrick W. Taylor.
- Taylor was interested in replacing traditional management by scientific management by developing the most scientific and rational principles for handling people, machines, materials and money and to secure maximum benefits for the employers as well as employees. He offered four principles as basis for scientific management.
- Based on the writings of Max Weber (1864-1920), who was a German sociologist, a bureaucratic form of an organization refers to a management approach which is based on a rigid formal organizational structure with set rules and regulations.
- Bureaucracy refers to a type of office organization that is marked by organized procedure, hierarchical division, allocation of responsibilities as per separate levels and impersonal social relationships.
- The system approach is a sub-approach of the behavioural approach. One of the most significant landmarks in the evolution of organization theory is the development of general systems concept for organizational analysis.
- A system is thus a unified whole having a number of interdependent parts or sub-systems and it has identifiable boundaries that distinguish it from its surrounding environment in which it is embedded, and with which it interacts.
- The systems view of organization was latent in the writings of Mary Parker Follett and Chester Barnard. Herbert Simon’s decision-making scheme follows the systems approach which was further elaborated by him and his associates later.
- The systems approach is now being widely used in organizational analysis. It has proved to be a very useful tool for the conceptualization of the organization and its internal and external relationships.

### 3.8 KEY WORDS

- **Scientific Analysis**: It involves breaking down each task into its component parts, studying the movement of the workers, the use made of materials and equipment, experimenting with different work methods and procedures and finally adopting those which proved most efficient.
- **Scientific Management**: It is the management philosophy about the relationship between people and work which focuses on production efficiency.
• Bureaucracy: It refers to a type of office organization that is marked by organized procedure, hierarchical division, allocation of responsibilities as per separate levels and impersonal social relationships.

3.9 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions
1. Write a short note on the evolution of scientific method.
2. What were the components of the traditional management which were critiqued by Fayol?
3. Briefly explain the contributions by Gilberths.
4. What are the various requirements for an effective and efficient bureaucracy, according to Weber?

Long-Answer Questions
1. Examine the point of difference between private and public administration.
2. Discuss the features, advantages and disadvantages of the classical approach.
3. Explain the features, advantages and disadvantages of bureaucracy.
4. Examine the systems theory of administration.

3.10 FURTHER READINGS

UNIT 4 DECISION-MAKING, LEADERSHIP AND MOTIVATION

Structure
4.0 Introduction
4.1 Objectives
4.2 Decision-Making
4.3 Leadership
4.4 Motivation
  4.4.1 Theories of Motivation
4.5 Answers to Check Your Progress Questions
4.6 Summary
4.7 Key Words
4.8 Self Assessment Questions and Exercises
4.9 Further Readings

4.0 INTRODUCTION

In the previous unit, you learnt about various theories of administration such as scientific management, classical theory, systems theory and bureaucratic theory. In this unit, you will learn about the crucial administrative behaviour needed for the successful administration. This includes a gamut of different skills including decision making skills, leadership skills and motivational techniques.

4.1 OBJECTIVES

After going through this unit, you will be able to:
- Discuss the concept of decision-making
- Describe the administrative function of leadership
- Explain various motivation theories

4.2 DECISION-MAKING

Decision-making and problem solving are core functions of management because they are an integral part of all other managerial functions such as planning, organizing, directing and controlling. They are also an integral part of life because life cannot be managed without making decisions. We are always faced with situations where we have to make choices almost every day of our lives and making a choice out of many options constitutes a decision. This decision maybe a simple one such as,
choosing clothes to wear, selecting food from a menu or deciding general activities for the day, or it may be a major decision such as changing a job or purchasing a house.

Rational decision-making and problem solving may be used interchangeably since a problem has to exist and a decision has to be made to solve such a problem. While most decisions indeed involve a problem, some decisions are part of routine and may not involve a problem. For example, decisions as to what to wear or which movie to see or whether to stay or go for swimming are routine decisions and simple choices among available alternatives, requiring common sense and simple qualitative judgement. Problem solving, on the other hand, is a much more vigorous process which requires rational inquiry based upon unemotional reasoning, identifying the problem, generating feasible solutions for it, choosing the best solution from a utility point of view and then applying this solution to see if it works efficiently and effectively. In general, while decision-making results in a choice from many alternative courses of action, problem solving results in resolving the disparities between the desired performance and the performance actually obtained.

Decision-making is a complex mental exercise in reality. Some of the decisions we make are highly significant with highly important consequences. The more significant decisions very often need the exercise of considerable analytical judgement and the quality of such judgement is the backbone of successful decisions. These judgements must eliminate the root causes of the problems that have necessitated such decisions. Ineffective decisions attack only the symptoms and are only cosmetic in nature. They may solve the problem on the surface or on a short-run basis, but in order to find a lasting solution, the problem must be attacked at its roots.

As we all face the future, its unpredictability brings to us certain situations that are unexpected and hence problematic in nature. As we grow older and share added responsibilities, we develop certain characteristics and some intuitional senses that help us solve some of these problems and we also learn some techniques and methodologies through the acquisition of knowledge and skills, which assist us in solving certain types of problems. These problems require decisions that exist at personal, organizational and social levels.

Individuals must make major decisions regarding their careers, their marriage and family and other decisions, which have far-reaching personal implications. The organizational decisions involve problems relating to investments, products, marketing, location of production or service facilities, dealing with personnel problems, contributions towards community welfare and so on. Societies, in general, have many problems that affect their very survival such as crime, energy shortages, depletion of finite resources, health services, employment, political conflicts among nations, and so on.

All these problems have to be faced and solved. No person can avoid problems and ignoring a problem is never a solution.
From an organizational point of view, the decision-making process is such an integral and important part of management that some thinkers propose that management is simply a decision-making process. They call it the “decision theory school of management”. The basic emphasis of this school is not on people or environmental variables influencing the management behaviour but on the process of decision-making and the theory that all management thought could be built around it. According to Simon:

‘A theory of administration should be concerned with the process of decision as well as with the process of action.’ Even if the decision-making is not the only skill required for effective management, it cannot be denied that in fact it is an essential and highly important skill. This skill is actively utilised in all other functions of management such as planning, organizing, directing and controlling.

‘Hence, decision-making is widely acknowledged as the centre of executive activity in business and industry and is considered as the major criterion for the evaluation of an executive’s administrative performance.’

Defining a problem

Since a problem must exist in order to make a decision for solving it, we must know what the problem is so that we can identify it when it shows up. Being aware of the problem is the first prerequisite for finding a solution. The Webster’s Dictionary defines a problem as, ‘a question raised for inquiry, consideration or solution.’ While this definition is not complete or self-explanatory in itself, a problem seems to exist when the symptoms of the outcome of an activity do not seem to be conforming to the expected outcome of the same activity as planned. For example, you are going to your office in the car and on the way, you get a flat tyre, then you have a problem since you did not expect this to happen. Similarly, if someone becomes ill, then this is a deviation from the norm of healthy living and this would constitute a problem and the sick person would seek solution to the problem by going to the doctor.

Problem pointers

First of all, how do we determine that there is a problem? Even if we know that there is a problem, how do we determine the extent and the seriousness of the problem? According to Miller and Starr, there are certain characteristics that are attributes of problems. One of the major characteristics of the problem is the existence of a deviation between what was expected under a given set of conditions and what actually happened.

Before solutions can be found, the problems must be thoroughly and correctly diagnosed and the decisions concerning solutions to the problems must be dealt with, keeping in view the underlying factors other than the surface symptoms. For example, a doctor prescribing a medicine for a headache as a symptom without looking into the root cause of it, will only provide a temporary relief and not really
solve’ the problem. Accordingly, in properly defining a problem, we must ask some critical questions relating to it. Some of these critical questions may be:

- What type of problem is it?
- How large is the deviation from the norm?
- How quickly has this deviation been observed?
- What are the critical factors relating to the problem?
- Why do we want to solve this problem and when?
- Would the cost of solving the problem be justified?
- Who should solve the problem and what particular method is chosen to solve the problem?

These initial questions would indicate the extent of the problem so that we can become fully aware of it and grasp its significance.

It is very important that the problem be diagnosed as early and correctly as possible. For example, cancer, when detected in earlier stages, may be cured, but in advanced stages it can be fatal. The early awareness of the problem is the first prerequisite for dealing with it. However, sometimes we may not even know that there is a problem when in fact it exists until it is too late. Colon cancer, for example, does not have obvious symptoms for early detection and so the patient may not even know that he has it until in its advanced stage. At other times, we may be aware of the problem but may not consider it serious enough to find a solution until it becomes a crisis. Some problems may hit us when their severity can no longer be ignored. For example, too many lives lost in car collisions may require legislation about seat belts in cars in order to solve the problem of death and injury in car accidents. Similarly, the destruction brought about by typhoons and hurricanes may indicate the problem of inadequate early warning systems.

Another problem pointer is a built-in signal in the process of operations so that whenever there is a deviation from expected outcome, it gives out a signal. For example, the Internal Revenue Service computer will create and send a signal to alert an administrator if some tax deductions are excessive in a given tax form so that some action can be taken. Similarly, our organizational accounting system can be set up in such a manner that any changes in the cash flow or demand, increase in the cost per unit produced, excessive and delayed state of accounts receivables, excessive inventories at hand and so on will attract the manager’s attention quickly for an appropriate action.

Some problems are pointed out by third parties such as a user of a product or a consumer representative group. The problem of toxic wastes almost became a crisis when various consumer groups started pointing out the problem of the community health to the government agencies. Polaroid instant camera came into existence because of a ‘consumer complaint,’ when the consumer happened to be the daughter of the instant camera inventor, who wanted to look at the pictures
taken right away. Thus, if a product is faulty, it can be brought to the attention of
the manufacturer. The Federal Safety Commission and Food and Drug
Administration in America test products to see if they conform to the prescribed
standards. If they do not, then there is a problem for which the solution must be
found.

There are some problems that come to surface due to sheer idle curiosity.
The problem may not be a real one but may be considered a problem if solving it
leads to better outcomes. Such a problem is not really the deviation between what
is happening and what is expected, but a deviation between what is happening
and what is actually achievable.

For example, when Fredrick Taylor applied scientific methods to production,
the productivity improved tremendously so that there was really no problem in
production except that the situation was made into a problem by asking, ‘Can we
do it better?’ Based upon this premise, some organizations are continuously involved
in finding problems with existing methods in order to improve upon them.

In general, a problem exists whenever there is a difference between an
actual situation and the desired situation. For example, if the total number of incoming
students into a college suddenly falls below than what was expected, then this
would pose a problem requiring administrative attention and solution.

Factors Affecting Decision Making

Some of the factors and personal characteristics that have an impact on the decision
makers are described below. Some factors are more important at higher levels of
management and others are more important at lower levels.

- **Programmed versus non-programmed decisions**: As discussed earlier
  in the types of problems that managers face, programmed decisions are
  made in predictable circumstances and managers have clear parameters
  and criteria. Problems are well structured and alternatives are well defined.
  The problems are solved and decisions are implemented through established
  policy directives, rules and procedures. Non-programmed decisions are
  made in unique circumstances and the results of such decisions are often
  unpredictable. Managers face ill-structured problems. These problems require
  a custom-made response and are usually handled by the top management.
  To start a new business, to merge with another business or to close a plant
  are all examples of non-programmed decisions. For example, when Steven
  Jobs and Stephen Wozniak introduced the first Apple microcomputer in
  1978, they were not certain about the market for it. Today, Apple Macintosh
  computer is a major competitor to IBM computers.

- **Information inputs**: It is very important to have adequate and accurate
  information about the situation for decision-making, otherwise the quality
  of the decision will suffer. It must be recognised, however, that an individual
  has certain mental constraints, which limit the amount of information that he

can adequately handle. Less information is as dangerous as too much information. Some highly authoritative individuals do make decisions on the basis of comparatively less information when compared to more conservative decision makers.

- **Prejudice**: Prejudice and bias is introduced in our decisions by our perceptual processes and may cause us to make ineffective decisions. First, perception is highly selective, which means that we only accept what we want to accept and hence only such type of information filters down to our senses. Second, perception is highly subjective, meaning that information gets distorted in order to be consistent with our pre-established beliefs, attitudes and values. For example, a preconceived idea that a given person or an organization is honest or deceptive, good or poor source of information, late or prompt on delivery, and so on, can have a considerable effect on the objective ability of the decision maker and the quality of the decision.

- **Cognitive constraints**: A human brain, which is the source of thinking, creativity and decision-making, is limited in capacity in a number of ways. For example, except for some unique circumstances, our memory is short term, having the capacity of only a few ideas, words and symbols. Also, we cannot perform more than a limited number of calculations in our heads and it is tough to compare all the possible alternatives and make a choice. Finally psychologically, we are always uncomfortable with making decisions. We are never really sure if our choice of the alternative was correct and optimal until the impact of the implication of the decision has been felt. This makes us feel insecure.

- **Attitudes about risk and uncertainty**: These attitudes are developed in a person, partly due to certain personal characteristics and partly due to organizational characteristics. If the organizational policy is such that it penalises losses more than it rewards gains, then the decision maker would tend to avoid the alternatives that have some chances of failure. Thus a manager may avoid a potentially good opportunity if there is a slight chance of a loss. The personal characteristics of a decision maker regarding his attitudes towards risk taking affect the success of the decision. The risk-taking attitude is influenced by the following variables:
  
  (a) **Intelligence of the decision-maker**: Higher intelligence generally results in highly conservative attitudes and highly conservative decision makers take low risks. There are others who are more willing to take calculated risks if the potential rewards are larger and there is some chance of success.

  (b) **Expectation of the decision-maker**: People with high expectations are generally highly optimistic in nature and are willing to make decisions even with less information. The decision makers with low expectations of success will require more and more information to decide upon a course of action.
(c) **Time constraints**: As the complexity of the personal habits of the decision maker and the complexity of the decision variables increase, so does the time required to make a rational decision. Even though there are certain individuals who work best under time pressures and may outperform others under severe time constraints, most people, require time to gather all the available information for evaluation purposes. However, most people under time pressure rely on ‘heuristic approach’, which relies on satisfactory rather than optimal decisions, thus limiting the search for additional information, considering few alternatives and few characteristics of alternatives, and focusing on reasons to reject some alternatives. This approach may also be in use when the cost of gathering information and evaluating all such information is too high.

- **Personal habits**: Personal habits of the decision-maker, formed through social environmental influences and personal perceptual processes must be studied in order to predict his decision-making style. Some people stick to their decisions even when these decisions are not optimal. For example, Hitler found himself bound by his own decisions. Once he decided to attack Russia, there was no going back even when he realized that the decision was not the right one. Some people cannot admit that they were wrong and they continue with their decisions even ignoring evidence which indicates that a change is necessary. Some decision-makers shift the blame for failure on outside factors rather than their own mistakes. These personal habits have great impact on organizational operations and effectiveness.

- **Social and cultural influences**: The social and group norms exert considerable influence on the style of the decision-maker. Ebert and Mitchell define a social norm to be ‘an evaluating scale designating an acceptable latitude and an objectionable latitude for behaviour activity, events, beliefs or any object of concern to members of a social unit. In other words, social norm is the standard and accepted way of making judgements.’ Similarly, cultural upbringing and various cultural dimensions have a profound impact on the decision-making style of an individual. For example, in the Japanese organizational system, a decision maker arrives at a decision in consensus with others. This style is culturally oriented and makes implementation of the decision much easier since everybody participates in the decision-making process. In America, on the contrary, the decision-making style is generally individualistic with the help of decision models and quantitative techniques.

### Steps in Decision-Making

All decisions involve a series of sequential steps that lead to a particular result. These steps are generally followed to make systematic, objective, analytical and unemotional decisions and some management scholars have called this process a ‘rational decision-making process.’ Figure 4.1 shows the steps in decision-making.
These steps are explained in more detail as follows:

1. **Perception and diagnosis of the problem**: Problems are defined in terms of discrepancy or deviation between the desired and actual state of affairs. The greater this deviation the more serious is the problem. This deviation could develop either because the performance slips when the goals remain constant or because the goals change and the performance remain constant. A problem once isolated, must be defined and formulated. A written problem statement should be developed, describing as specifically as possible the nature and the extent of the symptoms and when and where they occurred and what the underlying causes are thought to be.

2. **Generation of alternate solutions**: All possible solutions should be considered because the most obvious solution may not be the optimal solution. However, creativity should be encouraged so that the focus can be shifted to unique solutions. In searching for alternatives, some of the resources that can be drawn upon are: the past experience of the decision maker to look for similarities with the problems and solutions in the past, drawing on the experience of other experts both within and outside the organization, and the responses of the people who would be affected by the decision.

3. **Evaluation of alternatives and selecting a course of action**: Finding the optimal choice requires the consideration of the possible impact of all alternatives in such a manner so that the chosen course of action will not only meet the requirements of the objectives but also eliminate the root cause of the problem. Some of the criteria against which the alternatives are to be measured are quantitative in nature such as return on investment, market share or net profits. Some other criteria are qualitative in nature such as consumer attitude, employee morale, and ethics of the organizational...
mission and so on. The bottom line in any decision criterion is the benefit derived from it in financial terms.

4. Implementation of the decision: The process of implementation starts with assigning responsibilities to persons who will be involved in carrying out the decision. The possibility of any resistance to changes should be examined, especially if it affects or conflicts with personal values and personalities and group norms or group objectives, if the decision has to be carried out by a group.

5. Monitoring feedback: Feedback provides the means of determining the effectiveness of the implemented decision. If possible, a mechanism should be built into the process, which would give periodic reports on the success of the implementation. In addition, the mechanism should also serve as an instrument of 'preventive maintenance' so that the problems can be prevented before they occur.

In many situations, computers are very successfully used in monitoring, since the information retrieval process is very fast and accurate and in some instances, the self-correcting is instantaneous.

Monitoring the decision is necessary and useful irrespective of whether the feedback is positive or negative. Positive feedback reaffirms the correctness of the decision and the process. Negative feedback indicates either that the implementation requires more time, resources, efforts or planning than originally thought or that the decision was a poor one and needs to be re-examined.

Rational Decision-Making

Rational decision-making simply involves following the steps mentioned earlier without any biases introduced into the process at any step. The rational approach to decision-making was devised to assist managers in making objective decisions rather than decisions based on intuition and experience alone. A rational decision maker must establish the reliability of the information received and must be free from perceptual biases. Perceptual biases are introduced when a decision-maker has the tendency to filter out information that might be considered threatening to his self-image or his security. An intuitive decision-maker may also have motivational biases that would affect the quality of the decision.

While some decisions made by managers on the basis of past experiences have turned out to be excellent, the tendency is towards rational decision-making so that there exist fewer chances of making mistakes in the process. The rational decision-maker goes through the five steps mentioned earlier very carefully and makes certain that all relevant aspects of the problem as well as the solution have been looked into. This is important because as human beings we have limited capacity to absorb information and have ability to deal with no more than five or
six variables at a time. This concept is known as Bounded Rationality. The attempt to be rational is bounded by the enormous complexity of many problems. In today’s environment decisions must be sometimes made very quickly. They may have limited time, limited information and may have to deal with multidimensional complex issues. The bounded rationality perspective is often associated with intuitive judgements. It does not mean that the intuitive decisions are not rational, but it means that the manager may not have the resources of time to look at all aspects of the problem or all possible alternatives. He may not look for optimal decisions but satisfactory decisions. For example, a decision concerning a new plant location in the United States could involve the analysis of literally hundreds of possible sites. The manager may decide to look at three or four feasible locations rather than trying to find an optimal location. Selection of one of these locations may be satisfactory to him.

A decision-maker’s choices are subject to many constraints, both internal as well as external. The internal constraints include the decision-maker’s intelligence, personality, training and experience, attitudes and motivation. The external constraints include the pressures put on by other members of the organization as well as groups outside it. Accordingly, a decision-maker might have to balance the quality of the decision with time and money needed as well as his personal characteristics.

**Programmed decisions**

Programmed decisions are generally routine, repetitive and applicable to known problems. These decisions generally handle well-structured problems which are familiar, complete and easily defined and analysed. For example, if you buy some merchandise and it turns out to be defective, you can take it back for a refund. The management has already established a set of rules, policies and procedures to deal with such a situation like refunding on defective merchandise. This decision of refunding would be a programmed decision.

**Non-programmed decisions**

Non-programmed decisions are unique and become necessary due to certain unexpected and unprecedented situations. For example, introducing a new product and deciding about its marketing strategy would be a non-programmed decision. These are generally ‘one-shot’ occurrences, for which standard responses are not available and hence require a creative process of problem solving which is specifically tailored to meet the requirements of the situation at hand. Some such situations are buying a new company or starting a new business or laying off workers and closing a plant during recession or depression. These decisions are not simple and are generally necessary when confronting ill-structured problems and carry with them consequences of diverse ramifications.
Group decision-making

There are many situations which suddenly come up as ill-structured problems confronting the manager requiring him to devise unique solutions. The manager may make the decision himself or he may assign the responsibility to a task force or a group to look at the problem objectively and come up with a recommendation. The group decision would become particularly appropriate for non-programmed decisions because these decisions are complex and few individuals have all the knowledge and skills necessary to make the best decision. However, there are some factors to be considered when determining which approach to take in the process of decision-making. Some of these factors are proposed by Vroom and Yetton as follows:

(a) The importance of the quality of the decision
(b) The extent to which the manager possesses the information and expertise to make a high-quality decision
(c) The extent to which the subordinates have the necessary information to assist in generating a high-quality decision
(d) The extent to which the problem is structured
(e) The extent to which acceptance or commitment on the part of subordinates is critical for the effective implementation of the decision
(f) The probability that the manager’s decision will be accepted by the subordinates
(g) The extent to which the subordinates will be motivated to achieve the organizational goals

Depending upon the above considerations, some of these would necessitate the decision-making process to be initiated by a team or a group including the participation of subordinates as members of such teams or groups, for this would ensure the employee commitment to the implementation of the decision so reached.

This is expressed by Argyris as follows:
‘Groups are valuable when they can maximize the unique contribution of each individual. Moreover, as each individual’s contribution is enhanced, his or her commitment to the resulting decision is increased and internalized.’

Advantages and disadvantages of group-decision making

Advantages

In general, it is expected that a group would tend to make more effective decisions than would any single individual. Some of the advantages of group decision-making are summarized below:

(a) Since the group members have different specialities, they tend to provide more information and knowledge. Also, the information tends to be more comprehensive in nature and the group can generate a greater number of alternatives.
(b) Implementation of the decision is more effective, since the people who are going to implement the decision also participated in the decision-making process. This also increases the commitment of the people to see the implementation to success.

c) The input from a large number of people eliminates the biases that are generally introduced due to individual decision-making. It also reduces the unreliability of individual’s decisions.

d) The participative decision-making process builds up ground work as a training ground for subordinates, who develop the skills of objective analysis and derive conclusions.

e) Group decision-making is more democratic in nature while individual decision-making is more autocratic in nature. Democratic processes are more easily acceptable and are consistent with the democratic ideals of our society.

Disadvantages

(a) It is highly time consuming to assemble the right group and usually a group takes more time in reaching a consensus since there are too many opinions to be taken into consideration.

(b) Some members may simply agree with the others for the sake of agreement since there are social pressures to conform to and not to be the odd man out. There may be some personality conflicts that may create interpersonal obstacles which may diminish the efficiency of the process as well as the quality of the decision.

(c) The decisions made by the group may not always be in accord with the goals and objectives of the organization. This is especially true when the goals of the group and those of the individuals do not reinforce each other.

d) The group members may exhibit ‘focus effect’. This means that the group may focus on one or few suggested alternatives and spend all the time in evaluating these and may never come up with other ideas thus limiting the choices.

Check Your Progress

1. List some of the problems which affect the survival of societies.
2. What is the basic emphasis of the decision theory school of management?

4.3 Leadership

Leadership can be defined as the art of influencing and inspiring subordinates to perform their duties willingly, competently and enthusiastically in order to achieve the desired organizational goals. A dictatorship under which the subordinates have
to perform, would not be considered as leadership. A true leader motivates others to follow and induces a belief that the followers will gain by the policies of the leader.

Generally speaking, leaders are known to possess energy, intelligence, self-confidence, patience, maturity and a charismatic appearance and attitude. Whether these characteristics are inherited or learned is still a subject of debate. Which ones of these characteristics are important and necessary for leadership is not explainable. Many of these traits are also exhibited by followers and it is not explained as to why followers could not become leaders.

Leaders are also judged by their behaviour as leaders irrespective of the characteristics. If a manager has high consideration for the welfare of his subordinates and his policies, procedures and work assignments are all acceptable to the subordinates then such manager would be considered as a good leader.

Contingency theories of leadership propose that leadership can also be a function of the situation, so that the effectiveness of the leader’s behaviour is contingent upon the demands imposed by the given situation. This approach defines leadership in terms of the leader’s ability to handle a given situation and is based upon his skill in that particular area.

It is also possible to become a leader, if you know what the followers want and you have the resources or the know-how to satisfy these needs and wants, irrespective of the traits of the leader himself. This approach is known as the path-goal theory. The leader sets up clear paths and clear guidelines through which the subordinates can achieve both personal as well as work related goals and assists them in achieving these goals. The job of the leader becomes even easier when the subordinates are sufficiently mature, where the maturity of the subordinates can be defined as their ability and willingness to take responsibility for direction their own behaviour in relation to a given task.

Traits of a Leader

A leader has certain inherent qualities and traits which assist him in playing a directing role and wielding commanding influence over others.

According to Prof. Authur G. Jago, some of the traits of a leader are: energy, drive, presentable appearance, a sense of cooperativeness, enthusiasm, initiative, intelligence, judgment, self-confidence, sociability, tact and diplomacy, moral courage and integrity, will power, flexibility, emotional stability and knowledge of human relations.

These traits are not universal in nature, nor do all the leaders have all these traits. Neither do all these traits work all the time. While some of these characteristics differentiate successful managers and leaders from unsuccessful ones, it is the behaviour of the leaders, either as a result of these characteristics or otherwise, which is more tangible and obvious and less abstract in nature. The leadership
behaviour is directly related to the morale of an individual employee. These are some of the indicators which, to some degree, reflect the effectiveness of leadership behaviour.

Leadership Styles

The leadership styles can be classified according to the philosophy of the leaders. What the leader does determines how well he leads. A style of leadership is a ‘relatively enduring set of behaviours which is a characteristic of the individuals, regardless of the situation.’ Some of the more significant leadership styles are discussed as follows:

Autocratic or Dictatorial Leadership

Autocratic leaders keep the decision-making authority and control in their own hands and assume full responsibility for all actions. Also, they structure the entire work situation in their own way and expect the workers to follow their orders and tolerate no deviation from their orders. The subordinates are required to implement instructions of their leaders without question. They are entirely dependent on their leader and the output suffers in the absence of the leader.

The autocratic leadership style ranges from tough and highly dictatorial to paternalistic, depending upon whether the leader’s motivational approach is threat and punishment or appreciation and rewards. In highly autocratic situations, the subordinates develop a sense of insecurity, frustration, low morale and they are induced to avoid responsibility, initiative and innovative behaviour. The autocratic leader believes that his leadership is based upon the authority conferred upon him by some source such as his position, knowledge, strength or the power to punish and reward. Some of the advantages and disadvantages of autocratic leadership are as follows:

Advantages

(i) Autocratic leadership is useful when the subordinates are new on the job and have had no experience either in the managerial decision-making process or performing without active supervision.

(ii) It can increase efficiency and even morale when appropriate and get quicker results, especially in a crisis or emergency when the decision must be taken immediately.

(iii) The paternalistic leadership is useful when the subordinates are not interested in seeking responsibility or when they feel insecure at the job or when they work better under clear and detailed directives.

(iv) It is useful when the chain of command and the division of work is clear and understood by all and there is little room for error in the final accomplishment.
Disadvantages

(i) One way communication without feedback leads to misunderstanding and communications breakdown.

(ii) An autocratic leader makes his own decisions which can be very dangerous in this age of technological and sociological complexity.

(iii) Since it inhibits the subordinate’s freedom, it fails to develop his commitment to the goals and objectives of the organization.

(iv) Since it creates an environment which provides for worker resentment, it creates problems with their morale resulting in poor productivity in the long run.

(v) It is unsuitable when the workforce is knowledgeable about their jobs and the job calls for teamwork and cooperative spirit.

Participative or Democratic Leadership

In this type of leadership, the subordinates are consulted and their feedback is taken into the decision-making process. The leader’s job is primarily of a moderator, even though he makes the final decision and he alone is responsible for the results.

The management recognizes that the subordinates are equipped with talents and abilities and that they are capable of bringing new ideas and new methodologies to the work setting. Thus the group members are encouraged to demonstrate initiative and creativity and take intelligent interest in setting plans and policies and have maximum participation in decision-making. This ensures better management-labour relations, higher morale and greater job satisfaction. This type of leadership is especially effective when the workforce is experienced and dedicated and is able to work independently with least directives, thereby developing a climate which is conducive to growth and development of the organization as well as the individual personality.

In such situations, participative style of decision-making has several advantages. These are as follows:

(i) Active participation in the managerial operations by labour assures rising productivity and satisfaction.

(ii) Workers develop a greater sense of self-esteem due to importance given to their ideas and their contribution.

(iii) The employees become more committed to changes that may be brought by policy changes, since they themselves participated in bringing about these changes.

(iv) The leadership induces confidence, cooperation and loyalty among workers.

(v) It results in higher employee morale.

(vi) It increases the participants’ understanding of each other which results in greater tolerance and patience towards others.
It has been demonstrated by numerous researches that participation by subordinates improves quality of work, enhances an easy acceptance of changes in the organization and improves morale and loyalty.

Notwithstanding numerous advantages and great reliance on participative leadership, it has several disadvantages. Some of these are as follows:

(i) The democratic leadership requires some favourable conditions in that the labour must be literate, informed and organized. This is not always possible.

(ii) This approach assumes that all workers are genuinely interested in the organization and that their individual goals are successfully fused with the organizational goals. This assumption may not always be valid.

(iii) There must be total trust on the part of management as well as employees. Some employees may consider this approach simply an attempt to manipulate them. Accordingly, the employees must be fully receptive to this approach to make it meaningful.

(iv) Some group members may feel alienated if their ideas are not accepted for action. This may create a feeling of frustration and ill-will.

(v) This approach is very time consuming and too may viewpoints and ideas may make the solid decision more difficult and may be a source of frustration to impatient management.

(vi) Some managers may be uncomfortable with this approach because they may fear an erosion of their power base and their control over labour.

(vii) This approach relies heavily on incentives and motivation of recognition, appreciation, status and prestige. However, labour may be interested in financial incentives instead of prestige.

**Laissez-faire or Free-reign Leadership**

In this type of leadership, the leader is just a figure-head and does not give any direction but delegates the authority to subordinates so that they must plan, motivate, control and otherwise be responsible for their own actions. The leader acts principally as a liaison between the group and the outside elements and supplies necessary materials and information to group members. He lets the subordinates develop their own techniques for accomplishing goals within the generalized organizational policies and objectives. The leader participates very little and instead of leading and directing, he becomes just one of the members. He does not attempt to intervene or regulate or control and there is complete group or individual freedom in decision-making. This type of leadership is highly effective when the group members are intelligent and are fully aware of their roles and responsibilities and have the knowledge and skills to accomplish these tasks without direct supervision.

**Decision-Making**

**Leadership and Motivation**
NOTES

Advantages

(i) It creates an environment of freedom, individuality, as well as team spirit.

(ii) It is highly creative with a free and informal work environment.

(iii) This approach is very useful where people are highly motivated and achievement oriented.

Disadvantages

(i) It may result in disorganized activities which may lead to inefficiency and chaos.

(ii) Insecurity and frustration may develop due to lack of specific decision-making authority and guidance.

(iii) The team spirit may suffer due to possible presence of some uncooperative members.

(iv) Some members may put their own interests above the group and team interests.

Paternal Leadership

As the name suggests, in paternal leadership the leader acquires the role of the pater (father) of the group. The group is like a family and the leader is the primary controlling figure of the group. The chief functions of the leader include guiding and supporting the members.

This kind of leadership style is based on a centralized management process. The leader is the primary decision maker and is supported by the other members of the group. However, for this kind of leadership style to thrive, it is vital that the members are satisfied in order to ensure efficiency.

The leaders of the group are primarily involved in implementing significant policies and focusing on potential complexities that might occur. Thus, there exists harmony and balance in the team although the team leader is the established head of the group.

Personal Characteristics of Leaders

Leadership is an intangible quality and its effectiveness can best be judged by the behaviour and attitudes of followers. Even though personal backgrounds and personalities differ widely, some of the factors such as education and socio-economic status are poor indicators of judgments of successful leaders. However, some behavioural characteristics may be common to most of the successful and effective leaders. Some of these characteristics are as follows:

- **Ability to inspire others**: This ability may be due to an internal ‘charisma’ which is an inborn trait and may not be a learnable factor.

- **Problem solving skills**: An effective leader has developed the patience and ability to look at the problem from various angles and get down to the
cause of the problem and he tries to solve the problem from its roots rather than the symptoms of the problem.

- **Emotional maturity**: Emotional stability and maturity is a major ingredient for effective leadership. It pertains to good adjustment to life, calm, cool and calculated reaction to undesirable situations and obstacles and normal acceptance of success as well as failure.

- **Ability to understand human behaviour**: A leader must understand the needs, desires and behaviour of his subordinates and show respect for such desires. He is emotionally supportive and is careful enough to avoid ego threatening behaviour. He must give credit to subordinates when their efforts are successful.

- **Verbal assertiveness**: A leader must be an effective orator and must be confident of his views and opinions. He must communicate his views honestly and in a straightforward manner without fear of consequences.

- **Willingness to take risks**: Routine work, no matter how well-done, never makes a leader. Successful leaders always charter the unknown. They must accept and seek new challenges. However, the risks must be calculated ones and outcomes of actions be reasonably predicted.

- **Dedication to organizational goals**: A leader must demonstrate his dedication and commitment to the organization’s mission, goals and objectives by hard work and self-sacrifice. He must make sure that his followers fully understand the organizational objectives and are equally dedicated and willing to work for these objectives.

- **Skill in the art of compromise**: Setting differences is a valid part of leadership and genuine differences must be solved by compromise and consensus. This will induce faith in the fairness of the leader. He must be willing to give in where necessary and must be able to take criticism with grace. However, he must not compromise for the sake of compromising or just smooth sailing only and must be willing to take a stand on controversial issues and accept the consequences of his stand.

### Check Your Progress

3. How does contingent leadership theory define the term leadership?

4. Name the kind of leadership style that is based on a centralized management process.

### 4.4 MOTIVATION

Motivation encompasses the internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or
Performance results with the interaction of three types of resources, which are physical, financial and human resources. However, physical and financial resources themselves do not result in productivity. It happens only when the human element is introduced. The human element, even though most important, is most complex and unpredictable, over which management has very limited control. Understanding human behaviour and affecting it positively can increase productivity and improve performance. The level of performance of an employee is a function of his ability and his motivation. The former determines what he ‘can’ do and the latter determines what he ‘will’ do. The ability can always be judged and measured and depends upon background, skills and training. Motivation, on the other hand, is the force within. Wherever, there is a strong motivation, the employee’s output increases. A weak motivation has the opposite effect. Hence management must understand what motivates people towards better performance and take steps to create an environment which induces positive and strong motivation.

According to the Encyclopaedia of Management, motivation is defined as, ‘The degree of readiness of an organization to pursue some designated goal and implies the determination of the nature and locus of forces, inducing the degree of readiness’.

While the first management task is to set the organizational goal, the major task is to move the organization most effectively to reach that goal. This can be done by motivation, the purpose of which is to create conceptual as well as a physical work environment in which the people are willing to work with zeal, initiative, interest and enthusiasm with a sense of responsibility, loyalty and discipline, in a team spirit and in a cohesive manner.

Motivation is a combination of many factors which affect behaviour modification. However, two factors stand out. First is an understanding of the fundamental drives, urges, needs and desires of the peoples which can be manipulated and stimulated. Second is a sense of communication and methodology that would provide stimulus to these urges. Some of the methods used for this purpose may be the provision of financial incentives, cordial working environment, challenging work and responsibility, personal accomplishment, recognition for such accomplishment and an opportunity for growth and advancement.

Types of Motivation

Information providers of motivation experts in the domain of organizational behaviour have varying viewpoints concerning whether employees get motivated by external environment features such as incentives and intimidations, or whether motivation is self-created with the absence of external features. It is clearly understood that motivation does not occur evenly in all employees.
under similar group of external factors. A few of these sources of motivation are as follows:

- **Positive motivation:** This includes accurate identification of the efforts of employees and the admiration of the involvement of the employee towards organizational goal accomplishment. Such motivations enhance performance standards, result in healthy team spirit and pride, a feeling of cooperation and a sense of belonging and pride. Some of the positive motivating factors are appreciation and credit for job performed, a true concern about the well-being of subordinates, allocation of power and responsibility towards subordinates and involvement of subordinates in the process of decision making.

- **Negative or fear motivation:** Motivation that is brought about forcefully, with use of authority and warnings, is negative motivation. The dread of being punished or unpleasant consequences influences behavioural adjustments. A few instances of negative motivation are the threat of failing in an examination and fear of being sacked or being demoted. The dread of failing in an examination motivates a number of students to put in more hard work and emerge successful in the examinations. Likewise, the threat of being sacked looms large in an employee’s mind and keeps him aligned with the rules and regulations of the organization besides ensuring a fair job. The threat of punishment or actually punishing someone has proved to be successful in controlling one’s misconduct and has been a major contributor of positive performance in several circumstances. Although it is an essential requirement in a number of other conditions such as disciplining a kid or controlling an uprising, it is not advised or regarded as a practical option in the present business and industrial scenario. This is grounded upon the changing trends in the personnel which consist of higher stages of employee training and education and far-reaching unionization of the workers.

- **Extrinsic motivation:** This type of motivation is brought about by exterior features that are chiefly monetary in nature, which could be in the form of incentives and rewards. These incentives and rewards have been a matter of argument as to whether they are truly effective in motivating employees or whether they only get them to work and perform. These modes of motivation comprise of more salary, additional benefits like pension plans, stock options, revenue-sharing plans, medical and health insurance, maternity leave, paid holiday, etc.

- **Intrinsic motivation:** This root-cause for this kind of motivation is a feeling of achievement and accomplishment and is related to the state of self-realization wherein the feeling of achieving something meaningful further motivates the worker such that this motivation is self-produced and is free of monetary gains. For example, many retired doctors work among slum dwellers without charging them any money, as it gives them a feeling of
achievement and contentment. Mother Teresa’s vocation in the slums of Kolkata (India) motivated many people to join her team as soon as they learnt about her besides motivating those people who worked with her. Likewise, workers of Peace Corps work in unfavourable conditions at a meagre pay. Some of the factors of intrinsic motivation are appreciations, identification, accountability, respect, authority, position, difficult tasks, and decision-making responsibility.

4.4.1 Theories of Motivation

A number of theories have been developed by keeping in view the importance of motivation on the working behaviour of employees as well as the productivity. A lot of research work has been done. Some of them are discussed below.

Need Theories of Motivation

Human behaviour is a need based phenomena and greatly influenced by it. The need based theory of motivation is based on the assumption that an individual behaves in a particular manner to satisfy his needs. These theories are also known as content theories and focus on inner needs that motivate behaviours of the employees. Therefore, provisions to reduce or satisfy their needs would force them to behave in a particular way. Some of the important need theories are as follows:

1. Maslow’s Need Hierarchy Theory

Influencing human behaviour requires knowledge of various types of needs and wants of human beings working in the organization. To motivate the employees, a manager has to identify their needs and satisfy them. After satisfaction, employees will feel happy and do their jobs with their best efforts. This theory of motivation has received more attention from the managers than any other theory of motivation. Abraham H. Maslow, a famous psychologist, developed a theory of motivation, called the ‘need hierarchy theory’. According to him:

- Man’s needs depend completely on what he already has. For this reason, satisfied needs do not motivate behaviour. A manager has to look out for the unsatisfied needs of the individuals in the organization so that he can take proper steps to motivate them by providing opportunities for the satisfaction of such needs.

- Needs are arranged in a hierarchy of importance, i.e., they follow a definite sequence. As soon as needs of a lower level are satisfied, those of a higher level emerge and demand satisfaction. Maslow classified human needs into following five categories in order of priority:

- **Physiological needs**: These needs are related to the survival and maintenance of human life. They include such things as food, clothing, shelter, air, water and other necessities of life. The need for these things is felt not
for oneself, but also for the members dependent on the employee. These are also called economic needs as these cannot be fulfilled without money.

- **Security needs or safety needs:** These needs are related to the safety and security of life and future. Human beings want physical security, economic security as well as social security. Physical security means protection from fire, accident, and crime, etc. It may require satisfied working conditions. Economic security means assured regular income to fulfil basic needs. It may include security of job, i.e., protection against arbitrary dismissal from service. Social security means assured income in case of illness, partial or full incapacity or old age. When physiological needs are satisfied, people want to satisfy their security needs.

- **Social needs:** The employees have social needs. These needs include need for love, affection, exchange of feelings and grievances, companionship, belongingness, etc. Such needs can be satisfied through friendship on the job. Family and community relationship outside work. Organizations should encourage team spirit and provide opportunities to interact socially.

- **Esteem needs:** Esteem needs arise when social needs are fulfilled. These needs are concerned with prestige and status of the individual. They include needs for self-respect, competence, knowledge, recognition and respect from others. Techniques of proper promotion and delegating authority help the individuals in satisfying self-development and self-esteem needs.

- **Self-actualization needs:** Such needs arise when esteem needs are satisfied, these needs relate to the desire for personal achievement and to become what one is capable of becoming. Such needs refer to need to grow and self-fulfilment. It is very difficult to identify and satisfy such needs.

2. **Herzberg’s Two Factor Theory**

Herzberg was a behavioural scientist who developed this theory after surveying hundreds of accountants, engineers and other managerial personnel. He advocated that the employee’s motivation is the outcome of their job satisfaction. It is advocated that the satisfied employees are motivated from within to work harder and dissatisfied employees are not self-motivated. Since Herzberg has discovered two sets of factors associated with satisfaction and dissatisfaction of the employees, therefore, it is known as the Herzberg two factor theory. The first set is of hygiene factors and the other is that of motivators. The elements of hygiene and motivators can be better understood from the following table.

- **Hygiene factors:** The hygiene factors are dissatisfying because if all of them are adequately met with in a work situation, people will not be dissatisfied. Their adequacy hence does not really motivate people. However, if any of the hygiene factors is not attended to properly in a job, dissatisfaction
can occur. For example, lower pay, bad supervision, a hazardous or uncomfortable workplace can create substantial dissatisfaction among employees.

- **Motivating factors:** These factors are aspects of the task or work itself. They include challenge, chance for personal growth and performance feedback. In other words, as viewed by the employee, a job with these characteristics means it bears the motivational factors. These factors contribute heavily to the satisfaction of the employee and have a positive effect on their performance.

3. McGregor’s Theory X and Theory Y

Douglas McGregor, a behavioural scientist, has developed an approach to manage and motivate based on the basis of various assumptions relating to human behaviour. It has been formulated as theory X and theory Y. Both these theories are based on certain assumptions regarding human behaviour. Though, he was a great critic of classical approaches to management. However, his theory X is related to the philosophy of traditional management, assumptions about employees and the way to manage them. Theory Y is based on humanistic assumptions about employees and describes the approaches to manage and motivate them. The assumptions of the theories are as follows:

**Theory X**

- Average employee in the organization is lazy, dull, self-centered, resists change and does not want to share responsibility.
- He has limited number of needs, mostly physical needs and to some extent security needs.
- Average employee lacks responsibility and has little ambitions.
- Thus, the responsibility of getting things done by others for achieving organizational goals lies on the managers and the managers must use coercive measures to control the workers and they must be threatened and punished as to get them to work.
- To get things done by the employees, McGregor suggested rigid, bureaucratic and rule-based organization.
- Narrow span of management, one way communication, close supervision, more concentration on monetary incentives and centralization of managerial authority should be followed.
- It was also considered necessary to guide, direct, and control the employees in a strict manner and the approach of carrot and stick should be used for motivating them.
Theory Y

- Work is as natural as play or rest for the workers.
- Average employee or workers like work. They are capable of assuming responsibilities and accepting challenges.
- They are ambitious, achievement oriented, and capable of exercising self-control.
- They have a wide range of needs, both economic and non-economic.
- They have potential to learn, to accept and seek responsibility. They have imagination and creativity that can be applied to work.
- In view of these assumptions, the role of management is to develop potential and help the employees to use it for achieving common objectives.
- Organizational structure should be marked by open communication, flexibility, informal relation, and decentralization of authority.
- The approach of management should include participative management, supportive supervisory style, self-direction and control, opportunity for developing and using creativity and innovativeness and package of both monetary and non-monetary incentives.

4. Vroom's Valence-Expectancy Theory

According to this theory, a person's motivation towards an action at any time would be determined by his perception that a certain type of action would lead to attainment of a specific goal. Vroom's model is built around the concept of value, expectancy and force. The basic assumption is that the choice made by a person among alternative courses of action is lawfully related to psychological events occurring contemporaneously with the behavior. Vroom's concept of force is basically equivalent to motivation and may be shown to be the algebraic sum of products of valences multiplied by expectation e.g.

\[ \text{Motivation (force)} = \text{Valence} \times \text{Expectancy} \]

There are three variables and they have high positive values to imply motivated performance choices. If any one of the variables approaches zero, the probability of motivated performance approaches will be zero. Valence is the strength of an individual's preference for a reward and instrumentality denotes and individuals estimate that performance will result in achieving the reward. Valence may be used as an incentive, attitude, and expected utility. In order for the valence to be positive for individual, they must prefer attending the outcome to not attending it, otherwise the valance will be zero which will refer to non-attainment of the goal.

Another factor which influences motivation is expectancy that is the probability that a particular action will lead to the outcome. Expectancy is different from instrumentality input into valence. It differs from instrumentality in that it relates to...
first level outcomes whereas instrumentality relates first and second level outcomes to each other. Thus, expectancy is the probability that a particular action will lead to a particular first-level outcome. The strength of motivation to perform a certain act will depend on the sum of the products of the values for the outcomes times of expectancies. Therefore, overall it can be said that the combination that produced the strongest motivation comprises high positive valence, high expectancy and high instrumentality. If all three are low, the resulting motivation will be weak. In brief, Vroom’s model attempts to explain how individual’s goal influences his efforts.

5. Alderfer ERG Theory

This theory of motivation has been developed by Clayton Alderfer as an extension of Maslow’s need hierarchy theory. It was considered as reformulation or refinement of Maslow’s need theory. This theory states that employees attempt to meet a hierarchy of existence, relatedness and growth needs. If the efforts to seek one level of needs are defeated, individual would regress to lower level of needs. Alderfer classified needs into three categories as characterized by its name as ERG where ‘E’ stands for existence needs, ‘R’ stands for relatedness needs and ‘G’ stands for growth needs.

- **Existence needs:** They refer to all physiological and safety needs of an employee. Thus, existence needs group physiological and safety needs of Maslow into one category as these have similar impact on the behaviour of the individual.

- **Relatedness needs:** They refer to all those needs that involve relationship with other people whom the individual cares. Relatedness needs cover Maslow’s social needs and that part of esteem needs which is derived from the relationship with other people.

- **Growth needs:** They refer to involve employees making creative efforts to achieve full potential in the existing environment. These include Maslow’s self-actualization need as well as that part of the esteem need which is internal to the individual like feeling of being unique, valuable for the growth of the organization.

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**Check Your Progress**

5. What is motivation?

6. According to ERG theory, what are the existence needs of an employee?
4.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Societies, in general, have many problems that affect their very survival such as crime, energy shortages, depletion of finite resources, health services, employment, political conflicts among nations, and so on.

2. The basic emphasis of the ‘decision theory school of management’ is not on people or environmental variables influencing the management behaviour but on the process of decision-making and the theory that all management thought could be built around it.

3. Contingent leadership defines leadership in terms of the leader’s ability to handle a given situation and is based upon his skill in that particular area.

4. Paternal leadership is the kind of leadership style which is based on a centralized management process. The leader is the primary decision maker and is supported by the other members of the group.

5. Motivation encompasses the internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal.

6. According to ERG theory, the existence needs of an employee refer to all physiological and safety needs of an employee.

4.6 SUMMARY

- Decision-making and problem solving are core functions of management because they are an integral part of all other managerial functions such as planning, organizing, directing and controlling. They are also an integral part of life because life cannot be managed without making decisions.

- Rational decision-making and problem solving may be used interchangeably since a problem has to exist and a decision has to be made to solve such a problem. While most decisions indeed involve a problem, some decisions are part of routine and may not involve a problem.

- Leadership can be defined as the art of influencing and inspiring subordinates to perform their duties willingly, competently and enthusiastically in order to achieve the desired organizational goals. A dictatorship under which the subordinates have to perform, would not be considered as leadership. A true leader motivates others to follow and induces a belief that the followers will gain by the policies of the leader.
The leadership styles can be classified according to the philosophy of the leaders. What the leader does determines how well he leads. A style of leadership is a ‘relatively enduring set of behaviours which is a characteristic of the individuals, regardless of the situation.’

Motivation encompasses the internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal. All motives are directed towards goals and the needs and desires affect or change your behaviour which becomes goal oriented.

Human behaviour is a need based phenomena and greatly influenced by it. The need based theory of motivation is based on the assumption that an individual behaves in a particular manner to satisfy his needs. These theories are also known as content theories and focus on inner needs that motivate behaviours of the employees.

Abraham H. Maslow, a famous psychologist, developed a theory of motivation, called the ‘need hierarchy theory’

Since Herzberg has discovered two sets of factors associated with satisfaction and dissatisfaction of the employees, therefore, it is known as the Herzberg two factor theory. The first set is of hygiene factors and the other is that of motivators.

According to Vroom’s theory, a person’s motivation towards an action at any time would be determined by his perception that a certain type of action would lead to attainment of a specific goal.

Alderfer’s theory of motivation has been developed by Clayton Alderfer as an extension of Maslow’s need hierarchy theory. It was considered as reformulation or refinement of Maslow’s need theory.

4.7 KEY WORDS

Leadership: It can be defined as the art of influencing and inspiring subordinates to perform their duties willingly, competently and enthusiastically in order to achieve the desired organizational goals.

Leadership Style: It is a ‘relatively enduring set of behaviours which is a characteristic of the individuals, regardless of the situation.

Motivation: It encompasses the internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal.
4.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions
1. What is the concept of decision making?
2. What is rational decision making?
3. Write a short note on the traits that a leader should possess.
4. Briefly explain laissez-faire or free-reign leadership.
5. What are hygiene factors?

Long-Answer Questions
1. Explain the factors affecting decision making process.
2. Examine the steps involved in the decision making process.
3. What are the advantages and disadvantages of an autocratic leader? Discuss.
4. Explain the types of motivation.
5. Examine the various theories of motivation.

4.9 FURTHER READINGS


UNIT 5  MINISTRIES AND GOVERNMENT CORPORATIONS

Structure

5.0 Introduction
5.1 Objectives
5.2 Ministries and Departments
  5.2.1 Government Companies
  5.2.2 Government of Public Corporations
5.3 Answers to Check Your Progress Questions
5.4 Summary
5.5 Key Words
5.6 Self Assessment Questions and Exercises
5.7 Further Readings

5.0 INTRODUCTION

In the previous unit, you learnt about decision-making and leadership. In this unit, we will discuss various agencies of the government.

There is no standard definition of a Government-Owned Corporation (GOC) or State-Owned Enterprise (SOE), although the two terms can be used interchangeably. The defining characteristics are that they have a distinct legal form and they are established to operate in commercial affairs. While they may also have public policy objectives, GOCs should be differentiated from other forms of government agencies or state entities established to pursue purely non-financial objectives that have no need or goal of satisfying the shareholders with return on their investment through price increase or dividends. Public Sector Undertaking (PSU) is a term used for a government-owned corporation. The term is used to refer to companies in which the government (either the union government or state or territorial governments, or both) owns a majority (51 percent or more) of the company equity. A PSU is a corporation in the public sector in India, where management control of the company rests with the government. It can be either a central government or the state governments.

5.1 OBJECTIVES

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

- Explain the working of departments and public corporations
- Discuss government companies
5.2 MINISTRIES AND DEPARTMENTS

The powers and functions of the Government of India are divided into Ministries. The business of the Government of India shall be transacted in the Ministries, Departments, Secretariats, and Offices. These transactions are done as per the rules which are known as the Government of India Rules, 1961 (Allocation of Business).

Allocation of Government business is regulated by Rules of Business formed under Article 77 (3) of the Constitution. Under this article the President of India shall make rules for the more convenient transactions of the business of the Government of India and for the allocation among ministers for the said business. The allocation is made by the President on the advice of the Prime Minister by specifying the items of business allocated to each minister. Each minister is given a part of a ministry or more than one ministry as a charge. A ministry may comprise only one department, or may be more than one. A typical ministry of the central government is a three-tier structure, comprising – (i) the political head, that is, the minister, who may be assisted by one or more ministers of state, deputy ministers, or parliamentary secretaries; (ii) the secretariat organization of the ministry, with the Secretary, who is a permanent official, as the head; and (iii) the executive organization of the departments comprising a ministry, the official head bearing the designation of Director-General, or Inspector-General.

Decentralization of Executive

Indian ministries have subordinate departments under it which are known as attached or subordinate offices. In these offices the execution of the policies of the government which requires decentralization of executive direction and the establishment of field agencies takes place. The Attached Offices give executive guidance for the implementation of policies laid down by the Ministry to whom they are attached. The attached office also is a storehouse of technical knowhow and assist the Ministry on matters related to the technical side of questions dealt with by them. On the other hand, the subordinate offices function as field establishments or as agencies responsible for the detailed execution of Governmental decisions. They work under the direction of an attached office. In cases where the volume of executive direction is not too large, they work directly under a Ministry.

Political aspect

The political element in a Ministry consists of the Minister, who, if work so demands, may be assisted by ministers of state, deputy ministers, and parliamentary secretaries. These political officers change with a change in the ministry, and, thus, do not have permanent tenure. The fate of this political element is inevitably linked up with the fate of the political party to which they belong. The ousting of the party in power means the exit of this political element. Also, since the ministers are appointed on the advice of the Prime Minister, they may have to quit when the latter so desires.
Functioning of Department

The Minister is the political head of a particular department. He lays down the broad policies for the department and also decides the major policy issues cropping up in the department. This vital function is carried out in coordination with civil servants. These civil servants provide essential material, statistical and otherwise, without which policy formulation is neither feasible nor possible. It is interesting here to quote Earl Attlee:

The first thing a Minister finds on entering office is that he can depend absolutely on the loyalty of his staff, and on leaving office, he will seldom be able to say what the private political views are even of those with whom he has worked most closely. The second thing that he will discover is that the civil servant is prepared to put up every possible objection to his policy, not from a desire to thwart him, but because it is his duty to see that the minister understands all the difficulties and dangers of the course which he wishes to adopt.

Besides laying down the broad policy of the department, the minister also keeps a general watch over the execution of agreed policy. It is also imperative that he should supply dynamism to the administration under him. This aspect of his duty assumes considerable importance in view of a certain inherent static character of the administrative setup. As the late Prime Minister, Jawaharlal Nehru acknowledges, ‘Where the whole social structure is changing rapidly, it requires dynamism at the top (of the administrative setup) and the Minister must supply it.’ Lastly, he is accountable to Parliament for the policies and activities of his department. One of the tenets of parliamentary democracy is the ministerial responsibility, constitutionally speaking. Quite revealing in this connection is the debate in the British House of Commons in July 1954, on the Crichel Down Affairs culminating in the resignation of the Minister of Agriculture. Sir David Maxwell Fyfe, the Home Secretary, observed:

Where action has been taken by a civil servant of which of Minister disapproves and has no prior knowledge, and the conduct of the official is reprehensible, then there is no obligation on the part of the Minister to endorse what he believes to be wrong or to defend what are clearly shown to be the errors of his officers. The Minister is not bound to defend action of which he did not know or which he does oppose but, of course, he remains constitutionally responsible to Parliament for the fact that something has gone wrong and he alone can tell Parliament what has occurred and render an account of his stewardship.

In India, the ministerial responsibility was upheld, for the first time, in 1958, when T.T. Krishnamachari, the Finance Minister, resigned over what has generally come to be called the Life Insurance Corporation Affair. The Prime Minister, while accepting the resignation of the Finance Minister remarked: ‘Whoever might be responsible for this, you (i.e., the Finance Minister) very rightly say that, according to our convention, the Minister has to assume responsibility even though he might have had little knowledge of what others did and was not directly
responsible for any of these steps.' The ministerial responsibility is, thus a firmly established concept in Indian politics. The Minister represents the department under him before Parliament as well as the general public. He initiates necessary legislation in Parliament, and answers questions put by members of that august body.

The Minister, as said earlier, may be assisted by the ministers of state, deputy ministers, and parliamentary secretaries. A Minister of State usually works under the general supervision and guidance of the Minister who assigns the former some specific items of work. In some cases, however, the Minister of State may be sole charge of the Ministry.

The deputy minister usually has no specific administrative responsibility. His duties 'should be to answer questions in Parliament on behalf of ministers concerned, to assist them in piloting Bills; to explain policies and programmes to the general public and constituencies, and maintain liaison with Members of Parliament, political parties and the Press, and to undertake a special study or investigation of particular problems which were entrusted …by the ministers concerned.' The parliamentary secretary assists the Minister in the discharging of his parliamentary functions. At present, there are no parliamentary secretaries in the Central Government.

**Departmental undertakings**

Public enterprises and traditional government do not differ in any significant way. In fact, they function on more or less a similar pattern. Some of the oldest state undertakings like the post and telegraph department, telephone services and the railways were structured, funded and managed in a way akin to any other government departments. Though these old state enterprises are autonomous, they are ultimately controlled by the departmental head and the ministry concerned. This form of organization is frequently in use when revenue generation is the primary aim of the establishment. The total number of departmental undertakings controlled by the central and state governments in India is 298. For example, Posts and Telegraphs are a department in the Ministry of Communications. The Ordnance Factory, the Gun Carriage Factory, the Delhi Milk Scheme, the Tarapur Atomic Energy Plant, All India Radio, Doordarshan, the Government Printing Press and Mint are other examples of departmental undertakings.

**Characteristics**

The principal characteristics of departmental undertakings are as follows:

(i) The enterprise is financed by annual appropriations from the treasury and all, or a major share of its revenues, is paid into the treasury.

(ii) Departmental undertakings are easily formed by the government as they do not require any registration formalities.
(iii) The enterprise is subject to the budget accounting and audit controls applicable to other government activities.

(iv) It has to get capital from government treasury out of annual budget. It is not allowed to borrow funds for its working from the public but it has to depend upon the budgets to be sanctioned from Parliament.

(v) The appointments and recruitments are as per the terms and conditions of civil servants. They are considered as government employees or civil servants and enjoy same right and privilege as other civil servants. The enterprise is generally organized as a major subdivision of one of the Central departments of government and is subject to the direct control of the head of the department.

(vi) It runs its business purely on service basis because it is a public utility concern. It does not work on commercial basis like private organizations.

(vii) Wherever this applies in the legal system of the country concerned, the enterprise possesses the sovereign immunity of the state and cannot be sued without the consent of the government.

A great advantage of the government undertakings is that they work with set structural pattern and fixed procedures. Administrative planning becomes easy and staffing also poses no serious problem. It brings proper co-ordination among different departments of the government. It also avoids conflict of jurisdiction and overlapping of the functions, because every department clearly knows its responsibility and area of jurisdiction. Another factor of great importance is that politically conscious officials exert the utmost limit of control with strict budgeting, accounting, and audit controls. This helps to keep a check on public funds and see that they are not used inappropriately. The management, which is unified and centralized, sees that excess earnings are sent to the government treasury. There is maximum control of the government on the enterprise through the concerned Minister.

Limitations

But this form lacks managerial flexibility which is essential for effective operation. The Krishna Menon Report on State Undertakings in India sets out the limitations of this form as follows:

(i) Permanent staff is subject to rules and regulations applicable to civil servants, thereby preventing both promotion on merit and prompt disciplinary action, where necessary;

(ii) Tardy procedures for arranging funds; for instance, the necessity for getting sanction for expenditure and other matters in every single case;

(iii) Cash receipts have to be put into government account and cannot be taken out without special sanction;

(iv) The complicated system of accounting and audit; and
(v) The departmental methods of purchase of raw materials, sale of products, etc., lead to delays.

**Efforts for Removal of Weaknesses**

Many times the governments have attempted to alleviate these weaknesses by introducing new forms of structure and more flexible procedures with a view to giving autonomy to management. For example, the Government of India has set up the Railway Board for managing railways and the Posts and Telegraphs Board for managing the posts and telegraphs in India. But the problem is more basic, and in the words of the Rangoon Seminar Report, 'As long as an enterprise is not clearly differentiated from other types of governmental activity, strong pressures will be brought to make it conform to standard government regulations and procedures, since emphasis on uniformity is a common characteristic of a bureaucratic administration.'

The structure and running of a departmental undertaking is quite different from that of the financial and operational methods employed by a business enterprise. Departmental organization does not exercise flexibility and autonomy. On the other hand, it increases the power of the government at the cost of its initiative and flexibility. It should, therefore, be 'the rare exception, and not the general rule'.

**5.2.1 Government Companies**

When an organization goes into partnership, it takes about 20 odd people into consideration. The number of people cannot exceed from 20. This is the maximum limit that a partnership needs to have. As a result, the amount of capital generated is also limited. Hence, partners in such organizations are discouraged from taking huge risks. To avoid such risks, private and public company is formed. These public and private companies are also known as 'joint stock company'. In the current scenario, the Joint Stock company structure is looked upon favourably and it has been used widely. It finds full support of the Central and the State Governments. This form can also be called as mixed ownership company. This form is more of an economic idea rather than a legal or organizational structure. Included in this are various forms of joint enterprises shared between the State and private companies, which may contain national or foreign organizations. Represented in this are shares of individual forms involved in the enterprise or subscriptions of members of the public.

**Characteristics**

According to the Report of the Study Team on Public Sector Undertakings (of the Administrative Reforms Commission) central and provincial characteristics of this form are as follows:

(i) It has most of the features of a private limited company;

(ii) The whole of the capital stock or 51% of it is owned by the government (Central, State or States as the case may be);
iii. All the directors, or a majority of them, are appointed by the government depending upon the extent to which private capital is participating in the enterprise;

iv. It is a body corporate, created under a general law, viz., the Companies Act;

v. It can sue and be sued, enter into a contract, and acquire property in its own name;

vi. Unlike the public corporation, it is created by an executive decision of the Indian Government without Parliament’s specific approval having been obtained, and its Articles of Association, though conforming to an Act are drawn up and are revicable by the government;

vii. Its funds are obtained from the Government and, in some cases, from private shareholders, and through revenues derived from the sale of its goods and services;

viii. It is generally exempted from the personnel; budget, accounting, and audit laws and procedures applicable to Government departments; and

ix. Its employees, excluding the deputationists, are not civil servants.

Reasons for adoption to company form of organization

There are three major reasons for the adoption of the company form of organization:

(i) The government may have to acquire shares of an existing enterprise in an emergency, in response to a financial or employment crisis, or in order to maintain a nationally important production or service which has become unprofitable or insolvent under private enterprise; for example, the recent taking over of the Indian Iron and Steel Company Limited and a number of textile mills.

(ii) The State may wish to launch an enterprise in association with certain other interests, national or foreign. An important recent example is Hindustan Steel Limited. A joint venture of the Indian Government and private interests in India is Hindustan Shipyard Limited in which the government holds two-thirds of the paid-up capital which it took over from a private enterprise.

(iii) The government may wish to start an enterprise entirely as a public venture in order to put in on its feet, with the intention of disposing of all or part of it to the public, or to specific private interests as soon as possible.

In several recent instances national development corporations have been established in the ECAFE region with a share capital, as a means of enabling them to set up subsidiary operating companies and to acquire interests in them. Examples are the National Development Company of the Philippines and the Industrial Development Corporation of Pakistan. In our own country, of the 70 Central Government undertakings, 64 have been organized as Government companies.
and 6 have been created by statute. The State Governments have also tended to favour the company form. There were, in 1967, about 145 government companies in which one or more State Governments held either the whole of the share capital or a majority of it.

Advantages

Some advantages of the joint stock companies are:

(i) A joint stock company is able to collect a large amount of capital through contributions from a large number of people.
(ii) In a public limited company, shares can be offered to the general public to raise capital.
(iii) In case of a joint stock company, the liability of its members is limited to the value of shares held by them.
(iv) Since there is an availability of large financial resources and technical expertise, it is possible for the companies to have ‘large-scale’ production. This enables the company to produce more efficiently and at a lower cost.
(v) Only in joint stock company form of business, it is possible to invest a lot of money on research and development so that new design and better quality products can be achieved.

Disadvantages

The Company device; however, has its own limitations. It was once described by no less an authority than a former Comptroller and Auditor General of India as ‘a fraud on the Company’s Act and on the Constitution’. Its main disadvantages are as follows:

(i) It evades the constitutional responsibilities which a State controlled enterprise has, in a democratic society, to the government and to the Parliament.
(ii) Joint stock companies are kept in check by the Companies Act and other economic legislations. There are certain legal formalities to be completed and non-compliance with these can cause serious consequences as the smooth functioning of the companies is affected.
(iii) The statute forming the company reserves the functions normally invested in the shareholders to the government. Thus, the use of Company form and law controlling commercial companies does not hold much weight.

A.H. Hansen believes that there is not much to choose between a Corporation and a Company. He says, ‘My own view is that the State Company and the Public Corporation really do not differ very much from each other except, of course, in the legal status. In matters of operation, there seems to be very little difference. The Company is entirely under State control in so far as the State is its sole shareholder. Further, it is usually subject not only to Company Law but, through Articles of Association or Terms of Agreement, to special forms of governmental
supervision which are not really very much different from those which are embodied in the legislative instruments which create Public Corporation.’

5.2.2 Government of Public Corporations

A new form of organization for managing public enterprises has been evolved in the shape of public corporation. This sort of public corporation is an autonomous corporate body set up under a special Act of Parliament or State Legislature. A ‘Public Corporation’ is a form of public enterprise which is outside the framework of government departments and company laws and which is especially designed to meet the specific need of a government enterprise. A public corporation seeks to combine the flexibility of private enterprise with public ownership and accountability. It has been described by W.A. Robson as ‘the most important constitutional innovation’ of this century. Herbert Morrison defines a Public Corporation as ‘a combination of public ownership, public accountability, and business management for public ends.’

Characteristics of Public Corporation

The principal characteristics of the Public Corporation, according to the Rangoon Seminar, are as follows:

(i) It is wholly owned by the State.

(ii) It is generally created by, or pursuant to, a special law defining its powers, duties and immunities and prescribing the form of management and its relation to established departments and ministries.

(iii) As a body corporate, it is a separate entity for legal purposes, and can sue and be sued, enter into contracts and acquire property in its own name. Corporations conducting business in their own names have been generally given greater freedom in making contracts and acquiring and disposing of property than ordinary government departments.

(iv) Except for government appropriations to provide capital or to cover losses, a Public Corporation is usually independently financed. It borrows funds either from the Treasury or the Public, and from revenues derived from the sale of goods and services. It is authorized to use and reuse its revenues.

(v) A public corporation is managed by a Board of Directors appointed by the Government. However, its employees need not necessarily be civil servants. They can be employed on terms and conditions lay down by the corporation itself.

(vi) It is generally exempted from most regulatory and prohibitory statutes applicable to expenditure of public funds.
(vii) It is ordinarily not subject to the budget, accounting and audit laws, and procedures applicable to non-corporate agencies.

(viii) In the majority of cases, employees of Public Corporations are not civil servants, and are recruited and remunerated under terms and conditions which the Corporation itself determines.

(ix) The primary motive of the corporation is public service rather than private profits. It is, however, expected to operate in a business-like manner.

Advantages

(i) The principle benefits of Public Corporation as an organizational device is that it is free from unsuitable government regulations and controls and has high degree of operating and financial flexibility.

(ii) In this form, one discerns a balance between the autonomy and flexibility enjoyed by private enterprise and the responsibility of the public as represented by elected members and legislators. In the famous words of President Franklin D. Roosevelt, ‘the Public Corporation is clothed with the power of government but possessed the flexibility and initiative of a private enterprise.’

Limitations

(i) Public corporations have the difficulty of reconciling autonomy of the corporation with the public accountability. The Public Corporations cannot be made immune from ministerial control and direction. But how to do it without infringing their autonomy is a dilemma defying solution. The theory of corporate autonomy has come into direct conflict with the urgent need for bringing the operations of these Corporations into harmony with related actions of the government. Thus, it is difficult to maintain a balance between autonomy and control.

(ii) ‘Public Corporations do not function in a political vacuum. Removal from the so-called political pressures may mean, in fact, that the significant political power is being placed in the hands of a small unrepresentative, and, in extreme cases, possibly even a self-perpetuating group controlling the Public Corporations.’

Check Your Progress

1. What is the typical structure of a central government ministry?
2. Name any one limitation of a departmental undertaking.
5.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. A typical ministry of the central government is a three-tier structure—first tier is the political head, the minister, who may be assisted by one or more ministers of the state, deputy ministers, or parliamentary secretaries, the second tier is the secretariat organization of the ministry, with the secretary, who is a permanent official, as the head, and the third tier is the executive organization of the departments comprising a ministry, the official head baring the designation of Director-General.

2. One of the limitations is that permanent staff is subject to rules and regulations applicable to civil servants, thereby preventing both promotion and merit and prompt disciplinary action, where necessary.

3. A public corporation is a form of public enterprise which is outside the framework of government departments and company laws and which is especially designed to meet a specific need of a government enterprise.

5.4 SUMMARY

- The powers and functions of the Government of India are divided into Ministries. The business of the Government of India shall be transacted in the Ministries, Departments, Secretariats, and Offices. These transactions are done as per the rules which are known as the Government of India Rules, 1961 (Allocation of Business).

- Indian ministries have subordinate departments under it which are known as attached or subordinate offices. In these offices the execution of the policies of the government which requires decentralization of executive direction and the establishment of field agencies takes place.

- A great advantage of the government undertakings is that they work with set structural pattern and fixed procedures. Administrative planning becomes easy and staffing also poses no serious problem. It brings proper coordination among different departments of the government. It also avoids conflict of jurisdiction and overlapping of the functions.

- A new form of organization for managing public enterprises has been evolved in the shape of public corporation. This sort of public corporation is an autonomous corporate body set up under a special Act of Parliament or State Legislature.

- A ‘Public Corporation’ is a form of public enterprise which is outside the framework of government departments and company laws and which is especially designed to meet the specific need of a government enterprise.
A public corporation is generally created by, or pursuant to, a special law defining its powers, duties and immunities and prescribing the form of management and its relation to established departments and ministries.

The principle benefits of Public Corporation as an organizational device is that it is free from unsuitable government regulations and controls and has high degree of operating and financial flexibility.

Public corporations have the difficulty of reconciling autonomy of the corporation with the public accountability. The Public Corporations cannot be made immune from ministerial control and direction. But how to do it without infringing their autonomy is a dilemma defying solution.

5.5 KEY WORDS

- **Public Corporation**: It is a form of public enterprise which is outside the framework of government departments and company laws and which is especially designed to meet the specific need of a government enterprise.

- **Autonomy**: It means the ability to make your own decisions without being controlled by anyone else.

- **Audit**: It means an official inspection of an organization's accounts, typically by an independent body.

- **Secretariat**: It refers to a permanent administrative office or department, especially a governmental one.

5.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

**Short-Answer Questions**

1. Identify the characteristics of government companies.
2. Write a short-note on the decentralization of the executive.

**Long-Answer Questions**

1. Discuss the functioning of a government ministry department.
2. What is a public corporation? What are its advantages and limitations?

5.7 FURTHER READINGS

NOTES


UNIT 6 ADMINISTRATIVE AREAS AND FIELD SERVICES

Structure
6.0 Introduction
6.1 Objectives
6.2 Headquarters and Field Relationship
6.3 Regulatory Authorities
6.4 Public Private Partnership
6.5 Answers to Check Your Progress Questions
6.6 Summary
6.7 Key Words
6.8 Self Assessment Questions and Exercises
6.9 Further Readings

6.0 INTRODUCTION

This unit will discuss field offices and headquarters, regulatory agencies and public-private partnerships (PPP). Headquarters and field administration is a decentralized State administration. The tenacity of field administration is mainly to bring the supervisory and service functions of the State nearer to the population. For policy formulation and execution there is a need for greater citizen participation. As a result, a vast politico-administrative apparatus has been established. Various field officers at the district and state level cannot execute their business from the headquarters due to administrative cost, long distances, and time taken to communicate. Therefore, field offices are essential for the proficient functioning of administration. Policies are transformed into actuality and programs are executed at the field level. In order to carry out and implement the developmental programs, the State level departments and ministries establish a large number of field offices.

The important components of the field administration are the district offices and the local self-government. The offices of field administration are organized on the foundation of ancient traditions, administrative deliberations, organizational accessibility, procedural necessities, development necessities and the need for better interface between the administration and the community. At the field level, the bulk of the people come into closer collaboration with the Government. Technological advances, especially in the field of transport and communication, have played an important role in the expansion of field administration. A majority of the State departments such as Health, Education, Public Works, Irrigation, etc., have their offices in the District, Subdivisions, and Blocks. Hence the relationship between...
the headquarters and field offices is very and crucial in the working of administrative services at the grass root level.

If someone owns a business, they would probably know that the business is subject to various laws that govern social and economic matters, including payroll taxation, income taxation, occupational health and safety laws, employment laws, environmental laws, real estate law, criminal laws, and laws that are specifically related to your specific industry, such as insurance or transportation. The list can go on and on. So, what does this have to do with regulatory agencies? Regulatory agencies serve two primary functions in government: they implement laws and they enforce laws. Regulations are the means by which a regulatory agency implements laws enacted by the legislature. Regulations are formal rules based upon the laws enacted by a legislature that govern specific social or economic activities.

Public Private Partnerships or PPPs have emerged as a very feasible, viable, and growing mode of creating infrastructure for our country. Though the public sector will continue to play a dominant role in building of infrastructure, the PPPs have enabled us to channelize private sector investment in infrastructure. Keeping in mind that our country is still starved of adequate infrastructure required for high level development, the opportunities for the growth of joint venture between both the sectors are huge and desirable. The anticipated percentage participation of the private sector in the twelfth plan is much higher than the eleventh plan. The Indian PPP scenario as it stands today presents an optimistic picture. However several bottlenecks and challenges have been encountered in PPP model development. Some of the major challenges also relate to regulation and availability of finance for the private sector. The Government of India on its part has been fully aware of the benefits that such partnerships can offer to our country and has been taking steps to remove some of these problems.

6.1 UNIT OBJECTIVES

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

- Examine the relationship between the headquarters and the field
- Discuss regulatory agencies in India
- Describe the PPP model in detail
6.2 HEADQUARTERS AND FIELD RELATIONSHIP

Fig. 6.1 Headquarters and Field Relationship
The central place of a given area, where its highest government or administrative authorities and offices are located and from which administrative direction and control fan out over the entire area is known as the headquarters while the rest of the area is called the field. In the indigenous administrative phrasology of India, we call them the Sadar (headquarters) and the moffusil (the field) respectively. This ‘headquarters’ and ‘field’ relationship in administration requires at the outset, the study of decentralization of powers between the center and its units. A wide measure of decentralization has become the aim of developing governments. The factors that determines, as to what to decentralize and how far to decentralize merit some consideration.

By field services or field organization of an administrative agency we mean the personnel stationed away from its headquarters within the country, to carry on its work from the numerous sub centres for the easy reach of the people. It is only through the field that the administration can reach the people, to serve or to control. Field services are required not only by big jurisdictions like the national government, but also by smaller ones like states, districts or municipalities. The field staff is not only operational but also supervisory. It constitutes the trunk of the body of the administration of which the headquarters is the head.

Various patterns of Field Organization

W. F. Willoughby distinguishes between two types of field organization – unitary and multiple. These are also known as territorial and functional respectively. In the unitary or territorial system, all the field offices of a region are engaged under the supervision and control of a chief administrator who in turn is accountable to the headquarters for their functioning. This is found in France where all the officials of the central government working in the department (the largest unit/area of local administration) are placed under the supervision and control of the Prefect. In the functional or the multiple system, the different divisions of the headquarters deal with their respective field offices directly. There is no interference of the administering and regulatory authority in between them at the area level.

According to Luther Gulick, there are three types of field organisations, namely, All Fingers, (b) Short Arms, Long Fingers, Fingers, and (c) Long Arms, Short Fingers.

The word ‘arms’ signify the regional offices, while ‘finger’ show the lines of communication reaching to the lowest offices at the firing line. In the ‘all fingers’ type, the headquarters control the field offices directly; there being no regional subdivisions. In the ‘Short Arms, Long Fingers’ type, the regional sub-divisions are physically situated in the headquarters itself. They control the field offices in their own domains. In the ‘Long Arms, Short Fingers’ type, the regional sub-divisions are physically located in the field itself. Far away from the headquarters, and control the respective field offices.
The following measures have been suggested to ensure the smooth functioning of these organisations and the proper implementation of public policy through them:

1. The communication channels between headquarters and field establishments should be active and fast.

2. The officials at the headquarters while giving directives/guidelines to field officers should provide appropriate detail so that the latter can simply comprehend and understand the same.

3. The officials at the headquarters should take into consideration the inputs provided by the field officers before reaching decisions in regards to programme agendas that are necessary to be executed at the field levels as they have the first-hand knowledge of the situation.

4. Various seminars, conferences, workshops and training programmes should be organised so as to enhance the proficiency of officials at the field level so that they can carry out their work more proficiently.

5. In order to mend the bridge of communication between field officers and the headquarters, the latter needs to carry out the inspection from time to time, in order to avoid any discrepancies and to look into the ground realities existing in their field operations.

6.3 REGULATORY AUTHORITIES

One vital function of the state is regulation. The independent regulatory agencies are distinguished by being detached from the executive branch of government so that they function autonomously. According to Moran, regulation is ‘the administrative technology of controlling business through law-backed specialized agencies’.

Literatures on regulation have their lengthiest history in the United States. The rational justification for regulation appeared in an early judgment of the US Supreme Court, *Munn vs State of Illinois*, which dealt with whether a legislative assembly could limit the prices charged by private railway companies for storage of grain being transported by those railways. In this frequently cited judgment, the court ruled that when, ‘...one devotes his property to a use in which the public has an interest, he, in effect, grants to the public an interest in that use, and must submit to be controlled by the public for the common good...’ [Touro Law Centre 2005]. The judgment is significant because it provides a basis for state control over private property when the public interest is involved.

This approach originated in the United States, and spread to the European Union, and, particularly during the 1990s, to the developing world. These are institutions which are formed by government with the objective of regulating (controlling and monitoring) the functioning of organizations taking care of a special area/job. It offers the basic structure and amenities for the functioning of all those institutions/organizations which are carrying out enterprise/business in that specific
area. It provides transparency. During the era of LPG (Liberalization, Privatization and Globalization), these bodies become highly significant since private players/companies are also entering the country and setting up businesses. These bodies carry out detailed research in regards to those areas/business areas that they have been set up for and help the government establish necessary norms, guidelines, rules and regulations so that quality and quantity both can be regulated in regards to the production of goods and services in the concerned area of business/enterprise. It is through these regulatory bodies that an appropriate check is kept on government as well as private enterprises in the market and thus leading to fruitful policy and planning execution.

Some of the important regulatory authorities in India are given in Table 6.1.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of the body</th>
<th>Acronym</th>
<th>Year of Establishment</th>
<th>Functions in the following Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reserve Bank of India</td>
<td>RBI</td>
<td>April 1, 1935</td>
<td>Banking &amp; Finance, Monetary Policy</td>
</tr>
<tr>
<td>2</td>
<td>Securities and Exchange Board of India</td>
<td>SEBI</td>
<td>April 12, 1988</td>
<td>Securities (Stock) &amp; Capital Market</td>
</tr>
<tr>
<td>3</td>
<td>Insurance Regulatory and Development Authority</td>
<td>IRDAI</td>
<td>1999</td>
<td>Insurance</td>
</tr>
<tr>
<td>4</td>
<td>National Bank for Agriculture and Rural Development</td>
<td>NABARD</td>
<td>July 12, 1982</td>
<td>Financing Rural Development</td>
</tr>
<tr>
<td>5</td>
<td>Small Industries Development Bank of India</td>
<td>SIDBI</td>
<td>April 02, 1990</td>
<td>Financing Micro, Small and Medium-Scale Enterprises</td>
</tr>
<tr>
<td>6</td>
<td>Telecom Regulatory Authority of India</td>
<td>TRAI</td>
<td>February 20, 1997</td>
<td>Telecommunication &amp; Tariffs and Cyber-Security</td>
</tr>
<tr>
<td>7</td>
<td>Central Board of Film Certification</td>
<td>CBFC</td>
<td>January 15, 1951</td>
<td>Film/TV Certification &amp; Censorship</td>
</tr>
<tr>
<td>8</td>
<td>Food Safety and Standards Authority of India</td>
<td>FSSAI</td>
<td>August 2011</td>
<td>Food</td>
</tr>
<tr>
<td>9</td>
<td>Board of Control for Cricket in India</td>
<td>BCCI</td>
<td>December 1928</td>
<td>Cricket</td>
</tr>
<tr>
<td>10</td>
<td>Federation of Indian Export Organisation</td>
<td>FIEO</td>
<td>1965</td>
<td>Export</td>
</tr>
<tr>
<td>11</td>
<td>Indian National Shipowners’ Association</td>
<td>INSA</td>
<td>January 07, 1935</td>
<td>Shipping</td>
</tr>
<tr>
<td>12</td>
<td>National Association of Software and Service Companies</td>
<td>Nasscom M</td>
<td>March 01, 1988</td>
<td>IT</td>
</tr>
<tr>
<td>13</td>
<td>Organisation of Plastic Processors of India</td>
<td>OPPI</td>
<td>1965</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>14</td>
<td>Central Drugs Standard Control Organisation</td>
<td>CDSCO</td>
<td>1940</td>
<td>Medical Devices and Drugs</td>
</tr>
</tbody>
</table>

The regulatory bodies are quite different from statutory bodies. Statutory bodies may be established to authorize a certain level of freedom from the government; the government is still accountable to assure that taxpayers money consumed in the operations of statutory bodies are spent in the most effective and economic way. These bodies are subject to varying degrees of governmental control.
which are recognized in the statutory body’s empowering legislation. State representatives have authority for many reasons such as efficiency, transparency, responsibility, and bipartisanship.

Important Statutory Bodies in India are:

a. National Human Rights Commission  
b. National Commission for Women  
c. National Commission for Minorities  
d. National Commission for Backward Classes  
e. National Law Commission  
f. National Green Tribunal  
g. National Consumer Disputes Redressal Commission  
h. Armed Forces Tribunal

Unlike statutory bodies, a regulatory body, also called regulatory agency, is a public authority or a government agency which is accountable for exercising autonomous authority over certain area of human activity in a monitoring or managerial capacity. It is established by a legislative act in order to set standards in a definite arena of activity, or operations, in the private sector of the economy and to then implement those standards. Since the regulations that they implement have the force of law, a part of these agencies’ function is fundamentally legislative; but because they may also conduct hearings and pass judgments regarding adherence to their regulations, they also exercise a judicial function often performed before a quasi-judicial official called an administrative law judge, who is not part of the court system. Some independent regulatory agencies perform investigations or audits, and some are authorized to fine the important parties and order certain measures.

There are various advantages of the regulatory commissions:

1. They create a devise which makes it possible to exclude the quasi legislative and quasi-judicial activities from the hands of the bureaucracy. These commissions escape to a very large extent the rigid hierarchal structures and are able to judge each of its merit.
2. They put the activities of national importance and of technical nature outside the branch of party politics.
3. They help harmonize the generalist and specialist administration relationships which are hard to achieve in a departmental system of organization.
4. They bring the different shades of opinion and interest together to shoulder a national problem. Thus, the Planning Commission in India was able to bring together the services of politicians of different shades of opinion, administrators and technicians to work out a national development plan for a country.
5. They insulate the process of business from partisan political forces by making it plural headed.

The disadvantages of such commissions are as follows:

1. A regulatory commission combines in themselves the functions of the legislator, prosecutor and the judge thereby jeopardizing the rights and liberties of the people.

2. In the United States, as these commissions are outside the control of the President, they have served as a great disintegrating force in the federal administration of the USA. They can obstruct the effective coordination of the national policy by non-cooperating with the other department of the federal government.

3. It is also said that they suffer from undue laxity and slackness in the performance of their functions. They so not served the purpose for which they were established.

Regulation in India is still a contemporary establishment. It is also an institution that has not fully gained public confidence (at least in the electricity sector) even as there is talk of expanding regulation in other sectors (notably water).

Check Your Progress

1. What is a unitary field organization?
2. List three important statutory bodies in India.

6.4 PUBLIC PRIVATE PARTNERSHIP

Public Private Partnerships or PPPs are a process encompassing the private sector in the nation building activity and moves faster in the delivery of public goods and services of extraordinary eminence through joint enterprises, devoid of dissemination the inadequate available resources too thin. The distinction between public and private sector is greatly influenced by the political philosophy of each nation. In the USA, for instance, the private sector plays a very important role in the American economy and society. The public sector is in many ways dependent on the private sector for the supply of goods and services. Hence, the tendency in that country is towards blurring of lines rather than a distinct bifurcation of responsibilities. In India, by contrast, the public sector had earlier been the dominant sector in a situation of mixed economy. The steady diminution of the public sectors in India, if it continues as a matter of new public policy of 1991, is expected to draw in course of time a sharper distinction between the public and private management.

Public private partnership defines a gamut of probable affiliations between public and private sectors for the cooperative provision of infrastructure services. Community based organizations, NGO’s and private businesses are regarded as
private actors. In a paper titled ‘Managing Public Private Partnership’, by Inderjit Dhingra and Chris Shugart, the World Bank describes PPPs as ‘long-term arrangements in which the governments purchases services under a contract either directly or by subsidizing supplies to consumers. In other PPPs, the government bears substantial risks - for example, by guaranteeing revenue or returns, - on projects that sell directly to consumers’. The Government of India defines a Public Private Partnership as follows: ‘Public Private Partnership (PPP) Project means a project based on a contract or concession agreement, between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges.’

Although numerous governments have restructured their utilities without private participation, various governments strive for expertise and finance from private companies to ease fiscal constraints and upsurge competence. Governments can provide better delivery services if they have engaged the private sectors and defined their concrete responsibilities. It is beneficial for private sectors, public sectors and citizens as it tends to accommodate the interest of all. PPPs are important in the infrastructural sector of developing countries because:

- Inadequate Resources and Capitals: Confinement of government resources and inadequate ability to meet the infrastructure gap.
- Requirement for different institutional contrivances: This comprises integrating the spirit of private proficiency into providing services for the community.
- Reasonable risk apportionment and mitigation: It allows partaking of various kinds of risks between the public and private sector.

### Table 6.2 Key Models of Government Institutes for PPP

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOT</td>
<td>The Private partners are accountable to design, build, operate (during the contracted period) and transfer back the facility to the public sector. Private sectors have to bring in the finances and are responsible for the whole project. Whereas, the public sector will either pay a rent for using the facility or agree to accumulate revenue from the consumers. For example: The national highway projects contracted out by NHAI.</td>
</tr>
<tr>
<td>LOT</td>
<td>The project which already subsists and is under process is assigned to the private sector partner for proficient manoeuvre, subject to the terms and conditions decided by mutual agreement. The contract is for a longer period of time and the asset will be transmitted back to the government at the end of the contract. For example contracting the management and control of a school building or a hospital to the private sector along with the staff and all facilities.</td>
</tr>
<tr>
<td>Joint Ventures</td>
<td>The private sector body is invigorated to form a joint venture company along with the partaking public sector agency with the latter holding only minority shares. The private sector body will be accountable for the design, construction, and management and will also bring in most of the investment requirements. Whereas, the public sector partner’s contribution will be the fixed assets at a pre-determined value (like land and buildings) or facilities and contribute to the shareholding capital. Examples are international airports (Bangalore and Hyderabad) ports etc.</td>
</tr>
</tbody>
</table>
Benefits of Public-Private Partnerships

The impending benefits expected from PPP are:

(a) **Cost-effectiveness:** The selection of the developer/service provider depends on competition or some benchmarking; the project is generally more cost-effective than before.

(b) **Higher productivity:** By linking payments to performance, productivity gains may be expected within the programme/project.

(c) **Faster delivery:** PPP contracts generally have incentive and fine clauses vis-a-vis execution of projects/programmes and their delivery are at faster rate.

(d) **Customer oriented:** The shift in focus from service inputs to outputs create the scope for innovation in service delivery and enrich customer satisfaction.

(e) **Improved social service:** Services to physically challenged children, delinquents and to the mentally ill etc. necessitate a great deal of commitment. Various social services are today provided through private sector and voluntary organizations.

Key Issues and Challenges for PPP in India

There are many challenges for implementation of public-private partnership projects in India. These include:

- **Commercial Feasibility:** Some of the projects like water supply and sanitation are yet to exhibit their commercial feasibility to the public.

- **Contractual and Capacities Inequity:** Inadequate know-how of the partners, chiefly of the public sector while contracting such projects, where we can see an informational disproportionateness functioning in favour of private companies, which obviously use their endeavour and potential to negotiate better conditions for themselves;

- **Veiled Debt:** From the macro-economic point of view, we can see a significant hindrance in the fact that as a consequence of the long-term character of public private partnership projects, the required expenses grow and the veiled debt ascends, and this debt exists for a longer period of time, and thus it can affect adversely the belligerent authority of the upcoming governments and burden considerably the future generations.

- **Elongated Gestation Period:** Depending upon the size and complexities of the project, the groundwork preparation of the project may take up to two to three years. This long gestation period along kills the enthusiasm of the private sector.
• **Breach of Partnerships:** Considerably adverse financial effects in the case the partnership has to be renounced.

• **Emphasis on Economic Benefits:** PPP projects tend to focus on the economic aspects of the project, sometimes to the detriment of social and environmental aspects.

**Vijay Kelkar Committee**

In order to refurbish and rejuvenate the PPP model of development, the Vijay Kelkar Committee was formed. The committee was set up by India’s Central Government.

**Recommendations of the committee**

a. Setting up of independent regulators to address hindered infrastructure projects for numerous sectors

b. The Government may take early action to amend the Prevention of Corruption Act, 1988 which does not differentiate between genuine errors in decision-making and acts

• Measures may be taken immediately to make only malafide action by public servants punishable, and not errors, and to guard against witch hunt against government officers and bureaucrats for decisions taken with bona fide intention.

c. There is an urgent need to rebuild India’s PPP capacities.

• Structured capacity building programmes for different stakeholders including implementing agencies and customized programmes for banks and financial institutions and private sector need to be evolved.

d. The number of banks in a conglomerate is circumscribed.

e. Constitution of an Infrastructure PPP Project Review Committee (IPRC) comprising an expert in finance and economics, law, and at least one related technocrat with not less than 15 years’ experience.

The social complexities of modern age have been generating newer pressures for government control and regulation. Environmental management, pollution control, natural resources constrain, child labour prohibition, regulation of information network and broadcasting- all these and many more activities are increasing the burden of public management.

**Check Your Progress**

3. How does the Government of India define a Public Private Partnership?

4. Why was the Vijay Kelkar Committee formed? And by whom?
6.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. In the unitary or territorial system, all the field offices of a region are engaged under the supervision and control of a chief administrator who in turn is accountable to the headquarters for their functioning.

2. Three important statutory bodies in India are:
   - National Human Rights Commission
   - National Commission for Women
   - National Commission for Minorities

3. According to the Government of India, a Public Private Partnership Project means a project based on a contract or concession agreement, between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges.’

4. In order to refurbish and rejuvenate the PPP model of development, the Vijay Kelkar Committee was formed by the Government of India.

6.6 SUMMARY

- The central place of a given area, where its highest government or administrative authorities and offices are located and from which administrative direction and control fan out over the entire area is known as the headquarters while the rest of the area is called the field.

- By field services or field organization of an administrative agency we mean the personnel stationed away from its headquarters within the country, to carry on its work from the numerous sub centres for the easy reach of the people.

- W. F. Willoughby distinguishes between two types of field organization – unitary and multiple. These are also known as territorial and functional respectively.

- One vital function of the state is regulation. The independent regulatory agencies are distinguished by being detached from the executive branch of government so that they function autonomously.

- According to Moran, regulation is ‘the administrative technology of controlling business through law-backed specialized agencies’.

- The regulatory bodies are quite different from statutory bodies. Statutory bodies may be established to authorize a certain level of freedom from the government; the government is still accountable to assure that taxpayers
money consumed in the operations of statutory bodies are spent in the most
effective and economic way.

- Unlike statutory bodies, a regulatory body, also called regulatory agency, is
  a public authority or a government agency which is accountable for exercising
  autonomous authority over certain area of human activity in a monitoring or
  managerial capacity.
- Public Private Partnerships or PPPs are a process encompassing the private
  sector in the nation building activity and moves faster in the delivery of
  public goods and services of extraordinary eminence through joint
  enterprises, devoid of dissemination the inadequate available resources too
  thin.
- Public private partnership defines a gamut of probable affiliations between
  public and private sectors for the cooperative provision of infrastructure
  services. Community based organizations, NGO’s and private businesses
  are regarded as private actors.
- In order to refurbish and rejuvenate the PPP model of development, the
  Vijay Kelkar Committee was formed. The committee was set up by India’s
  Central Government.

### 6.7 KEY WORDS

- **Liberalization:** It is the process of eliminating or relaxing of constraints on
  something, normally an economic or political system.
- **Privatization:** It means the relocation of a service, business or industry
  from public to private ownership and control.
- **Statutory Bodies:** They refer to non-constitutional bodies that are set up
  by a parliament.
- **Common Good:** It refers to either what is shared and beneficial for all or
  most members of a given community, or alternatively, what is achieved by
  citizenship, collective action, and active participation in the realm of politics
  and public service.

### 6.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

**Short-Answer Questions**

1. What are statutory commissions?
2. List the various patterns of field organization.
3. What are the various advantages of regulatory commissions?
4. Why does the government prefer the PPP model?
5. State any two PPP models.

Long-Answer Questions

1. ‘The headquarters-field relationship is apprehensive with intricacies. To arrive at a general principle, thus, is nearly impossible. Therefore, this should be more of a practitioner’s realm rather than an academician’s.’ Comment.
2. ‘It is necessary to ensure that regulatory institutions remain independent and autonomous so that the desired objectives can be accomplished.’ Critically examine the statement in the light of the experiences in the recent past.
3. Distinguish between statutory and regulatory bodies. Also comment on the functioning of both statutory and regulatory bodies.
4. Public Private Partnerships not only assist in partaking burden but is also inclined to be more qualitative. Critically analyse this developmental model.
5. Analyse the relationship between the headquarters and field offices in India.

FURTHER READINGS

7.0 INTRODUCTION

In the previous unit, you learnt about regulatory authorities and public-private partnerships. Now we will discuss control over administration.

A public administrative framework can only become efficient and workable when there is a system of accountability and control in place. In democratic societies, this system of accountability is provided by the fact that administrative control of the administration lies in the hands of the public representatives. However, this is only one aspect. For an administrative system to be truly efficient requires judicial and legislative oversight as well. These aspects will be discussed in the unit.

7.1 OBJECTIVES

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

- Discuss the functions of the legislature
- Explain the various types of executive
- Examine legislative, executive and judicial control over administration

7.2 LEGISLATIVE, EXECUTIVE AND JUDICIAL CONTROL OVER ADMINISTRATION

The legislative branch or the Parliament consists of two Houses: the Lok Sabha (House of the People), the Lower House, and the Rajya Sabha (Council of States),...
the Upper House. All the members of the Council of Ministers as well as the Prime Minister are members of Parliament, who are, individually as well as collectively, responsible to the Lok Sabha.

The executive branch is headed by the President, who is the Head of the State, and exercises his or her power directly or through officers subordinate to him. The executive branch of government has exclusive authority and responsibility for the daily administration of the state bureaucracy. The Constitution vests in the President of India all the executive powers of the Central government. The President appoints the Prime Minister and the other members of the Council of Ministers, distributing portfolios to them on the advice of the Prime Minister.

The Indian judiciary is the extension of the British legal system, set up by the English in the mid-19th century in which customs, precedents and legislative law have validity of law. In India, there are various levels of judiciary, in which different types of courts have different styles of judges.

The judges in the judiciary have a strict hierarchy of importance, in line with the order of the courts in which they sit, with the Supreme Court of India occupying the highest position. The Supreme Court is followed by high courts of respective states with district judges sitting in district courts, and magistrates of second class and civil judge (junior division) at the bottom. It hears all prosecutions and civil disputes, including disputes between individuals and the government.

It protects individual rights, and is the guardian of laws and the constitution. It has also got the power of judicial review which has led to judicial activism in recent years. All this requires it to be independent and impartial. Members of the Indian judiciary are autonomous and, therefore, are independent of the executive and legislative branches of the government.

Thus, all the three organs of government, namely, legislative, executive and judiciary, (refer to Figure 7.1) have their own assigned roles, and at the same time they are also linked to each other. It is upon their harmonious functioning that a political system acquires stability as well as vitality.

Fig. 7.1 Three Branches of the Indian Government

The Union Legislature

Our Constitution has adopted the Parliamentary system of government, which effects a harmonious blending of the legislative and executive organs of the state in as much as the executive power. The executive power is wielded by a group of
members of the Legislature who command a majority in the popular Chamber of the Legislature and remain in power so long as they retain that majority. Legislature, most commonly known by the name parliament, forms the first important organ of a political organization. The functions of Parliament as the legislative organ follow from the above features of the parliamentary system:

(i) **Providing the cabinet:** It follows from the above that the first function of Parliament is that of providing of the Cabinet to the popular Chamber. The membership of the Cabinet is not necessarily restricted to that Chamber and some of the members are usually taken from the upper Chamber.

(ii) **Control of the cabinet:** It is a necessary corollary from the theory of ministerial responsibility that it is the business of the popular Chamber to see that the Cabinet remains in power so long as it retains the confidence of the majority in that House. This is expressly secured by Article 75(3) of our Constitution.

(iii) **Criticism of the cabinet and of individual ministers:** In modern times, both the executive and the legislative policy are initiated by the Cabinet, and the importance of the legislative function of Parliament has, to that extent, diminished from the historical point of view. But the critical function of Parliament has increased in importance and is bound to increase if Cabinet Government is to remain a “responsible” form of government instead of being an autocratic one. In this function, both the Houses participate and are capable of participating, though the power of bringing about a downfall of the ministry belongs only to the popular Chamber (i.e., the House of the People) [Art 75(3)].

While the Cabinet is left to formulate the policy, the function of Parliament is to bring about a discussion and criticism of that policy on the floor of the House. This is so that not only the Cabinet can get the advice of the deliberative body and learn about its own errors and deficiencies, but the nation as a whole can be appraised of an alternative point of view, on the evaluation of which representative democracy rests in theory.

(iv) **An organ of information:** As an organ of information, the Parliament is more powerful than the Press or any other private agency, for Parliament secures the information authoritatively, from those in the knowledge of things. The information is collected and disseminated not only through the debates but also through the specific medium of “questions” to ministers.

(v) **Legislation:** The next function of the Legislature is that of making laws [Arts. 107 – 108; 245], which belongs to the Legislature equally under the Presidential and Parliamentary forms of government. In India, since the creation of the Constitution, the volume of legislation is increasingly gradually to carry out the various development and other measures, which are essential for establishing a welfare state.
(vi) **Financial control:** Parliament has the complete authority to authorize expenditure for the public services and to identify the objectives to which that revenue shall be appropriated. It also has the power to provide the ways and means to increase the expenditure required, by means of taxes and other impositions, and also to make sure that the money that was granted has been spent for the authorized purposes.

As mentioned earlier, the Parliament of India consists of the President and two Houses. The lower House is called the House of the People while the upper House is known as the Council of States [Art. 79]. The Hindi names ‘Lok Sabha’ and ‘Rajya Sabha’ have been adopted by the House of the People and the Council of States, respectively.

The President is a part of the Legislature, like the English Crown, for, even though he or she does not sit in the Parliament, except for the purpose of delivering his or her opening address [Art. 87]. A Bill passed by the House of Parliament cannot become a law without the President’s assent. The Council of States shall be composed of not more than 250 members, of whom (a) twelve shall be nominated by the President; and (b) the remainder (i.e., 238) shall be representatives of the states and the union territories elected by the method of indirect election [Art. 80].

The Council of States thus reflects a federal character by representing the units of the federation. But it does not follow the American principle of equality of state representation in the Second Chamber. In India, the number of representative of the states to the Council of States varies from one (Nagaland) to thirty-four (Uttar Pradesh).

**Functions of Legislature**

The place and significance of the rule-making bodies, from a functional point of view, varies from the ‘sovereign’ English Parliament to the non-sovereign Supreme Soviet of the erstwhile Union of Soviet Socialist Republics (USSR), or from the ‘powerful’ American Congress to the ‘powerless’- Cortes of Spain - a body ‘supinely acquiescing in the will of the ruler’. While taking a synthesized view of the functions of legislative bodies, Curtis enumerates them in the following manner:

(i) Legislatures choose the head of the state; they may also remove them by the process of impeachment, or they can change the law of his or her succession or election. For instance, the British Parliament can change the law of primogeniture or the method of abdication. The parliament of India and Israel elect the President of the Republic, while the House of Representatives of the United States has the right to elect a President in case no candidate gets absolute majority in the Presidential poll. The legislatures of the US and India can also remove their Presidents by the process of impeachment. The parliaments of Canada, New Zealand and
Australia recommend three names to the English Sovereign and one of them is nominated by him or her to act as the Governor-General of the country.

(ii) The legislatures also approve the choice of the Prime Minister and his or her ministers in some countries. All ministerial nominations by the President in the US have to be ratified by the Senate. The list of ministers comprising the cabinet has to be approved by the Knesset in Israel. The Federal Assembly of Switzerland elects its seven presidents of the Federal Council. The nomination of the Prime Minister made by the King must be approved by the Diet in Japan. The Prime Minister nominated by the President in France has to seek a vote of confidence in the Parliament. In countries having a cabinet form of government like Britain and India, the ministers can remain in office only as long as they enjoy the confidence of the legislature. Recently, the Vajpayee government lost a confidence motion in the legislature. In a theoretical sense, this provision also applies to countries like Russia and China.

(iii) Legislatures may also influence or control government behaviour or seek to make the executives accountable to them. Votes of non-confidence, censure motions, interpolation procedures, debates on budgets and major policies of the government, process of impeachment, etc., are the various devices in the hands of the legislators to exercise their control over the government. The American Congress took up impeachment proceedings against Bill Clinton in 1998. The exit of the British Prime Minister Attlee in 1949, Eden in 1956 and Macmillan in 1968 confirms the fact that the Parliament possesses the controlling authority. Thus, the legislatures also perform certain judicial functions. In India, they have the power to impeach the President as well as the Chief Justice of the Supreme Court and so on.

(iv) Legislators choose their office-bearers and they can also remove them. They can also disqualify their members on the charge of proved ‘misbehaviour’ or committing an act of corruption or treason or breach of privileges. Speakers and Deputy Speakers are elected by the rule-making bodies and they may remove them by a vote of no-confidence.

(v) The most important function of the legislatures is to make rules because they are the rule-making departments of the government. The Bills are moved, debated and then passed with or without amendments. In most of the countries having a democratic form of legislative behaviour, the Bills are given three readings. Often the Bills are referred to the committees of the Parliament for more detailed scrutiny. In a communist country, as in China, it is not the legislature as such, but its small committee that first adopts a Bill at the invisible behest of the party in power, and it is adopted by the legislature subsequently. Also, the ordinance issued by the head of the state when the Parliament is not in session has to be ratified by the legislature within a period of six weeks from the date of commencement of the session.
A legislature often holds the purse strings. Its approval is necessary for the annual budget or for the imposition of taxes. Through committees, they also scrutinize the expenditure of the government. In India, this is done by Public Accounts Committee (PAC).

The legislatures also reduce ‘tensions’ provide reassurance and generally enhance satisfaction with the policies and programmes of the government. They also provide scope for the articulation of interests. They perform ‘exit functions’, meaning thereby that, when the political system seems to have reached an impasse and the normal decision-making process seems incapable of providing a way out of the situation, the elites sometimes turns to the legislatures for either the substance or the form, or both, of a decision which will take the system out of the impasse. They also serve as a training ground for the future leadership of the country. Besides, they strengthen ‘consensual institutional continuity’ and they often constitute the only means of administrative overview available in the country.

Legislative bodies all over the world make use of the committee system for the sake of efficiency of work and economy of time. In actual practice, the legislative body is known by the committee it keeps. As more suggests: ‘No legislature can function effectively without the aid of some committee. Discussion of details is impossible at a large meeting, which is too unwieldy to debate anything but broad principles. For this reason, all democratic legislatures elect smaller groups to discuss matters in detail and these bring the result of their discussion back to the larger body for decisions’.

**Executive**

The executive branch of government is a significant part of government, which has exclusive authority and responsibility for the daily administration of the state bureaucracy. The division of power into separate branches of government is central to the democratic idea of the separation of powers. In several countries, the term ‘government’ means only the executive branch.

**Meaning and Types of Executive**

The executive is the implementing arm of the government. It is the executive which formulates and then implements various policies. The dictionary meaning of the word ‘executive’ is the power to put important decisions into effect, i.e., to execute. As J. W. Garner says, ‘In a broad and collective sense, the executive organ embraces the aggregate... of all the functionaries and agencies which are concerned with the will of the state as that will has been formulated and expressed in terms of law ... thus, it comprehends the entire governmental organization. Thus, tax collectors, inspectors, commissioners, policemen and perhaps, the officers of the army and navy are a part of the executive organization’.

Though the term ‘executive’ is understood both in broad and narrow senses, in the realm of the study of politics, its narrow meaning is applied. It is the executive
head and his or her principal colleagues who run the machinery of the government, formulate national policy, and see that it is properly implemented.

The nominal executive may be either a monarch or an elected President. What makes him or her a ‘nominal’ executive is the fact that he or she does not enjoy any real powers. He or she is just a constitutional figure head performing some ceremonial duties but enjoying little or no powers, though the entire administration is carried on in his or her name. The monarch may assume office in hereditary succession as in the U.K. or through direct or indirect election as in Malaysia. The system of hereditary succession is still prevailing in some countries, such as the UK, Nepal, Japan, and Saudi Arabia. Wherever there is constitutional monarchy as in UK, the real power is not vested in the monarch but in the elected council of ministers headed by the prime minister, and that council is collectively accountable to the legislature.

However, not all existing monarchs in the world are figureheads; there are still some monarchs who enjoy absolute power as they do in Jordan and Saudi Arabia. Such monarchs may be placed in the category of ‘real’ executives, since they enjoy absolute and limited powers. The real executive may also be divided into two categories - singular and plural. A singular executive is one that is headed by a single leader who does not share his powers with others as in the US. In the US, the constitution vests all powers in one person, namely the President. In the case of a plural executive, all powers are vested in a group of ministers. Its only example in today’s world is found in Switzerland where the authority of the government is shared by seven ministers (called Presidents) who are elected by the legislature for four years. It is known as the Federal Council. One of the Presidents is formally designated as the President of the Confederation and he performs the ceremonial functions normally exercised by the Head of State in any country.

**Composition of Executive**

The executive generally consists of two types of officials: (a) the political executive, i.e., President, Prime Minister, Cabinet or Council of Ministers; and (b) the permanent executive or the bureaucracy, who remains in office for a fixed period of tenure regardless of which government comes to power. The political executive is elected directly by the people as in the US where the Presidential type of government prevails or he may be elected indirectly by the legislature as in the case of India and Great Britain. In China, the President is elected by the National People’s Congress and is the Head of State and the highest ceremonial functionary of the state.

The political executive may be further divided into three categories. It is democratic, when its members are chosen by the people and remain accountable to their constituents. For instance, the British cabinet may be removed from the office by an adverse vote in the House of Commons. The American President can...
also be removed from the office, not through a vote of no-confidence but by the process of impeachment. In a totalitarian state, the real executive cannot be removed by the people or their chosen representatives. In such a state, people have no freedom to criticize or censure the conduct of the government. Today, such totalitarian states, with the executive enjoying absolute power, exist in Burma, Iraq, Nigeria or in Afghanistan. In the past, the totalitarian regimes existed in Nazi Germany, headed by Hitler, or in Fascist Italy, headed by Mussolini.

Finally, a colonial executive is the one who acts under the authority of the colonial government. The democratic model may be divided into two categories—parliamentary and presidential forms of government. In the parliamentary form of government, the government is run by a cabinet (under the leadership of the Prime Minister) collectively responsible to the legislature, as in India and the UK. The Head of State is a nominal executive in whose name governance is done by the cabinet. The President of India and the Queen of UK are the nominal Heads of State. The second variety of democratic model, namely the Presidential form of government, exists in the US. In the US, the basis of executive-legislature relationship is separation of powers. The President is the real executive. He or she is neither a member of the legislature, nor removable by it. His or her tenure is fixed.

In between these two models, there is a model of French executive that can be called as quasi-parliamentarian or quasi-presidential as here the President is the real executive. The Prime Minister and the cabinet are under his control and, at the same time, they are accountable to the Parliament. So, the French model imbibes some features of both parliamentary and Presidential forms of governments.

Composition of the Indian Executive

Indian ministries have subordinate departments under it which are known as attached or subordinate offices. In these offices, the execution of the policies of the government which requires decentralization of executive direction and the establishment of field agencies takes place. The Attached Offices give executive guidance for the implementation of policies laid down by the Ministry to whom they are attached. The attached office also is a storehouse of technical know how and assists the Ministry on matters related to the technical side of questions dealt with by them. On the other hand, the subordinate offices function as field establishments or as agencies responsible for the detailed execution of Governmental decisions. They work under the direction of an attached office. In cases where the volume of executive direction is not too large, they work directly under a Ministry.

The Minister is the political head of a particular department. He lays down the broad policies for the department and also decides the major policy issues cropping up in the department. This vital function is carried out in coordination with civil servants. These civil servants provide essential material, statistical and otherwise, without which policy formulation is neither feasible nor possible.
The Minister, as said earlier, may be assisted by the ministers of state, deputy ministers, and parliamentary secretaries. A Minister of State usually works under the general supervision and guidance of the Minister who assigns the former some specific items of work. In some cases, however, the Minister of State may be sole charge of the Ministry. The deputy minister usually has no specific administrative responsibility. His duties should be to answer questions in Parliament on behalf of ministers concerned, to assist them in piloting Bills; to explain policies and programmes to the general public and constituencies, and maintain liaison with Members of Parliament, political parties and the Press: and to undertake a special study or investigation of particular problems which were entrusted … by the ministers concerned. The parliamentary secretary assists the Minister in the discharging of his parliamentary functions. At present, there are no parliamentary secretaries in the Central Government.

Functions of the Executive

In the modern political system, distrust in executive dominance has been replaced by a confidence in its leadership. Today, the classical theory of the three organs of the government with equal powers needs restatement because the executive has now become the government in the real sense of the term. Among its many functions, the first and the foremost function of the executive is to run the administration of the country. The government has to ensure and maintain internal peace and order. The executive has also to conduct external relations, make treaties with foreign states, declare war and conclude peace, mobilize troops, proclaim emergency when required, re-value or devalue currency, fix prices of essential commodities and perform other activities related to the well-being of the people of the state.

In recent times, the executive has started performing some legislative functions also, even though this work does not fall in its domain. The executive is taking considerable initiative in drafting and proposing laws to the legislature. This is particularly true of parliamentary governments as in the UK and India. In India, the executive can issue ordinances when the legislature is not in session. Also, the bills passed by the legislature are subject to the veto power of the Head of the State. Even in the US, where the separation of power prevails, the President manages to influence the legislative sphere by sending his or her ‘messages’ or having a bill passed by the Congress through his or her ‘friends’.

What has added to the expanding functions of the executive is the growth of the delegated legislation. The laws made by the Parliament generally do not contain the details which are subsequently filled in by the executive.

The executive also performs some judicial functions. In all the countries, the Head of the State is entrusted with the power of granting pardon or reprieve or amnesty to the offenders. This is called his/her ‘Prerogative of Mercy’. He/She also performs functions like the appointment of judge and a host of disputes are also settled through administrative tribunals. In certain countries, the ministers are given the power to act like appellate tribunals. In France, there is a separate system...
of administrative laws and courts. The executive also controls the ‘purse of the nation’. It is the executive who prepares the budget and presents it to the Parliament for its approval. It is the executive who actually decides the taxation structure of the country; the Parliament only puts its seal of approval. Also, it is the executive who has to see that the provisions of the budget are implemented after being passed in the Parliament. For this, the executive also has auditing and controlling agencies to act as the financial watchdog of the country.

The permanent executive, i.e., the bureaucracy, is involved at every stage of the decision-making process and maintains continuity in administration. Often, the political executive depends upon the bureaucrats because of their technical expertise and knowledge.

Judiciary

Judiciary, also known as the rule-adjudication department of the government, in quite simple terms, may be defined as the third organ of government concerned with the job of doing justice. It interprets law and awards punishments for the violation of laws. The primary objective of any political system is to protect the rights of the individual, and this work is done by the judicial organ of the government.

Organization of the Judiciary

It has already been pointed out, that notwithstanding the adoption of a federal system, the Constitution of India has not provided for a double system of courts as in the US. Under our Constitution, there is a single integrated system of courts for the Union as well as the states, which administer both Union and state laws, and at the head of the entire system stands the Supreme Court of India. Below the Supreme Court stands the high courts of the different states, and under each High Court, there is a hierarchy of other courts, which are referred to in the Constitution as ‘subordinate courts’, i.e., courts subordinate to and under the control of the high court [Art. 233-237].

The organization of the subordinate judiciary varies slightly from state to state. The Supreme Court has issued a direction to the Union and the states to constitute an All India Judicial Service and to bring about uniformity in the designation of officers both in criminal and civil side. Concrete steps in this direction are yet to be taken by the government.

At the lowest stage, the two branches of justice – civil and criminal – are bifurcated. The Union Courts and the Bench Courts, constituted under the Village Self-Government Acts, which constituted the lowest civil and criminal courts respectively, have been substituted by the Panchayat Courts set up under post-Constitution state legislation. The Panchayat Courts also function on two sides, civil and criminal, under various regional names, such as the Nyaya Panchayat Courts, are the criminal courts of the lowest jurisdiction, in respect of petty cases.
The Munsiff’s Courts are the next higher civil courts, having jurisdiction over claims up to INR 1000 (INR 5000 in some specially empowered cases). Above the Munsiffs are subordinate judges who have got unlimited pecuniary jurisdiction over civil suits and hear first appeals from the judgements of Munsiffs. The district judge hears first appeals from the decisions of subordinate judges and also from the Munsiffs (unless they are transferred to a subordinate judge) and an individual possesses unlimited original jurisdiction, both civil and criminal suits of a small value are tried by the provincial small causes courts.

The district judge is the highest judicial authority (civil and criminal) in the district. He or she hears appeals from the decisions of the superior magistrates and also tries the more serious criminal cases, known as the sessions cases. A subordinate judge is sometimes vested also with the powers of an assistant sessions judge, in which case he or her combines in his or her hands both civil and criminal powers like a district judge.

Since the enactment of the Criminal Procedure Code, 1973, the trial of criminal cases is done exclusively by ‘Judicial Magistrates’, except in Jammu and Kashmir, and Nagaland, to which that Code does not apply. The chief judicial magistrate is the head of the criminal courts within the district. In Kolkata and other ‘metropolitan areas’, there are metropolitan magistrates. The judicial and metropolitan magistrates, discharging judicial functions, under the administrative control of the state high court, are to be distinguished from executive magistrates who discharge the executive function to maintain law and order, under the control of the state government.

There are special arrangements for civil judicial administration in the ‘Presidency towns’, which are now called ‘metropolitan areas’. The original side of the high court at Kolkata tries the bigger civil suits arising within the area of the Presidency town. Suits of lower value within the city are tried by the city civil court and the presidency small causes court. But the original criminal jurisdiction of all high courts, including Kolkata, has been taken away by the Criminal Procedure Code, 1973.

The high court is the supreme judicial tribunal of the state, having both original and appellate jurisdiction. It exercises appellate jurisdiction over the district and sessions judge, the presidency magistrates and the original side of the high court itself (where the original side still continues). There is a high court for each of the states, except Manipur, Meghalaya, Tripura, and Nagaland, which have the high court of Assam (at Guwahati) as their common High Court; and Haryana, which has a common high court (at Chandigarh) with Punjab. The Bombay High Court is common to Maharashtra and Goa.

The Supreme Court has appellate jurisdiction over the high courts and is the highest tribunal of the land. The Supreme Court also possesses original and advisory jurisdictions.
Concept of Judicial Review

Judicial review is the principle under which legislative and executive actions are subject to review, and possible invalidation, by the judiciary. Specific courts with judicial review power must cancel the acts of the state when it finds them incompatible with a higher authority, such as the terms of a written Constitution.

Judicial review is an example of the functioning of separation of powers in a modern governmental system (where the judiciary is one of the three organs of government). This principle is interpreted differently in different jurisdictions, which also have differing views on the different hierarchy of governmental norms. Therefore, the process and scope of judicial review differs from country to country and from state to state.

Judicial Review in India

The Constitution of India, in this respect, is more akin to the US Constitution than the British. In Britain, the doctrine of parliamentary supremacy still holds good. No court of law there can declare a parliamentary enactment invalid. On the contrary, every court is constrained to enforce every provision of the law of Parliament. Under the Constitution of India, Parliament is not supreme. Its powers are limited in the two ways. First, there is the division of powers between the Union and the states. Parliament is competent to pass laws only with respect to those subjects which are guaranteed to the citizens against every form of legislative encroachment. Being the guardian of the Fundamental Rights and the arbiter of constitutional conflicts between the Union and the states with respect to the division of powers between them, the Supreme Court stands in a unique position from where it is competent to exercise the power of reviewing legislative enactments both of Parliament and the state legislatures. This is what makes the court a powerful instrument of judicial review under the Constitution. As Dr. M.P. Jain has rightly observed: 'The doctrine of judicial review is thus firmly rooted in India, and has the explicit sanction of the Constitution’. As the Supreme Court emphasized in ‘Gopalan’: ‘In India, it is the Constitution that is supreme’ and that a ‘Statute law to be valid, must in all cases be in conformity with the constitutional requirements and it is for the judiciary to decide whether any enactment is constitutional or not and if a legislature transgresses any enactment is constitutional or not, and if a legislature transgresses any constitutional limits, the Court has to declare the law unconstitutional, for the Court is bound by its oath to uphold the Constitution’. Therefore, the courts in India cannot be accused of usurping the function of constitutional adjudication; it is a function which has been imposed on them by the Constitution.
Check Your Progress

1. What forms as the first important organ of a political organization?
2. Who heads the executive brand of public administration?
3. Who is known as the head of criminal courts within the districts?

7.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Legislature, most commonly known by the name parliament, forms the first important organ of a political organization.
2. The executive branch is headed by the President, who is the Head of the State, and exercises his or her power directly or through officers subordinate to him.
3. The chief judicial magistrate is the head of the criminal courts within the district.

7.4 SUMMARY

- The legislative branch or the Parliament consists of two Houses: the Lok Sabha (House of the People), the Lower House, and the Rajya Sabha (Council of States), the Upper House.
- The executive branch is headed by the President, who is the Head of the State, and exercises his or her power directly or through officers subordinate to him.
- The executive branch of government has exclusive authority and responsibility for the daily administration of the state bureaucracy. The Constitution vests in the President of India all the executive powers of the Central government.
- Our Constitution has adopted the Parliamentary system of government, which effects a harmonious blending of the legislative and executive organs of the state in as much as the executive power.
- Indian ministries have subordinate departments under it which are known as attached or subordinate offices. In these offices, the execution of the policies of the government which requires decentralization of executive direction and the establishment of field agencies takes place.
- The executive also performs some judicial functions. In all the countries, the Head of the State is entrusted with the power of granting pardon or reprieve or amnesty to the offenders.
Judiciary, also known as the rule-adjudication department of the government, in quite simple terms, may be defined as the third organ of government concerned with the job of doing justice. It interprets law and awards punishments for the violation of laws.

Judicial review is an example of the functioning of separation of powers in a modern governmental system (where the judiciary is one of the three organs of government). This principle is interpreted differently in different jurisdictions, which also have differing views on the different hierarchy of governmental norms.

**7.5 KEY WORDS**

- **Treason:** It is the crime of betraying one’s country, especially by attempting to kill or overthrow the sovereign or government.
- **Corruption:** It is the personal use of public office in violation of rules and regulations.
- **Judicial Review:** It is a procedure by which a court can review an administrative action by a public body and secure a declaration, order, or award.

**7.6 SELF ASSESSMENT QUESTIONS AND EXERCISES**

**Short-Answer Questions**
1. What are the functions of the parliament in India?
2. Briefly explain the different types of executives in public administration.
3. Write a short note on judicial review.

**Long-Answer Questions**
1. Discuss the functions of legislatures.
2. Describe the organization of judiciary in India.
3. Examine executive control over public administration in India.

**7.7 FURTHER READINGS**


UNIT 8  CITIZEN AND ADMINISTRATION

Structure
8.0 Introduction
8.1 Objectives
8.2 Role of Media
  8.2.1 Journalistic Objectivity
8.3 Interest Groups: An Overview
  8.3.1 Types of Pressure Groups
  8.3.2 Role of Pressure Groups
8.4 Answers to Check Your Progress Questions
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8.8 Further Readings

8.0 INTRODUCTION

An independent and objective media is crucial for a healthy democracy. It plays an integral part in maintaining citizens’ freedom of expression and country’s social justice as envisaged in democracy. Thanks to media and its coverage that we are aware of various social, political and economic activities which take place in the world. Journalists working in the media follow certain principles to ensure that their reporting serve the larger purpose in the society. As objectivity, fairness and accuracy are essential components of journalism, they ensure that the same is strictly incorporated in their news reporting and opinion pieces. While public interest is of paramount importance, journalists should strive that the information they disseminate is accurate and fair. Their goal should be to ensure impartiality in spreading and circulating news.

In a democratic system of governance there are numerous interest/pressure groups which are active and committed to realise their goals. Normally, they seek to extract concessions and privileges for the members and industries they are associated with. In the society as well as in the industry, various interest groups are formed to make their voices heard. In sectors of economy, society and polity, they are contributing immensely in the expansion and broadening of activities. Thus depending on their structure and organization, there are various types of interest groups.

This unit aims at analysing the principles that govern the role of media and interest groups in a democratic system of governance.
8.1 OBJECTIVES

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

- Understand the principles and ethos of media
- Explain the role and objectivity of media
- Examine the genesis of interest/pressure groups
- Enumerate various types and activities of interest groups

8.2 ROLE OF MEDIA

Democracy is based on the extension of freedom of expression as well as social justice. The media should also respect the professional and ethical principles of press freedom. The primary ethos of journalism are as follows:

- Objectivity
- Fairness
- Accuracy

It is true that journalists are professionally obligated to tell the truth. For that they have to first overcome psychological hurdles to discovering and maintaining facts. Only then will a journalist be able to report objectively sans subjective perspective and bias. Although each reporter would have an opinion, be it political, religious or of any other type, their reporting need not be biased. It is possible for a journalist to carry his/her individual standpoints in news reporting by being conscious of the bias which may have detrimental effects.

The work 'objectivity' refers to concentration on matters that are independent of mind or a presentation of an external world, which is observable or verifiable, especially by a scientific method. In journalistic language, objectivity is a set of canons based on the notions of balance, fairness, lack of bias, accuracy and neutrality. The challenges of sustaining journalistic independence and objectivity, and sticking closely to facts in news reporting are the primary moral obligations of journalists. In a nutshell, journalists should maximize truth telling in public interest.

Journalists are duty bound to report truth. Many scholars have theorized about truth, indicating that there is no one truth. In other words, a situation may be made up of multiple realities. A journalist’s primary task is to present the facts of a story that reiterates the truth of what happened. Journalists should not include assumption and pass judgment. Their opinion should be clearly separated from the presentation of news.

Mary Beasley, a South Australian ombudsman in 1985, was fairly aware of the multiplicity of reality when she spoke in a press conference that objectivity is a myth. According to her, discrimination is a fundamental part of human nature, and
it is very difficult to remain objective. In objective journalism, both reporters and editors make choices regarding what questions to ask and what information to present, based on a complex set of assumptions, biases and traditions. Even a news story that contains only facts is a representation of opinion in the manner of an editorial judgment. Someone has to choose the angle, structure, sources and facts included within the piece. Fairness can be achieved if the journalist makes an effort to present a balanced story that carries differing points of view. One of the most important rules of journalism is to never trust a single source and seek out multiple independent sources of information. This ensures accuracy of the information provided.

8.2.1 Journalistic Objectivity

It may be interesting to examine the journalistic objectivity in three specific areas of news reporting, which are as follows:

1. Non-involvement in news reporting: Do journalists breach professional ethics if they become part of a story, rather than being mere observers? This is not a simple question to answer. It may be impossible for a journalist who is at the scene of a dramatic event such as a war, to not become a part of an event. At times, their very presence at the event becomes newsworthy. In fact, the minute a reporter gives a live feed with commentary, she/he has already placed herself/himself in it. But can news reporters avoid contaminating the events that they cover by their presence? To be truly objective, an observer and particularly a reporter must maintain a certain distance from the events taking place. For instance, can a reporter give an objective account of events surrounding activities of terrorists if he has been personally threatened by its members? Or what if a reporter becomes so sympathetic to their cause that he can no longer realize the ruthlessness of their methods? The situation will almost be the same for a person who holds stocks of a corporation, and is reporting on its prospects. If the journalist’s interests are at stake, including emotional interests, then the journalist’s point of view may become coloured. If journalists cannot be expected to report objectively, then their truth telling abilities come into question.

But in some cases, it is physically not possible for journalists to have first-hand information unless they become part of the stories on which they are reporting. The problem is noteworthy in situations of war when journalists have to become part of the action that they set out to cover. These embedded journalists often depend on the army for their security. In such situations, empathy is a plausible emotion, in addition to censorship imposed by the military.

2. Perspective and orientation in news reporting: Complicated matters often involve the motives and intentions of the reporters in situations where
potentially conflicting interests can skew the reportage of facts. Perspective and bias are two potential obstacles to truth telling. Take for instance a difference in perspective for two people beholding a car incident from two completely different locations of the scene. One observes it from the window of a car going by and another from the window of the building along the road. The person from the car will be able to observe the facial expression of the driver and the immediate surroundings. But the person getting it from the building will have a bird’s eye view of the accident, including the traffic situation on the road. Undoubtedly, their understanding of the situation will be different. Therefore, a reporter must keep an open mind to different perspectives.

3. Political and other forms of personal bias: Bias is a tendency to interpret and report on things in a particular way that favours a position with which a reporter feels sympathetic. Bias can either be deliberate or subconscious. Telling the truth is not simply a matter of getting facts right but also of communicating them as facts without excessive dose of opinions of a verbal or non-verbal sort about their value. Let’s say that a politician is being questioned by the police. This is potentially valuable information, but if the reporter in reporting the incident so, rolls his eyes, or turns his head in disbelief and disapproval, then he is communicating more than what is just represented by the facts of the news. This bias is usually visible in the tone and facial expressions of television reporters when they come before the camera. Considering that our legal system maintains that a person is innocent unless proved guilty, this kind of communication generates a bias among the audiences. Since reporters are not always aware of their own biases, they can be a difficult matter to avoid where they exist.

So, does that mean that reporters are not entitled to have political opinions or commitments of their own? Any individual cannot avoid bias in his or her thinking as it could mean having developed a perspective on questions of vital importance to the society. However, the reporters need to make principled decision to avoid any indication of personal bias, first by avoiding any indication of bias in their news reporting, and secondly by adjusting the content of their reporting by avoiding the expression of bias.

Generally, the following principles should be kept in mind by newshelpers while writing, presenting and evaluating news reports:

1. **Public interest:** Journalists should serve the general welfare by keeping people informed, and enabling them to make judgments on all contemporary issues.

2. **Truth and accuracy:** Journalists should strive to ensure that the information disseminated has been honestly conveyed, and that it is accurate and fair.

3. **Verification:** It involves seeking out multiple witnesses and disclosing as much as possible regarding the sources. The concept of verification is what...
distinguishes journalism from the other modes of communication like propaganda, fiction or entertainment.

4. **Fairness**: A journalist’s basic goal should be to present the news impartially and to treat the readers, news sources, advertisers and all parts of society honestly and openly.

5. **Distinguishing fact and comment**: The press should be able to distinguish clearly between comment, conjecture and fact.

6. **Accountability**: Journalists should do their utmost in order to rectify any published information that is found to be harmfully inaccurate.

7. **Independence**: Journalists should not have any obligation other than the public’s right to know. They should avoid conflicts of interest, whether real or perceived.

8. **Originality**: A journalist’s reports and story should have original content, language and phrasing.

### Check Your Progress

1. Which are the primary ethos of journalism?
2. Why is it very difficult to remain objective?
3. How does perspective influence the reporting?
4. List some of principles that newspersons should keep in mind while writing, presenting and evaluating news.

## 8.3 INTEREST GROUPS: AN OVERVIEW

Interest or pressure groups operate actively, especially in a representative government committed to the realization of the ideal of social service state. The state also makes itself increasingly dependent on them while handling its sphere of planning and social service. However, the number of groups and the intensity with which they are able to pursue their objectives depend upon the social legitimization of group activity and the prospects of fulfilling group demands in a given political system.

The genesis of the pressure groups may be traced back to the pre-Independence days when a large number of pressure groups existed to put forth their reasoning and argument before the British government in order to pressurize it and to seek concessions and privileges for the members of the pressure groups. In fact, the Indian National Congress in 1885 was more like a pressure group to plead for reforms and to articulate the interests of the educated middle class. As the Congress donned the mantle of a political party gradually, various pressure groups began to mushroom to safeguard the interests of other sections. Most remarkable was the formation of the All India Trade Union Congress in 1920 and
the All India Kisan Sabha in 1936 that opened new chapters in the book of pressure groups.

In the post-Independence times, the processes of democracy and development provided a fertile ground for a huge number of pressure groups to come into existence. Various sections of the society began to create their own interest groups to make their voices heard in policy formulation and the ever-increasing state activities. In the wake of planned economic development, even the polity inspires the creation of pressure groups for their contribution to developmental activities. Moreover, the consolidation of the party system has also contributed to the expansion in the base and scope of activities of pressure groups in certain defined sectors of economy, society and polity. For example, with an eye on inculcating the voters for their parties on a long-term basis, almost all major political parties in the country have floated various frontal organizations in the areas of trade union activities, farmers’ fronts, women morchas and students’ wings. There also exist politically neutral pressure groups like the federation of Indian Chambers of Commerce (FICCI) and the Confederation of Indian Industry (CII). All these pressure groups ensure safeguards from adverse policy initiatives of the government.

8.3.1 Types of Pressure Groups

Writers and experts on comparative governments have classified interest groups and pressure groups on the basis of their structure and organization. In general interest groups are classified into the following four types. These are as follows:

- Institutional interest groups
- Associational interest groups
- Anomic interest groups
- Non-associational interest groups

1. Institutional Interest Groups

These are formally organized groups consisting of professionally qualified people. They are closely connected to government machinery while at the same time enjoy sufficient autonomy. They exert sufficient influence on the government policy making. They include bureaucracy, armies, political parties and legislatures. Whenever these groups raise protest, they do it by constitutional means and in accordance with rules and regulations. An example of such as organization can be West Bengal Civil Services Association.

2. The Associational Interest Groups

These are formally organized groups, which articulate the shared interests of their members over long periods of time and try to achieve the specific and particular objectives of their members. They are also called promotional or protective or functional or professional groups. Associational groups promote economic and
vocational interests, public interest or single issues or protect and safeguard the interests of their members. These are organized and specialized groups formed for interest articulation, but to pursue limited objectives. These include trade unions, organizations, businessmen and industrialists and civic groups. Some examples of associational interest groups in India are Federation of Indian Chambers of Commerce and Industry (FICCI), Trade Unions such as All India Trade Union Congress (AITUC), teachers’ associations, students’ unions, etc.

3. Anomic Interest Groups

These are ad hoc (unplanned) groups, which emerge due to turmoil and excitement or a crisis, a specific event or issue. Anomic groups do not have a formal structure or leaders and their actions are often violent. They act spontaneously and in an uncoordinated fashion are short-lived. They express their grievances through violent riots, demonstrations and street protests.

4. Non-associational Interest Groups

These are the complete opposite of associational interest groups. They have no formal organization. They are composed of individuals who feel close to others on the basis of class, caste, race, religion, culture or gender. They seldom act as coherent political groups, but they are often regarded by others as if they represent an interest even though they have no formal authorization to do so.

5. Big Business or Industrial Groups

Among the organized groups, the most important are the groups of big business. In fact, the growth of business associations is a parallel to the process of development. At present, there are many types of business associations, industrial associations, communal associations, regional organizations and all India organizations connected with trade and commerce. Most important of these is the Federation of Indian Chambers of Commerce and Industry (FICCI), which is the mouthpiece of Indian capitalism and of the big capitalists.

The kinds of pressure exerted by the business interests are extremely varied. The associations lobby among the members of Parliament and Legislative Assemblies, members of the Council of Ministers and bureaucrats. They also devote a great time and effort to influence the Planning Commission, the economic ministries and the various licensing bodies. They also have considerable influence on the councils of various parties, particularly the ruling party, which have been heavily dependent on business contributions to their funds. Such contributions do not go unrewarded. The big business has frequent and sustained access to the executive and bureaucracy for lobbying when the policy is being made and implemented.

The enormous strength of the groups of big business comes from the fact of its ownership and control of the larger part of society’s economic resources. This makes it difficult for even a reform-minded government to impose its policies to
which these groups are firmly opposed. Alternatively, they have the power of going on an ‘investment strike’ until the government creates the necessary climate of ‘business confidence’ by dropping unwelcome policies. Since such inertia will slow down the economy and therefore discredit the government, even a reformist government will be forced to compromise at least on crucial issues.

The power of capital as a pressure group is reinforced by the composition of the state elite. The state elite includes not only the political executive, but also, very importantly, the bureaucratic or administrative elite, which is not accountable to the Parliament or the electorate, but which plays a vital advisory and executive role in policy-making. The composition of the state elite, due to its social, economic and other links with big business and inclinations, biases the state system in favour of capitalist class interests and reinforces and complements capital’s power as a pressure group on the state system.

6. Trade Unions or Working Class Groups

Along with the growth of industries, the working class has also been growing in India. Though it is accepted that limited industrial growth and availability of large workforce, continuous relationship of the labourers with their peasantry background and archaic way of thinking are hindrances in the development of workers organizations, the Indian trade union movement has developed with an astonishing speed. There is a high concentration of Indian industry in certain regions. The Indian National Congress had mobilized the trade unions to participate in the freedom struggle. In fact, even before independence, trade unions had won some important battles in the field of social legislation.

After independence, other centres of Trade Unions like Indian National Trade Union Congress (INTUC), Hind Mazdoor Sabha (HMS), Centre of Indian Trade Unions (CITU), etc. have also been organized. The number of such centres has been increasing along with the increase in political parties. Even the rightist parties have started organizing trade unions, under their influence. Yet the fact remains that only a small part of the country’s work force is organized. A substantial portion of the labour force is still in rural areas and because of various factors, it is yet not organized to a significant extent on class lines at national or local level.

Further, the trade unions have been organized by the middle class leadership of the various political parties and act as the aims of those parties. Almost all labour unions act as agents of the some parties, seeking to explain their parties’ policy to workers and enlisting their support. This has, in turn, led to fragmentation and mutually destructive conflict among the workers, making them pliable for manipulation by political parties sometimes against the long-term interests of their own movement. Trade unions in India, as whole, are able to exert significant pressure on the policy formulation. The political parties and the government, all recognize their strength. Trade unions provide significant vote-banks in the industrialized regions. Another factor that cannot be ignored here is that the working class views capital as its main opponent.
The only important weapon that labour has is to go on strike. But the use of its only effective weapon is precisely what is severely hampered by its internal division and weakness and by the external pressures it is vulnerable too. First, in most capitalist countries, only a part of the labour force, usually a minority, sometimes as low as 30 per cent in the United States, is organized into trade unions. Second, strikes are a serious drain on the resources of the trade unions, and these resources and the corresponding staying power of the union, are extremely limited compared to those of the employers. Third, trade unions have always been divided from each other in terms of the particular skills and functions of their members and sometimes geographically (i.e. regionally or provincially) and also racially in the present age of large-scale immigrant labour in the West from the third-world. This makes it easier for employers and the state to divide and isolate striking unions. Fourth, trade unions in advanced capitalist countries are often bitterly divided politically and ideologically into communist, social democratic or plain economist unions. This makes it easier for employers and the state to drive a wedge between striking unions or striking members of a particular union through buying off the less militant, economist and reformist elements with minor concessions and isolating the militants. Fifth, during a strike, whatever be the merits of the case, the bourgeois parties and the capitalist dominated mass media, as well as the state-owned media, can be expected to blast the strike as irresponsible, economically ruinous, sectional and against the ‘national interest’, thus creating a climate of public opinion hostile to the strike and isolating the strikers. All these forces combine to severely hamper the effective use of organized labour’s only weapon, the strike, thus indirectly adding to the pressure power of the capital, which is already vastly superior, upon the state system.

By their activities, the organized working class has been able to obtain quite a few successes in bettering their economic and social conditions. Among their major achievements could be mentioned:

- The recognition of the fundamental right of strike.
- An overall increase in the wage structure.
- The right to bonus in many public sector undertakings as well as private enterprises.
- Regulation of working hours and overtime payment.
- Relating the wage structure to conditions of living and price increase in the form of dearness Pay ad Dearness Allowances with the obligation for a pay revision after every three increases in the Dearness Allowance payment.
- Better living conditions in the form of social welfare benefits like employees insurance, medical and housing facilities etc. The government has realized the inevitability of increasing trade union strength.
7. Peasants’ Organizations or Farmers Groups

For a land so overwhelmingly rural and with more than 73 per cent of the available workforce engaged in agriculture, it is expected that agricultural groups would play an important role in the democratic politics.

In independent India, particularly in the sixties, more important than the peasant movements had been the lobbies of big and medium farmers. Over the years, the abolition of the zamindari system and implementation of land reform measures, and the momentum they created in the rural side, have resulted in the middle class peasants acquiring more land and working harder on their land. At least a good section of them acquired sufficient economic power to organize themselves politically. The power of the rich farmers has also increased over the years as a result of the conventional electoral politics. The Panchayati Raj, the community development programme and the government sponsored Green Revolution have been the highlights of the past.

The agriculturists are, however, organized more in the regional or local class-unions, than on an all India basis. Even though there are some important pan-India Kisan associations like All India Kisan Congress, All India Kisan Kamgar Sammelan, Kisan Janata, Akhil Bhartiya Kisan Sangh and All India Agriculturists Federation, peasant groups have been organized on territorial basis. The reason for such a pattern seems to be the weak financial position of the Kisans apart from the interplay of factors like language, caste and geography of agriculture. Moreover, the pattern of crop production, fertility of land, land-labour use, etc. are not uniform throughout the country. Due to the regional and local variations in the agrarian system, state level organizations have emerged stronger than the all India associations.

Another pattern of peasant organizations is that the state-level organizations tend to be non-political, independent of the political parties and homogenous. Their political slogan is unity of classes as against the division of classes. In fact, the class basis of peasant organizations in India is generally from the middle-rich peasantry with a small percentage of poor peasants. The commercial farmers have found the utility of organized activity and quite often lead the agitations on the basis of the problems facing the entire peasantry in general and the rich in particular.

8. Other Groups in Modern Sector

In addition to large-scale and influential business, trade union and kisan groups, there also exists various professional and occupational groups, especially in the towns and cities. These include employees associations, lawyers associations, teachers associations, students unions, consumer interest associations, and specific groups with various issues emerging from time to time. Their strategies range from arousing public opinion through the various media in favour of issues they want to project, to organizing massive demonstrations and sometimes strikes, to pressurising the government for conceding specific demands or change in policy line. Most of these groups are effective at local or state level.
9. Caste Groups

In certain areas, the formation of caste associations began in the early years of this century. In the early stages of its awareness, as a competing entity which could gain strength by organization and by throwing out of links beyond immediate locality, the castes organizations concentrated on ritual status rather than directly on political or economic rights. But after a while, (and the stages tended to be increasingly telescoped with the faster pace of social change) the aspirations took a more material form.

The meaning of caste itself has changed in the encounter between tradition and modernity. By creating conditions in which a caste's significance and power are beginning to depend on its numbers rather than on its ritual and social status, and by encouraging egalitarian aspirations among its members, the caste association is exerting a liberating influence.

10. Communal Groups

There are also groups based on religion. However, the communal interest groups are not of rich variety and texture. But a tendency towards the crystallization of communal groups seems evident. Cases of Indian Christian Conference, the Chief Khalsa Diwan and Vishwa Hindu Parishad, etc. may be cited as examples. Similarly, there are several Muslim groups which have sought to change the government policy. Also in the process of economic change and social mobilization, India's increasingly participant communities have grown more politically self-conscious, and this self-consciousness not only depends on existing cleavages but also makes them to pressurize the system as organized groups.

Style of Operation of Pressure Groups

The nature and characteristics of the pressure groups in a society depend mainly upon the governmental structure, its activities and the socio-economic milieu. The various groups in India operate within the federal and parliamentary nature of the polity, the division of powers, at the regional level between the state and local levels, as well as the within process of development and transformation taking place in India.

8.3.2 Role of Pressure Groups

There are various organized interest groups that make use of a ‘pressure system’ for getting their claims accepted by the decision-makers, though they have been slow to develop. These groups in India are a form of linkage and means of communication between the masses and the elite. They provide scope for expanding participation and their institutionalization is a critical element in the development of a responsive political system, for they are barometers of the political climate by
which decision-makers can make and assess policy. While the interest groups
make demands upon society for the benefit of its members, it also serves to restrain
them. Interest groups not only act as agents of interest articulation, but they also
increase the political consciousness and participation of their membership and
democratic achievements, although they may strain the responsive capacity of the
system. In addition, interest groups may be reservoirs of political leadership. Most
importantly, interest groups are vehicles for social integration.

However, in a society whose resources are limited, demands may far outrun
the capacity of the government to respond. Rational economic planning may come
into conflict with the exigencies of democratic response, forcing the decision-makers
to consider demands as such illegitimate and to argue that the compulsions of a
backward society require restriction of political access and democratic competition.
In the name of rationality and public interest, the decision-makers have often turned
deaf ear to the demands of interest groups. Group pressure in India has been
directed toward influencing the administration and implementation of policy rather
than its formation. Their interests are articulated not always through collective
channels nor does pressure always take the form of group pressures. In spite of
the existence of highly differentiated structures of interest articulation, individual
business houses, for instance, have placed continued reliance on individual
approach.

Also in the given situation, pressure is only one of the methods used by
various interest elites for the purpose of influencing the decision-makers. Money is
the most important instrument to be used for the purpose of forcing the decision-
makers behave in certain ways. Apart from this, however, personal ties are also
used to achieve the desired ends. Thus, as a whole, while political mobilization has
extended the identity horizon of the Indian masses in widening participation and
involvement, interest groups have been unable to provide the institutional channels
or access to structure and order what Myron Weiner, an American political scientist,
has called the ‘emergent mass political culture’. Political parties have assumed this
critical role.

Non-Governmental Organizations

Non-governmental organizations, or NGOs, were first called such in Article 71 in
the Charter of the newly formed United Nations in 1945. While NGOs have no
fixed or formal definition, they are generally defined as non-profit entities
independent of governmental influence. NGO activities are not limited to
environmental, social, advocacy and human rights work. They can work to promote
social or political change on a broad scale or very locally. NGOs play a critical
part in developing society, improving communities, and promoting citizen
participation.
Check Your Progress

5. What is the genesis of the pressure groups in India?
6. How do the Associational Interest Groups function?
7. What is the nature of operation of pressure groups?
8. What is the main role of interest groups?

8.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The primary ethos of journalism are as follows:
   - Objectivity
   - Fairness
   - Accuracy

2. The challenges of sustaining journalistic independence and objectivity, and sticking closely to facts in news reporting are the primary moral obligations of journalists. Mary Beasley, a South Australian ombudsman in 1985, was fairly aware of the multiplicity of reality when she spoke in a press conference that objectivity is a myth. According to her, discrimination is a fundamental part of human nature, and it is very difficult to remain objective. In objective journalism, both reporters and editors make choices regarding what questions to ask and what information to present, based on a complex set of assumptions, biases and traditions.

3. Perspective and bias are two potential obstacles to truth telling. Take for instance a difference in perspective for two people beholding a car incident from two completely different locations of the scene. One observes it from the window of a car going by and another from the window of the building along the road. The person from the car will be able to observe the facial expression of the driver and the immediate surroundings. But the person getting it from the building will have a bird’s eye view of the accident, including the traffic situation on the road. Undoubtedly, their understanding of the situation will be different. Therefore, a reporter must keep an open mind to different perspectives.

4. Generally, the following principles should be kept in mind by newpersons while writing, presenting and evaluating news reports:
   (i) Public interest
   (ii) Truth and accuracy
   (iii) Verification
(iv) Fairness
(v) Distinguishing fact and comment
(vi) Accountability
(vii) Independence
(viii) Originality

5. The genesis of the pressure groups may be traced back to the pre-Independence days when a large number of pressure groups existed to put forth their reasoning and argument before the British government in order to pressurize it and to seek concessions and privileges for the members of the pressure groups. In fact, the Indian National Congress in 1885 was more like a pressure group to plead for reforms and to articulate the interests of the educated middle class. As the Congress donned the mantle of a political party gradually, various pressure groups began to mushroom to safeguard the interests of other sections. Most remarkable was the formation of the All India Trade Union Congress in 1920 and the All India Kisan Sabha in 1936 that opened new chapters in the book of pressure groups.

6. The Association Interest Groups are formally organized groups, which articulate the shared interests of their members over long periods of time and try to achieve the specific and particular objectives of their members. They are also called promotional or protective or functional or professional groups. Associational groups promote economic and vocational interests, public interest or single issues or protect and safeguard the interests of their members. These are organized and specialized groups formed for interest articulation, but to pursue limited objectives. These include trade unions, organizations, businessmen and industrialists and civic groups. Some examples of associational interest groups in India are Federation of Indian Chambers of Commerce and Industry (FICCI), Trade Unions such as All India Trade Union Congress (AITUC), teachers’, associations, students’ unions, etc.

7. The nature and characteristics of the pressure groups in a society depend mainly upon the governmental structure, its activities and the socio-economic milieu. The various groups in India operate within the federal and parliamentary nature of the polity, the division of powers, at the regional level between the state and local levels, as well as the within process of development and transformation taking place in India.

8. There are various organized interest groups that make use of a ‘pressure system’ for getting their claims accepted by the decision-makers, though they have been slow to develop. These groups in India are a form of linkage and means of communication between the masses and the elite. They provide scope for expanding participation and their institutionalization is a critical element in the development of a responsive political system, for they are
barometers of the political climate by which decision-makers can make and assess policy. While the interest groups make demands upon society for the benefit of its members, it also serves to restrain them. Interest groups not only act as agents of interest articulation, but they also increase the political consciousness and participation of their membership and democratic achievements, although they may strain the responsive capacity of the system. In addition, interest groups may be reservoirs of political leadership. Most importantly, interest groups are vehicles for social integration.

8.5 SUMMARY

- Democracy is based on the extension of freedom of expression as well as social justice. The media should also respect the professional and ethical principles of press freedom.
- Although each reporter would have an opinion, be it political, religious or of any other type, their reporting need not be biased. It is possible for a journalist to carry his/her individual standpoints in news reporting by being conscious of the bias which may have detrimental effects.
- The work ‘objectivity’ refers to concentration on matters that are independent of mind or a presentation of an external world, which is observable or verifiable, especially by a scientific method. In journalistic language, objectivity is a set of canons based on the notions of balance, fairness, lack of bias, accuracy and neutrality.
- A journalist’s primary task is to present the facts of a story that reiterates the truth of what happened. Journalists should not include assumption and pass judgment. Their opinion should be clearly separated from the presentation of news.
- Mary Beasley, a South Australian ombudsman in 1985, was fairly aware of the multiplicity of reality when she spoke in a press conference that objectivity is a myth. According to her, discrimination is a fundamental part of human nature, and it is very difficult to remain objective.
- To be truly objective, an observer and particularly a reporter must maintain a certain distance from the events taking place. For instance, can a reporter give an objective account of events surrounding activities of terrorists if he has been personally threatened by its members?
- Complicated matters often involve the motives and intentions of the reporters in situations where potentially conflicting interests can skew the reportage of facts. Perspective and bias are two potential obstacles to truth telling.
- Bias is a tendency to interpret and report on things in a particular way that favours a position with which a reporter feels sympathetic. Bias can either be deliberate or subconscious.
Any individual cannot avoid bias in his or her thinking as it could mean having developed a perspective on questions of vital importance to the society. However, the reporters need to make principled decisions to avoid any indication of personal bias.

Interest or pressure groups operate actively, especially in a representative government committed to the realization of the ideal of social service state. The state also makes itself increasingly dependent on them while handling its sphere of planning and social service.

The genesis of the pressure groups may be traced back to the pre-Independence days when a large number of pressure groups existed to put forth their reasoning and argument before the British government in order to pressurize it and seek concessions and privileges for the members of the pressure groups.

In the post-Independence times, the processes of democracy and development provided a fertile ground for a huge number of pressure groups to come into existence. Various sections of the society began to create their own interest groups to make their voices heard in policy formulation and the ever-increasing state activities.

Institutional Interest Groups consist of professionally qualified people. They are closely connected to government machinery while at the same time enjoying sufficient autonomy. They exert sufficient influence on the government policy making.

Anomic groups do not have a formal structure or leaders and their actions are often violent. They act spontaneously and in an uncoordinated fashion and are short-lived. They express their grievances through violent riots, demonstrations, and street protests.

The enormous strength of the groups of big business comes from the fact of its ownership and control of the larger part of society’s economic resources. This makes it difficult for even a reform-minded government to impose its policies to which these groups are firmly opposed.

The Indian National Congress had mobilized the trade unions to participate in the freedom struggle. In fact, even before independence, trade unions had won some important battles in the field of social legislation.

By their activities, the organized working class has been able to obtain quite a few successes in bettering their economic and social conditions.

Even though there are some important pan-India Kisan associations like All India Kisan Congress, All India Kisan Kamgar Sammelan, Kisan Janata, Akhil Bhartiya Kisan Sangh and All India Agriculturists Federation, peasant groups have been organized on territorial basis.
• In addition to large-scale and influential business, trade union and kisan groups, there also exists various professional and occupational groups, especially in the towns and cities.

• By creating conditions in which a caste’s significance and power are beginning to depend on its numbers rather than on its ritual and social status, and by encouraging egalitarian aspirations among its members, the caste association is exerting a liberating influence.

• There are also groups based on religion. However, the communal interest groups are not of rich variety and texture. But a tendency towards the crystallization of communal groups seems evident. Cases of Indian Christian Conference, the Chief Khalsa Diwan and Vishva Hindu Parishad, etc. may be cited as examples.

• The nature and characteristics of the pressure groups in a society depend mainly upon the governmental structure, its activities and the socio-economic milieu.

• There are various organized interest groups that make use of a ‘pressure system’ for getting their claims accepted by the decision-makers, though they have been slow to develop. These groups in India are a form of linkage and means of communication between the masses and the elite.

• Group pressure in India has been directed toward influencing the administration and implementation of policy rather than its formation. Their interests are articulated not always through collective channels nor does pressure always take the form of group pressures.

• While political mobilization has extended the identity horizon of the Indian masses in widening participation and involvement, interest groups have been unable to provide the institutional channels or access to structure and order what Myron Weiner, an American political scientist, has called the ‘emergent mass political culture’.

• NGO activities are not limited to environmental, social, advocacy and human rights work. They can work to promote social or political change on a broad scale or very locally. NGOs play a critical part in developing society, improving communities, and promoting citizen participation.

8.6 KEY WORDS

• **FICCI:** The Federation of Indian Chambers of Commerce and Industry is an association of business organisations in India. Established in 1927, on the advice of Mahatma Gandhi by GD Birla and Purushottam Das Thakurdas, it is the largest, oldest and the apex business organisation in India.

• **All India Kisan Sabha:** This was the name of the peasants’ front of the undivided Communist Party of India, an important peasant movement formed
by Sahajanand Saraswati in 1936. It later split into two organisations known by the same name: AIKS and AIKES.

- **INTUC**: Indian National Trade Union Congress (INTUC) is the trade union wing of the Indian National Congress. It was founded 3 May 1947 and is affiliated with the International Trade Union Confederation.
- **Egalitarian**: Believing in or based on the principle that all people are equal and deserve equal rights and opportunities.
- **Institutionalisation**: This refers to the process of embedding some conception within an organization, social system, or society as a whole.
- **Interest group**: A group of people that seeks to influence public policy on the basis of a particular common interest or concern.

8.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

**Short-Answer Questions**

1. Write a short note on the significance of ethical principles in media.
2. What role does objectivity play in news reporting?
3. How does bias impact a reporter’s reporting in media?
4. How were interest groups working in pre-Independence times?
5. What are the major achievements of Trade Unions in India?

**Long-Answer Questions**

1. Discuss the need for examining the journalistic objectivity in news reporting.
2. ‘Journalists breach professional ethics if they become part of a story.’ Justify critically this statement.
3. Analyse the main objectives of interest groups.
4. Discuss the significance of pressure groups in influencing policy framework in India.

8.8 FURTHER READINGS


UNIT 9  CIVIL SOCIETY

9.0  INTRODUCTION

Today, the civil society has an indispensable place in any modern state and it performs its role through various associations, voluntary groups, social service workers, non-profit organizations, cooperatives, unions, women’s development groups, NGOs, etc. Since time immemorial, even before the advent of State, people have been forming voluntary groups to help those who are needy and marginalised in the communities within the society through various networks. Significance of the civil society can be gauged from the fact that today we cannot conceive of any civilised society, particularly democratic society without the participation of the Voluntary Organisations. These organizations could be formal or informal, large or small in dealing with the problems of the people. However, their role and potential as the instruments of change can be understood better in the larger context of developmental process of the society. In the traditional societies like ours, the basis of group participation was characterised by non-formal organisation.

In addition to the role of civil society, this unit discusses the participation of public in the administration and State’s affairs. This is done through varied means including the public-private partnerships, government’s initiatives like the Right to Information Act and the Citizen’s Charters.
9.1 OBJECTIVES

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

- Discuss the concept of civil society
- Analyse the role of people’s participation in government
- Enumerate the concept of Citizen’s Charter
- Explain the Right to Information

9.2 CIVIL SOCIETY AND PEOPLE’S PARTICIPATION IN GOVERNMENT

The term that lies at the core of any political system is ‘development’ which has to essentially be people-centred and citizen-participation-oriented. Citizen participation is the essential element in the various interfaces of development, be it planning, decision-making, implementation of plans and programmes or sharing the fruits of development itself. The institutions and structures through which people’s participation flows, can be many and varied: formal and informal, official and non-official, state-based and civil society oriented.

One can always find debates and discussions on the definition and meaning of the state. In the most simplistic of the statements, state is an independent public authority that has monopoly over institutionalized force. But what is a civil society? According to political theory, ‘civil society’ is a term that gained importance and prevalence in the writings of modern philosophical thinkers like John Locke, Adam Ferguson, David Hume, Adam Smith, etc. from the late seventeenth century onwards. Accordingly, the civil society marked the outcome of a process of civilization in the European societies since the Renaissance. Civilization comes about through work and industry, commerce and property; civil society thus emerged as a social system closely associated with economic improvement and expansion. In addition, civilization was fostered by education and character formation, by non-violent modes of behaviour, by respectful manners and politeness. A culture of sociability that took place in an atmosphere of mutual respect and recognition was thought to be an integral part of civil society. And this culture, it was felt, should be open to everybody, to each and every citizen.

In the literal sense, the civil society was closely connected with the economic sphere. The expansion of trade and commerce brought people into closer contact and demanded more universal codes of behaviour and communication. For all the political philosophers who envisaged the future of mankind as progressive and liberating, personal freedom and independence were at the core of civil society. Civil society was thus built on top of a free market economy, in which its members were supposed to participate as producers and consumers. However, political philosophy insisted that the traditional market place to be also treated as a sphere of economic
exchange, social encounter and even political debate. In this sense, civil society was devised as a space where citizens could meet in order to socialize with their fellow citizens, to exchange ideas and discuss issues of common concern, to form political opinions. It was not a sphere where those opinions translated into political actions and decision-making. This was left to the state which, according to Hegel, combines legislative and administrative powers. However, the civil society was not in the least apolitical; rather, it preceded and prepared for the political sphere.

Civil society is not identical to political power, but it only shapes a social space that is thoroughly public. People meet in groups and associations, and these are not meant to be secluded spaces. Its membership is open to everyone subject to the compliance to rules prescribed by the collective. There are debates and there are discussions, but they all take place in an atmosphere of mutual trust and recognition. There is no hierarchy and no barriers of power and authority. On the whole, the organization of these societies represented democracy as a vital element.

In democratic regimes, it is completely up to the citizens if and where they want to organize. But, if they choose to do so, the state can provide them with a legal framework that guarantees the freedom of individual entry and exit, as well as the accountability of activities performed by the group. It also sanctions any violation of the general code of behaviour implicit in the constitutional setting of civil rights. This acknowledges that all fellow-citizens have to be respected as dignified individuals regardless of their gender, class, religion or even ethnic origin.

The advantages of organizing voluntarily are many and the democratic state has good reason to encourage rather than discourage the voluntary organization of its citizens. The more it refrains from direct intervention, the more it can rely on the self-mobilizing capacities of the citizens. In this way, the citizens cannot only detect and even solve societal problems, but can also forge bonds of cooperation and mutual trust among themselves. That is why French philosopher Toqueville described the USA as a classical country of voluntary associations and clubs in the early Nineteenth century. He opined that it was the strength of the civic involvement that actually reflected the weakness of the federal state.

9.2.1 Essential Elements and Institutions of the Civil Society

Significantly, never and nowhere has the civil society existed independently from the state. On the one hand, the state policies determined how far the self-organizing powers of citizens could reach, and on the other, the civil society functioned as a critical antidote to state power providing it with both public reasoning and social practice. Historically, this arena of citizens’ forum emerged slowly but persistently in the shadow of the absolutist rule and proved to be a crucial factor in the destabilization of the order. Basically, it rested only on three elements:

(a) Protection of public space and encouraging civilized behaviour.
(b) Creation of a dynamic market.
(c) Adherence to the rule of law.

NOTES

Self-Instructional Material
In the absence of any one of them, the civil society could not function. Civil society denounces cheating, dishonesty and even violence.

But the most important aspect of being the members of civil society organization is that the civil society and its networks bear close relations with the concept and practice of active citizenship, transcending the formal political and legal meaning. This is so because citizenship not only entitles its bearers to individual and political rights, but also entitles them to enjoy the solidarity of their fellow-citizens. However, this does not imply that one should consistently turn individualistic. Today, people have a much broader perspective and orientation. Whether they go or do not go to the polls or whether they participate or do not participate in other pluralistic association, they do keep themselves informed through newspapers and media channels and even talk politics on the road, thus accentuating people's participation.

The institutions and structures through which people's participation can flow into development activities can be many and varied such as peoples' local organizations, local self-government units like Panchayati Raj Institutions (PRIs) in India, municipalities, municipal corporations, metropolitan city councils, development authorities in rural/urban areas and above all, voluntary agencies (volgas), non-profit organizations, non-governmental organizations (NGOs), cooperatives, etc. Of these, the units of local self-government in rural/urban areas on the formal-official side of the spectrum and voluntary associations on the informal-unofficial side both working at the grassroots level are considered to be the most essential institutional mechanisms for mobilizing peoples' support, initiative, resources, enthusiasm and cooperation for developmental purposes.

The debate over the role of NGOs in development raises a host of issues and problems. Of these that which stands at the centre stage is the time-honoured issue of the relationship between state and civil society. Human wisdom and ingenuity have devised certain social orders and structures to regulate the diverse aspects of complex human life, so that rhythm of civilized life is possible for all.

The basic social orders that the people have devised for the above purposes include the society (community), state, market and associations. Through these orders, the human life has been sought to be regulated, directed, controlled and guided in the interest of orderly, peaceful, individual and collective existence. Each one of these social orders, as Victor Pestoff puts, has its own guiding principles, predominant actors, resources, principal motives and pay-off. The social institutions normally associated with these four social orders are households, public (government) agencies, private firms and voluntary associations or non-profit organizations respectively.

In terms of the sectoral paradigm, the public (government), private (business profit-oriented firms) and voluntary (cooperatives, voluntary associations, non-profit organizations, NGOs, popular movements, etc.) sectors are known as the
first-, second- and third-sector, respectively. The question that arises here is: what should be the proper (right) degree of relationship between

- State and civil society
- State and the market and
- State and voluntary bodies?

These institutions have been the basis of several political, social, economic theories. In our considered view, the co-existence of the society, state, market and associations is a prime requisite of happy, healthy, harmonious, balanced, fruitful life. Coexistence of the four social orders will also lead to a democratic mode of management of social life, governance in the political order, economic theories and cultural milieu. For, all the four types of order are interdependent on one another. No single order can substitute or supplant the other three orders. All the four orders constitute the essential parts of the large complex integrated whole.

It is true that the state is sovereign but it cannot and should not take the place and role of society lest it will run the risk of ending up as an absolutist—a totalitarian, despotic, fascist nation-state like Hitler’s Germany or Mussolini’s Italy or the Communist Party controlled dictatorships of erstwhile USSR or East European countries. True, society is anterior to and more wider in scope and range of its activities than the state but it has to recognize and submit itself to the sovereign will of the state, its laws and mandates in the larger interest of the common good and collective well-being lest instead of order, peace or harmony, anarchy, chaos and confusion will reign supreme in society and life under such conditions will be ‘nasty, brutish and short’ let alone achieving development while the sovereignty of the state is not absolute as the pluralists say, the state alone has the legitimate authority to use coercive power if necessary to compel and command obedience to its will and the responsibility of maintain peace and order in society besides promoting the welfare and well-being of its people. The state in developing countries like India has the greatest responsibility to bring about planned socio-economic development and nation-building. The state is not an end in itself but a means to an end and that end is to promote all round, balanced, integrated development of all citizens and the nation as a whole.

The civil society manifests itself through myriads of households, communities, voluntary groups of different hues and kinds, social service workers, non-profit organizations, cooperatives, unions, women’s development groups and environmental NGOs. Not only does it have its definite place in modern state but also performs vital functions for its members through the network of these institutions. Both before and after the state came into being, the voluntary bodies have been rendering yeoman social service to the poor, needy, neglected, the old-aged, the sick and the down-trodden or relief work during natural calamities.

India has a great tradition of social service, social reform and voluntary community-based service from the times immemorial. The voluntary associations
had launched mass-based social and political movements in the country to wrest independence from the colonial rulers and retrieve their civil, political and socio-economic rights. Mahatma Gandhi’s Construction Work Programme proved to be a trailblazer in the world of voluntary social work. In the Western countries, community-based voluntary associations showed the way to the modern state to become a welfare state replacing the ‘police state’ of the laissez-faire era. Under the impact of Keynesian welfare economic, spread of democracy and the Beveridge Report the night-watchman state of the eighteenth century underwent metamorphosis into the modern Welfare State (service state) whereby the administrative (bureaucratic) state was born.

During the last four decades, significant social movements in the Western societies have taken place resulting in heightening of the anti-state posture of voluntary groups. These groups claim that the state is incapable of tackling the problem of the neglected and marginalized sections of society and that this role can be performed effectively and equitably only by them.

As C.P. Bhambri observes that ‘the voluntary action groups are projecting themselves as an alternative to the over-centralized state system in the west’. The NGOs argue that the power of the state has failed to resolve the crisis of the modern times and voluntary action is required to resolve the crisis created by the over-centralized and militarized Western State System.

In the developing nations like India with the state assuming the major responsibility for promoting development and welfare, the governmental bureaucracy has acquired enormous power and function as the agent of social change, thus laying the foundation for a strong administrative state. The command model of development with strong centralization and top-down planning as its hallmarks, left little room for peoples’ involvement in ‘development through participation’.

Bureaucratic apathy and inefficiency coupled with corruption in the high echelons of administration and political leadership, lack of confidence on the part of the government in peoples’ involvement and participation in development activities, the undermining of panchayati raj institutions by the central and state governments prior to the Seventy-Third Constitutional Amendment and central government’s ‘witch-hunting’ against voluntary agencies and Gandhian social workers sent shock waves to the pluralists amongst Indian political scientists like Rajni Kothari and sociologists on the one hand and the social activists and NGOs on the other.

9.2.2 Citizens’ Participation in India

The planners and policy makers in India who paid lip service to the citizen participation in development realized the importance of involving the voluntary sector in the country’s decentralized development only since the Sixth Five Year Plan (1980–85). Earlier, the tendency of political decision-makers and the
development bureaucracy were to equate the work of voluntary agencies with only welfare activities and charity work or the government sponsored cooperatives. The Sixth Plan identified 'new areas' in which NGOs as 'new actors' could participate in development. These areas included:

- Optimal utilization and development of renewable source of energy, including forestry through the formation of renewable energy association at the block level
- Family welfare, health and nutrition, education and relevant community programmes in the field
- Health for all programmes
- Water management and soil conservation
- Social welfare programmes for weaker sections
- Minimum needs programme
- Disaster preparedness and management
- Promotion of ecology and tribal development and
- Environmental protection and education.

The plan mentioned that youth and women organizations, interest groups like those of farmers, self-employed women, and voluntary groups engaged in general development work in a specific area or activity; farmers cooperatives working in command/catchment area irrigation projects; religious, social, cultural organizations, professional bodies arid educational institutions would play the development role.

### 9.2.3 Issue of Autonomy of the NGOs

A thorny issue of the NGOs has to do with their demand for greater autonomy from the state. Other related issues are:

(i) Sources of funds and accountability for rendition of reports, and,
(ii) Audit of accounts and transparency in their activities.

In order to function as a truly voluntary body, an NGO is expected to draw at least half of its resources (funds) from voluntary sources as donations, etc. Most NGOs are dependent on the government’s grants-in-aid or donations from external (foreign) donors like the World Bank or international NGOs. Lack of financial autonomy results in their easy cooptation by the funding agencies—be it domestic or foreign and such NGOs cease to be truly “voluntary or non-government agencies.” They become agents of the donors, functioning according to the directions and guidelines of the funding authority and not according to their normative or ideological principles. The harmful tendencies of voluntary sector are evident from the Naxalite movement and Peoples War Groups which sometimes seek support of the voluntary NGOs.
9.2.4 Importance of NGOs

In this context, we come across two different views. First, in the context of developing societies like India, development, i.e. the banishment of backwardness and poverty, calls for structural changes. ‘Voluntary agencies’ writes C.P. Bhambhari, ‘cannot change the social-power structure but the state can be democratically compelled to challenge the existing power structure.’ Further, voluntary agencies are ‘localized’ groups while the action and jurisdiction of the state is coterminous with the entire society. Another political scientist, Mohit Bhattacharya echoes the same view when he observes that voluntary organizations’ isolated and minuscule efforts cannot correct the ‘massive social disorganization left behind by imperialism and since perpetrated by a feudal-capitalist socio-economic system. To expect radical social change through voluntary effort is a kind of day-dreaming’.

The second and opposite view shared by Rajni Kothari is full of optimism, encouragement, hope and faith in the potential of NGOs as the most viable organizations best suited to play the role of catalyst of social change and development ‘in a socially backward and ethnically diverse and dispersed society’ such as the Indian society.

Together the state and citizens must carry out the daunting task of development as joint partners and nation-builders. In fact, it is indispensable for the state to harness the strengths of voluntary associations—their proximity to people far and near, flexibility, innovativeness, innovativeness of selfless service, possession of expertise, information, skills for awareness building, troubleshooting and training skills to bring about development in a decentralized democratic manner. NGOs symbolize de-bureaucratization—one of the four forms of decentralization the rest being devolution, de-concentration and delegation. India’s dismal performance at the development front can be attributed undeniably to the lack of scope for peoples’ participation in development through decentralized structures in the past and rigid bureaucratization as opposed to democratization of the development process. NGOs participation can pave the way for more decentralized, mere democratic and less bureaucratized administration of development, supplemented by the role of the PRIs in development administration in the country.

Whether one calls them voluntary agencies or social action groups or non-governmental organizations in UN terminology, they epitomize the institutionalization of the time-honoured practice all over the world of rendering noble, selfless community service on voluntary and non-profit basis by resourceful, enlightened, public-spirited, active citizens and social workers. The NGOs have a crucial role to play in the process of nation-building and planned socio-economic development everywhere, particularly in developing nations like India. Development plans, programmes or projects initiated by the government have little or no chance of success without the total involvement and full and active cooperation and
participation of the people in the various development processes. Voluntary agencies as the dynamic instruments of the civil society should mobilize the participation of local people into the government/voluntary agency sponsored development processes in planning, implementing and monitoring development programmes. In short, they should serve as institutional mechanism for channelling peoples’ (grassroots level) local initiatives, enthusiasm and resource into the development process on the hand and on the other as saviours of the democratic process.

Studies have shown that NGOs are eminently suited to play the developmental role as catalysts of social change, as educators, as informers, enablers, project planners and administrators, as experimenters, as innovators, as awareness and citizenship builders, as motivators, as impact evaluators, as harbingers of silent revolutions, as national constructors (builders), as conscientisers, as ’friends, philosophers and guides’ of the people in general and of the weak, poor, needy, illiterate, ignorant, downtrodden and dispossessed sections of society in particular.

Based on the primary and secondary data, the study carried out in a multidisciplinary, integrated, holistic perspective examines the ideal of citizen participation as basis of participatory democracy and decentralized democratic development. An analysis of the relationship between the State and NGOs in the ‘various sectors of development administration, provides the following points of view:

- Despite all the assets and virtues they have, NGOs cannot and should not seek to supplant the state. They cannot only carry on their own welfare programmes but also have to supplement the developmental efforts planned, funded and ‘carried out by the government agencies within the framework of the Constitution and Law,

- They should strive for protecting and promoting the national interest and safeguard the unity, the territorial integrity and sovereignty of the nation and guard themselves against the sinister and subversive designs of foreign fund givers. They should submit themselves to government rules and regulations regarding foreign funding of their activities in the interest of clean public life, for, corruption negates democracy and development,

- Government on its part should not let loose a reign of terror on these bodies since it needs their services to realize the twin objective of building a strong modern, dynamic, vibrant nation and a democratic, developed society. The NGOs thus occupy the centre-stage of democratic decentralized development in India and elsewhere.

9.2.5 Public-Private Partnerships (PPP)

In the recent past, the government has made many announcements in which the facilities and infrastructure for newer opportunities is developed on the basis of triple (PPP) model. Indeed, it is private supported public partnership business alliance that helps to developer business opportunity efficiently by using available resources in optimal way. This way Public-private partnerships (PPP) are seen as...
an effective way to capitalize on the relative strengths of the public and private sectors to address problems that neither could tackle adequately on their own. A continuous decline has been observed in the profit of the government owned organisations in various sectors from last few decades due to various reasons. The government has pressure to support such sick organisations to make them productive and profitable organisations. Moreover, management of services of various work force in the government organisation is becoming more and more difficult due to several humanitarian ground. Economist and market gurus have suggested a new philosophy of business management through public private partnership model. By using this model not only the sick organisations can be transferred into profit making organisation but healthy government organisation can further be boosted up for more profit. In India, the period from mid-1990s to 2004 marked the inception of PPPs, with transport and power being the focus sectors. The country, however experienced limited success due to absence of a mature PPP framework. Subsequently during the year 2004-12, the government laid foundation for a mature PPP framework, by formulating guidelines and standardization of documents for PPP projects. Organisations have experienced a spurt in award of PPP projects. As per available data from Ministry of Finance GOI, 1,539 PPP projects have been awarded so far in in various segments. It includes various government departments and public sector organisations.

For example, the Government of India is trying to make several railway projects on this model to support the financial prospective. In such projects the government invites different proposals from private players to work with government organisations under certain terms and conditions. The public sector contributes both basic science and funding means, and the private sector has the strength in discovery new avenues and bringing new management model through the trials process to regulatory approval. The lack of incentive is addressed by creating a PPP entity with a well-defined objective relating to the development of a particular product or technology required by developing countries. Public-private partnership is a funding model for a public infrastructure project such as a new telecommunications system, railways, road and transport, parking, airport and power generation. The public partner is represented by the government at a local, state and/or national level. From the open market any private player can participate by fulfilling the terms and conditions decided by the government. The private partner can be a privately-owned business, public corporation or consortium of businesses with a specific area of expertise. Governments have seen the greatest gains when the public-private partnership arrangements occurred as a result of competitive bidding.

When the private company’s main contribution is to raise resources like finance, governments have not fared so well. This is because governments can generally borrow money at cheaper rates than private entities. Different models of PPP funding are characterized by which partner is responsible for owning and
maintaining assets at different stages of the project. Presently PPP models may have, but not restricted to the following types of the patterns:

- **Design-Build (DB):** The responsibility of infrastructure development is given to private sector partner so that the developed infrastructure can meet the public sector requisite specifications. In some cases, the parameters are set with the mutual understanding of both private and public sector.

- **Operation & Maintenance Contract (O and M):** The operation and maintenance of the developer infrastructure is the crucial component of the business which involves lot of capital. Due to restricted availability of funds with government, the model was developed by experts to manage the operation and maintenance of the infrastructure and other facilities on the public private partnership model.

- **Design-Build-Finance-Operate (DBFO):** The design and building of new infrastructure involves lot of financial component as well as the engineering element. Owing to the limited resources both in engineering as well as finance the government finds it appropriate to manage both of them with the help of private sector support. The government in some cases gives the infrastructure design and finance component on a lease basis. The duration of leave may be long enough depending upon the mutual contract between the both.

- **Build-Own-Operate (BOO):** In some contracts the private sector partners are financing, building, maintaining and operating the entire infrastructure component but are limited to the control of government under certain circumferences.

- **Build-Own-Operate-Transfer (BOOT):** To attract more competitive bidding from the private partners the government often gives attractive schemes to the bidders. It may include the conditional ownership of the developed infrastructure and authorisation of the finance, design related matters, building operation of the infrastructure component (and to charge user fees) for a specific period of time, after which ownership is transferred back to the public-sector partner.

- **Buy-Build-Operate (BBO):** Under certain conditions the developer of the infrastructure may have the ownership right for a particular time, based on the conditions of the contract between both the parties. When developed infrastructure can be better managed by the private partner then it should be handed over to the private partner under certain terms and conditions.

- **Public-private partnership controversy:** Private and public sector partnership has remained on the radar of labour welfare association and humanitarian organisations those feels that the private organisations are exploiting the workforce, with the minimum interference of the government. The financial and economic aspects are also being challenged by the opposition parties in politics by blaming the government for handing over
government resources to the Industrialist in their interest with minimum
government benefit. Despite all these controversies the public private
partnership model is growing and proving its importance
however it.

It is worth mentioning here that the triple P model can further be extended into
various commercial as well as welfare schemes in India to improve the efficiency
of existing organisations and also to enhance the profit or effectiveness of the other
profit making organisation. Furthermore, the area of public-private partnership
can further be extended to but not limited to:

- Reforms in agriculture
- Output Price support
- Input subsidies
- Development initiatives
- Corporate Investments in Agriculture
- Linking Production to Processing
- Promoting Producers Alliances
- Scaling up success stories of “Innovative farmers”.

Check Your Progress

1. How did civil society emerge as a social system?
2. List the three elements which form the basis of a civil society.
3. What are the first, second and third sectors in public administration?
4. Why did the government establish the PPP in India?

9.3 RIGHT TO INFORMATION (RTI)

The rights of Indian citizens are described in the Indian Constitution clearly. Apart
from these rights, it was felt that there are certain other rights those to be incorporated
in the democratic system such as right of getting information and right of attaining
education. The Government of India through the constitutional amendment have
incorporated the Right to Information Act, for Indian citizens. After the
implementation of the amended act, now an Indian citizen can ask for certain
information from the government officials. The purpose of enabling this act was to
increase transparency in government and administration system of the country. If
any citizen feels that a particular information should be shared with public, then the
appellant should be approached. The government officer appointed by the
department is bound to give the required information in the approved format.
However, all the information of the Government and its offices cannot be share
because of security concerns and cases of sensitive matters.
It is the citizen’s right to get information regarding administration and its performance. This has helped bring immense transparency and efficiency in the administration since it was implemented in 2005 in India. It was hailed that the fundamental rights of “freedom to speech and expression” as well as right to life cannot be fulfilled and safeguarded without relevant information.

After the implementation of the act several amendments and appropriate steps have been taken by the government of India to ensure the materialization of the act through establishing a separate cell in every department to provide information to the citizen. Every department has a cell with the designated officer from the department who are responsible to give the required information within stipulated time accordingly. The RTI officer of the department is responsible to ensure the time bound information grant to the applicant, if the official is unable to give information in time to the citizen that there is a provision of penalty including financial and others.

RTI, however, increased workload on administration a little bit but for the assurance of transparent administrative structure it is mandatory to have such system in which people can have the information of the government offices. The information shared by the government office can be made public so that the actual functioning of the government office with statistical data is affected.

Each central level government office or organisation has to have a RTI cell headed by a Public Information Officer who will receive RTI’s from common citizens. He has to disseminate the relevant information within the time specified usually 30 days to provide an answer to the appellant. But if there is a threat to life of the applicant than that information is to be provided within 48 hours and if the information is regarding a third party then it has to be provided within 45 days. Accordingly, in the Indian states the representative of government has to be appointed as state chief Public Information officers and required subordination from the government servants.

9.3.1 RTI and Transparency

Enforcement of the act is possible through various administrative actions and appropriate system. It can better be improved if the personal involved in the administration work and the decision making could be made public through a legal framework. Then the administrative machinery will have the fear in their mind that the information on which a particular decision was taken can be seen by other people then there is a possibility that the cases of corruption or malfunctioning by certain government officials can be reduced up to a certain extent. It is evident from many incidents that citizens of India are now seeking information through RTI act and asking for the various information from the government officer regarding any particular work. Transparency is not only the aim of RTI but it enables the citizen to have information that is crucial for public and to increase the participatory democracy in the country and increase faith in the system.
Positions and responsibilities in the RTI Act: The meaning and responsibilities of these positions are clearly mentioned in the parliamentary act. To increase the transparency within the system it is ensured that the multi-layer hierarchy could be made possible while a person seeking information. The multi-layered transparency is achieved through different tiers of the offices in which information can be sought from the lower officer. If an officer of lower rank is not capable of providing information or the information is inappropriate according to the seeker than the appeal could be filed before the next level. Officers’ hierarchy should be understood as given below.

Appellate authorities: If the applicant does not receive an answer or does not receive a satisfactory answer where information is denied, then he/she can approach the appellate authority which are:

(A) **First appellate authority**: Should be an officer senior to that of the Public Information officer in that agency and designated as the appellate authority.

(B) **Second appellate authority**: If a citizen is still unsatisfied or denied information the applicant can then approach directly to the State Chief Public Information Commissioner and then the Central Chief Information commissioner which is provided on the website of each govt. Organisation and the Chief Information Commissioner’s official website.

There is a possibility that certain government officers can refuse to give information not directly but through delayed process and modified information, in such conditions the person who seeking information can approach the next level officer for the proper grant of the required information. Public Information officers of those organisations and other officers there can be fined to the tune of INR 250 per day to maximum of INR 25000 which will be recovered from their salary/pension can be fined. The commission’s verdict can be challenged in the High Court and Supreme Court.

Despite several efforts to increase the transparency in the system which includes the implementation of RTI act there are still loop holes in the system those are to be addressed. Simultaneously it is believed by the administrations, that the act is being misused by plenty of occasions by asking useless and irrelevant information just to increase paperwork of the officers and extra manpower has to be brought in to deal with the others being a legal case.

Only restricted information can be withheld from the public that can cause:

(i) Contempt of court
(ii) Affects national safety and security
(iii) Affects Intellectual property rights and trade secrets and competition
(iv) Affects privacy of individuals
(v) Breaches the privileges provided by the constitution to the elected representatives
Check Your Progress

5. What is the purpose of Right to Information (RTI) Act?
6. How does RTI Act strive to increase the transparency?
7. List some the conditions wherein information can be withheld?

9.4 CITIZEN’S CHARTER: AN OVERVIEW

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

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

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

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

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

(i) Set standards of service
(ii) Be open and provide full information
(iii) Consult and involve
(iv) Encourage access and the promotion of choice
(v) Treat all fairly
(vi) Put things right when they go wrong
(vii) Use resources effectively
(viii) Innovate and improve
(ix) Work with other providers

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

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

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

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

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

### Check Your Progress

8. How is Citizen’s Charters born as an initiative?
9. What are the main principles of the Citizen’s Charter movement?
10. Which is the nodal department of coordinating, formulating and operationalizing Citizen’s Charters in India?

### 9.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. According to political theory, ‘civil society’ is a term that gained importance and prevalence in the writings of modern philosophical thinkers like John Locke, Adam Ferguson, David Hume, Adam Smith, etc. from the late seventeenth century onwards. Accordingly, the civil society marked the outcome of a process of civilization in the European societies since the Renaissance. Civilization comes about through work and industry, commerce and property; civil society thus emerged as a social system closely associated with economic improvement and expansion.

2. Three elements which form the basis of a civil society are:
   (a) Protection of public space and encouraging civilized behaviour.
   (b) Creation of a dynamic market.
   (c) Adherence to the rule of law.

3. In terms of the sectoral paradigm, the public (government), private (business profit-oriented firms) and voluntary (cooperatives, voluntary associations, non-profit organizations, NGOs, popular movements, etc.) sectors are known as the first-, second- and third-sector, respectively.

4. In the recent past, the government has made many announcements in which the facilities and infrastructure for newer opportunities is developed on the basis of triple (PPP) model. Indeed, it is private supported public partnership business alliance that helps to developer business opportunity efficiently by
using available resources in an optimal way. This way Public-private partnerships (PPP) are seen as an effective way to capitalize on the relative strengths of the public and private sectors to address problems that neither could tackle adequately on their own. In India, the period from mid-1990s to 2004 marked the inception of PPPs, with transport and power being the focus sectors. The country, however, experienced limited success due to absence of a mature PPP framework. Subsequently during the year 2004-12, the government laid foundation for a mature PPP framework, by formulating guidelines and standardization of documents for PPP projects.

5. The Government of India through the constitutional amendment have incorporated the Right to Information Act, for Indian citizens. After the implementation of the amended act, now an Indian citizen can ask for certain information from the government officials. The purpose of enabling this act was to increase transparency in government and administration system of the country. If any citizen feels that a particular information should be shared with public, then the appellant should be approached. The government officer appointed by the department is bound to give the required information in the approved format. However, all the information of the Government and its offices cannot be share because of security concerns and cases of sensitive matters.

6. Enforcement of the act is possible through various administrative actions and appropriate system. It can better be improved if the personal involved in the administration work and the decision making could be made public through a legal framework. Then the administrative machinery will have the fear in their mind that the information on which a particular decision was taken can be seen by other people then there is a possibility that the cases of corruption or malfunctioning by certain government officials can be reduced up to a certain extent. It is evident from many incidents that citizens of India are now seeking information through RTI act and asking for the various information from the government officer regarding any particular work. Transparency is not only the aim of RTI but it enables the citizen to have information that is crucial for public and to increase the participatory democracy in the country and increase faith in the system.

7. Only restricted information can be withheld from the public that can cause:
   (i) Contempt of court
   (ii) Affects national safety and security
   (iii) Affects Intellectual property rights and trade secrets and competition
   (iv) Affects privacy of individuals
   (v) Breaches the privileges provided by the constitution to the elected representatives
8. It has been accepted world over that good governance is necessary for sustainable development both at the economic and social levels. The three indispensable aspects required for good governance are: transparency, accountability and responsiveness of the administration. Citizen’s Charters initiative is born of the quest for solutions to the problems that a citizen faces in his/her daily life while dealing with the public service organizations. The concept of Citizen’s Charter stands on the basis of trust between the service provider and the users. This concept was initially implemented in the United Kingdom by the Conservative Government of John Major in 1991. It was launched as a national programme with the simple objective to incessantly improve the quality of public services for the people so that these services cater to the needs and wishes of the citizens. In 1998, the Labour Government of Tony Blair relaunched the programme by rechristening it as ‘Services First’.

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

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

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

9.6 SUMMARY

- The term that lies at the core of any political system is ‘development’ which has to essentially be people-centred and citizen-participation-oriented. Citizen participation is the essential element in the various interfaces of development, be it plan-formulation, decision-making, implementation of plans and programmes or sharing the fruits of development itself.
According to political theory, ‘civil society’ is a term that gained importance and prevalence in the writings of modern philosophical thinkers like John Locke, Adam Ferguson, David Hume, Adam Smith, etc. from the late seventeenth century onwards. Accordingly, the civil society marked the outcome of a process of civilization in the European societies since the Renaissance.

In the literal sense, the civil society was closely connected with the economic sphere. The expansion of trade and commerce brought people into closer contact and demanded more universal codes of behaviour and communication.

Civil society is not identical to political power, but it only shapes a social space that is thoroughly public. People meet in groups and associations, and these are not meant to be secluded spaces. Its membership is open to everyone subject to the compliance to rules prescribed by the collective. There are debates and there are discussions, but they all take place in an atmosphere of mutual trust and recognition.

In democratic regimes, it is completely up to the citizens if and where they want to organize. But, if they choose to do so, the state can provide them with a legal framework that guarantees the freedom of individual entry and exit, as well as the accountability of activities performed by the group.

The most important aspect of being the members of civil society organization is that the civil society and its networks bear close relations with the concept and practice of active citizenship, transcending the formal political and legal meaning. In the absence of any one of them, the civil society could not function. Civil society denounces cheating, dishonesty and even violence.

The civil society manifests itself through myriads of households, communities, associations, voluntary groups of different hues and kinds, social service workers, non-profit organizations, cooperatives, unions, women’s development groups and environmental NGOs.

In recent past the government has made many announcements in which the facilities and infrastructure for newer opportunities is developed on the basis of triple P model. Indeed, it is private supported public partnership business alliance that helps to developer business opportunity efficiently by using available resources in optimal way.

The citizen rights are described in the Indian Constitution clearly apart from that it was felt that there are certain other rights those to be incorporated in the democratic system such as right of getting information and right of attaining
Civil Society education. The Government of India through the constitutional amendment have incorporated the law of getting information valid citizens right. After the implementation of the amended act now an Indian citizen can ask for certain information from the government officials.

- The concept of Citizens’ Charter stands on the basis of trust between the service provider and the users. This concept was initially implemented in the United Kingdom by the Conservative Government of John Major in 1991. It was launched as a national programme with the simple objective to incessantly improve the quality of public services for the people so that these services cater to the needs and wishes of the citizens.
- Department of Administrative Reforms and Public Grievances, Government of India (DARPG) initiated the scheme of coordinating, formulating and operationalizing Citizens’ Charters. A list of Guidelines to formulate the Charters as well as do’s and don’ts was sent to various governmental departments/organizations to enable them to formulate effective charters.
- Involvement of consumer organizations, citizen groups and other stakeholders in the formulation of the Citizen’s Charter is emphasized to ensure that the Citizen’s Charter meets the needs of the users.

9.7 KEY WORDS

- **Civil Society**: Society considered as a community of citizens linked by common interests and collective activity.
- **Public-Private Partnership (PPP)**: It is a funding model for a public infrastructure project. The public partner is represented by the government at a local, state and/or national level. The private partner can be a privately-owned business, public corporation or consortium of businesses with a specific area of expertise.
- **Right to Information (RTI) Act**: It is act of the Parliament of India to provide for setting out the practical regime of the right to information for citizens and replaces the erstwhile Freedom of information Act, 2002. Under the provisions of the Act, any citizen of India may request information from a “public authority” (a body of Government or “instrumentality of State”) which is required to reply expeditiously or within thirty days.
- **Citizen’s Charter**: Citizen’s Charter is a document which represents a systematic effort to focus on the commitment of the organisation towards its Citizens. It is to give power to the citizen for ensuring timely and satisfying public service delivery.
- **NGO**: Non-governmental organizations commonly referred to as NGOs are usually non-profit and sometimes international organizations independent of governments and international governmental organizations.
9.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

NOTES

Short-Answer Questions
1. Write a short note on the importance of citizens’ participation in various interfaces of development.
2. How does a civil society manifest itself?
3. Briefly explain the concept of PPP.
4. What were the six principles of the Citizen’s Charter movement as originally framed?

Long-Answer Questions
1. Analyse the evolution of the civil society.
2. Discuss the critical role played by voluntary organizations and NGOs.
3. Analyse the different models of Public Private Partnership (PPP).
4. Discuss the Right to Information Act in India and its organizational set up.
5. Critically analyse the implementation of the Citizen’s Charter initiative in India.

9.9 FURTHER READINGS


UNIT 10 ORGANISATION AND METHODS

10.0 INTRODUCTION

Of all the administrative techniques applied in business and industry, work study and work management play key roles in achieving efficiency and output. Work study is basically a system of assessing methods of employees’ working in an organization. For students, it is a vocational training programme which enables them to understand the business and to prepare for employment. This helps them to ensure that efficiency in the operations is not compromised. Work management comprises various processes which help an organization to enhance the efficiency and evaluate their performance. It as a set of services that apply workflow structure to the movement of information and the interaction of business processes and human worker processes that generate the information.

While studying administrative techniques used in an organization, this unit describes the role and nature of work study and work management.

10.1 OBJECTIVES

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

- Discuss the nature and procedure of work study
- Analyse the use of work study in any organization
- Enumerate the concept of work management
- Explain the role of work management in any organization
10.2 WORK STUDY AND WORK MANAGEMENT

Operation and Management (O&M) is a precious tool to define the procedure and requirement for maintenance, effective operation, demolition and decommissioning of factories or plants. It also includes the details regarding the construction of the plant, the history of the building and its maintenance, instructions related to the operation and maintenance and finally the warranties and guarantees of the building. While reading the related documentations of the building, the most important thing is the manual which must be read in detail before the service installation. It forms the most important part of the Safety and Health File. The main aim of the Operating and Maintenance Manual is to provide accurate, adequate and suitable information to the owner or the operation regarding the operation, management and the services of the building.

The main information given in the manual is the description of the system with proper drawings which are required at the time of installation. The manual provides information for the efficient, right and safe operation of equipment and its services. It discusses the operating instructions and the maintenance of the system according to the recommendations given by the manufacturer. The manual also complies with relevant Health and Safety Regulations, Statutory and Local Regulations. The manual also directs how to maximize the economic life of the plant and how to run it at minimum cost and minimum energy consumption. It also provides guidance related to the disposal of plant and equipment wastage.

10.2.1 Work Study

A work study is a type of vocational training program, mostly used for employees or students. In this program individuals are kept engaged in classroom and also employed in a related field. For students, it helps them in understanding business and to train themselves so that after the completion of their studies they are capable of getting full time employment. With work study, employees are capable of increasing the productivity of the plant by the recognition of the type of work. In this method of teaching, there is no expenditure on the equipment or to develop the facilities. This is a systematic method which ensures that there is not any factor which affects the efficiency of the operation. This is the most accurate means which contributes to the improvement of working conditions and safety at the time of work. This tool is applicable everywhere and can be used successfully wherever the plant is operated. This is easily applicable, cheap and one of the most penetrating tools of investigation.

10.2.2 Work Management

The integrated procedures and processes which help an organization in scheduling work to increase the efficiency, to meet the needs of the customers, to utilize the assets and to evaluate their performance is known as work management. Work
management helps in standardizing the entry point of all the work done inside the organization. The management takes care that the work must have a common origin, a common number which is used to track the work and this number is traceable during the order and cost accounting systems irrespective of the capitalization of the work whether it is capitalized or not. With this, there is better customer service, proper estimation of the actual comparisons and more accuracy in the benchmarking. Customer contacts can be tracked by defined reason codes in the Contact Tracking System, and provides a customized questionnaire and workflow for each contact reason. Contacts can be recorded at the beginning or end of the contact, or automated as part of the standard screen-flow when updating any screen.

### Check Your Progress

1. What is the main aim of the operating and maintenance manual?
2. What is the function of work study?
3. What role does work management play in any organization?

### 10.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The main aim of the Operating and Maintenance Manual is to provide accurate, adequate and suitable information to the owner or the operation regarding the operation, management and the services of the building. The main information given in the manual is the description of the system with proper drawings which are required at the time of installation. The manual provides information for the efficient, right and safe operation of equipment and its services.

2. A work study is a type of vocational training program, mostly used for employees or students. In this program individuals are kept engaged in classroom and also employed in a related field. For students, it helps them in understanding business and to train themselves so that after the completion of their studies they are capable of getting full-time employment. With work study, employees are capable of increasing the productivity of the plant by the recognition of the type of work.

3. The integrated procedures and processes which help an organization in scheduling work to increase the efficiency, to meet the needs of the customers, to utilize the assets and to evaluate their performance is known as work management. Work management helps in standardizing the entry point of all the work done inside the organization. The management takes care that the work must have a common origin, a common number which is used to track the work and this number is traceable during the order and cost.
10.4 SUMMARY

- Operation and Management (O&M) is a precious tool to define the procedure and requirement for maintenance, effective operation, demolition and decommissioning of factories or plants.
- The main aim of the Operating and Maintenance Manual is to provide accurate, adequate and suitable information to the owner or the operation regarding the operation, management and the services of the building.
- The main information given in the manual is the description of the system with proper drawings which are required at the time of installation. The manual provides information for the efficient, right and safe operation of equipment and its services.
- The manual also directs how to maximize the economic life of the plant and how to run it at minimum cost and minimum energy consumption. It also provides guidance related to the disposal of plant and equipment wastage.
- A work study is a type of vocational training program, mostly used for employees or students. In this program individuals are kept engaged in classroom and also employed in a related field.
- Work study is a tool applicable everywhere and can be used successfully wherever the plant is operated. This is easily applicable, cheap and one of the most penetrating tools of investigation.
- Work management helps in standardizing the entry point of all the work done inside the organization. The management takes care that the work must have a common origin, a common number which is used to track the work and this number is traceable during the order and cost accounting systems irrespective of the capitalization of the work whether it is capitalized or not.
- Customer contacts can be tracked by defined reason codes in the Contact Tracking System, and provides a customized questionnaire and workflow for each contact reason. Contacts can be recorded at the beginning or end of the contact, or automated as part of the standard screen-flow when updating any screen.

10.5 KEY WORDS

- Operations and maintenance manual: It details systems-level and equipment-level information to facilitate an efficient O&M program.
• **Vocational training:** It provides job-specific technical training for work in the trades.

• **Work management:** This is a set of software products and services that apply workflow structure to the movement of information as well as to the interaction of business processes and human worker processes that generate the information.

• **A customer contact:** This is an individual consumer in a B2C relationship or an individual contact within a customer enterprise in a B2B relationship.

• **Questionnaire:** A questionnaire is a research instrument consisting of a series of questions for the purpose of gathering information from respondents. The questionnaire was invented by the Statistical Society of London in 1838.

### 10.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

**Short-Answer Questions**

1. Write a short note on the role of Operation and Management (O&M) in any organization.
2. How does work study help the employees?
3. State the significance of work management in capitalization of the work.

**Long-Answer Questions**

1. Discuss how work study plays an important role in enhancing the efficiency and output.
2. Analyse work management’s role in meeting the needs of the customers.

### 10.7 FURTHER READINGS


UNIT 11 MANAGEMENT TOOLS

11.0 INTRODUCTION

The method used to analyse, control and monitoring of business processes and workflows is known as network analysis. It is the mathematical analysis of complex working procedures in terms of a network of related activities. This analysis is especially suited for large-scale and specific projects conducted a few times. Through various steps, network analysis fulfils its objectives such as consistency in the planning, operational flexibility, speedy handling and analysis of the integrated data, etc. This administrative technique is quite useful in a complex situation for the purpose of designing, planning, coordinating, controlling and making decision. Today, Critical Path Method (CPM) and the Programme Evaluation and Review Technique (popularly known as PERT) are the two most popular forms of this technique used in many scheduling situations.

The information system used for decision-making, coordination, control, analysis, and visualization of information in an organization is known as a management information system (MIS). The study of MIS examines people, processes and technology in an organizational context. For large organizations, MIS can be effectively used for measuring performance of various unit managers and accordingly, bringing about any necessary changes to meet organizational goals and plans.

This unit aims at analysing the role and functioning of management tools like network analysis and management information system.
11.1 OBJECTIVES

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

- Discuss the significance and objective of network analysis
- Analyse the development of network analysis
- Enumerate management information systems (MIS) and its importance
- Explain various approaches to designing an effective MIS

11.2 NETWORK ANALYSIS

Network analysis is a method of planning and controlling projects by recording their interdependence in a diagrammatic form that enables each fundamental problem involved to be tackled separately. The main objectives of network analysis are as follows:

- To foster increased orderliness and consistency in the planning and evaluating of all areas in the project.
- To provide an automatic mechanism for the identification of potential trouble spots in all areas which arise as a result of a failure in one.
- To structure a method to give operational flexibility to the programme by allowing for experimentation in a simulated sense.
- To effect speedy handling and analysis of the integrated data, thus, allowing for expeditious correction of recognized trouble areas in project management.

Through network analysis, which is a graphic depiction of 'activities' and 'events' related to a project, planning, scheduling and control of project becomes easier and effective.

Steps Involved in Network Analysis

Network analyses achieve their purpose in three broad steps:

- They present in diagrammatic form, a picture of all the jobs (or activities) to be accomplished and of their dependence on one another. The way in which this is done is to construct what is known as a 'network diagram' in which each job is represented by an arrow on the diagram. The way in which the arrows are linked indicates the dependencies of the jobs on each other.
- They consider the limitations imposed by the availability of resources, namely of men, machine, money and material and in view of these estimate the time required to do each job.
- They apply the estimated job time to the network diagram and then analyse the network. Analysis in this case means the calculation of the total length of time involved in each path through the network.
11.2.1 Significance of Network Analysis

The importance of network analysis is mentioned as follows:

- Network analysis clearly shows the interdependence between jobs to be performed in contest of a project and, thus, enables people to see not only the overall plan but also the ways in which their own activities depend upon or influence those of others.
- By splitting up the project into smaller activities, it assist in the estimation of their duration and thereby leading to more accurate target dates.
- It enables stricter controls to be applied since any deviation from schedule is quickly noticed.
- It allows the total requirements of men, materials, money, machinery and space resources to be readily calculated and also indicates where the delaying of non-critical jobs (that is, jobs which do not immediately affect the duration of the project) may be used for optimal utilization of resources.
- Its identification of the critical path has two advantages: (i) If the completion date has to be advanced, attention can be concentrated on speeding up the relatively few ‘critical’ jobs; (ii) Money is not wasted on speeding up ‘non critical’ jobs.
- It allows modifications of policy to be built easily and their impact can also be assessed quickly.
- It allows schedules to be based on considerations of costs so as to complete projects in a given time at minimum expense.
- It separates the planning of the sequence of jobs from the scheduling of times for the jobs and thus, it makes planning and scheduling effective.

Limitations of Network Analysis

The only real disadvantage of network analysis as a planning tool is that it is a tedious and exacting task if attempted manually. The calculations are done in terms of the sequence of activities and, if this is all that is required, a project involving several hundred activities may be attempted manually. However, the possibility of error is high, and if the results are to be sorted, the cost of manual operation rapidly becomes uneconomic. The consideration of various alternative plans also becomes impossible, because of the large volumes involved.

Nevertheless, now we have standard computer programmes for network analysis, which can handle project plans of up to 5000 activities and more, and produce ‘output’ in various forms. Even then it must be emphasised, that a computer only assists with the calculation and with the printing of plans of operation sorted into various orders. The project manager is still responsible for the planning and must still make necessary decisions based upon the information supplied by the computer. The computer cannot take over this responsibility. Equally important
is the fact that the computer output is only as accurate as its input which is supplied in the first instance by human beings.

### 11.2.2 Development of Network Analysis: CPM and PERT

Network analysis, as mentioned, is a technique related to sequencing problems which are concerned with minimizing some measure or performance of the system such as the total completion time of the project, the overall cost and so on. The technique is useful for describing the elements in a complex situation for the purpose of designing, planning, coordinating, controlling and making decision. Network analysis is especially suited for projects which are not routine or repetitive and which will be conducted only once or a few times. Two most popular forms of this technique now used in many scheduling situations are the Critical Path Method (or simply CPM) and the Programme Evaluation and Review Technique (popularly known as PERT).

Critical Path Method (CPM) was developed in 1956 at the E.I. du Pont de Nemours & Co., USA, to aid in the scheduling of routine plant overhaul maintenance and construction work. This method differentiates between planning and scheduling. Planning refers to the determination of activities that must be accomplished and the order in which such activities should be performed to achieve the objective of the project. Scheduling refers to the introduction of time into the plan thereby creating a time table for the various activities to be performed. CPM uses two time and two cost estimates for each activity (one time-cost estimate for the normal situation and the other estimate for the crash situation) but does not incorporate any statistical analysis in determining such time estimates. CPM operates on the assumption that there is a precise known time that each activity in the project will take.

Programme Evaluation and Review Technique (PERT) was first developed in 1958 for use in defence projects specifically in the development of Polaris fleet ballistic missile programme. Now this technique is very popular in the hands of project planner and controller. PERT, now assists a business manager in planning and controlling a project. It allows a manager to calculate the expected total amount of time that the entire project will take to complete at the stage of formulation and planning a project and at the same time highlights the critical or the bottleneck activities in the project so that a manager may either allocate more resources for them or keep a careful watch on such activities as the project progresses. In PERT, we usually assume that the time to perform each activity is uncertain and as such three time estimates (the optimistic, the pessimistic and the most likely) are used. PERT is often described as an approach of multiple time estimates to scheduling problems of long-range research and development projects. PERT incorporates the statistical analysis in determining time estimates and enables the determination of the probabilities concerning the time by which each activity as well as the entire project would be completed. As such it can be taken as an
advancement over the CPM. PERT is equally unique as a control device for it assists the management in controlling a project, once it has begun, by calling attention as a result of constant review to such delays in activities which might cause a delay in the project’s completion date.

### Check Your Progress

1. List the main objectives of network analysis.
2. What are the disadvantages of network analysis?
3. When was Critical Path Method (CPM) developed?
4. What role does Programme Evaluation and Review Technique (PERT) play in network analysis?

### 11.3 MANAGEMENT INFORMATION SYSTEM

Management information systems are general purpose systems that provide managers with vital information about organizational activities. It is an organized collection of people, procedures, data bases and computers that provide routine reports to decision makers. The input to an MIS comes primarily from transaction processing systems and the output is simply a summary report of these transactions. For example, a bank manager may get a summary report of the daily transactions of deposits and withdrawals at his branch.

The following definition of MIS was developed by the Management Information System Committee of the Financial Executive Institute (16).

> “An MIS is a system designed to provide selected decision-oriented information needed by management to plan, control and evaluate the activities of the corporation. It is designed within a framework that emphasizes profit planning, performance planning and control at all levels. It contemplates the ultimate integration of required business information sub-systems, both financial and non-financial, within the company.

> It is a formal method of collecting timely and accurate information in a presentable form in order to facilitate effective decision making and implementation of these decisions in order to carry out organizational operations for the purpose of achieving the organizational goals”.

#### 11.3.1 Why is MIS Important

It is important to set up effective management information systems for the following reasons.

First, most organizations have grown in size and complexity. This results in management being removed from the scene of operations and hence it must rely on the information provided to them by the line supervisors about any operational problems needing attention. The dynamics of the environment further adds to the
complexity of organizational operations. Some of the continuously changing factors affecting the volume and the type of information handled are:

(a) Economic: Economic factors include sudden changes in the economic structure in any part of the world, sudden energy crisis, worldwide inflation rate, higher interest rates, unemployment rate, and changes in GNP and so on. All or some of these factors may affect a given organization, thus requiring the organization to process the information generated by these changes.

(b) Technological changes: These include new technological innovations in such areas as computers, use of satellites in telecommunication, audio-visual teleconferencing and so on.

(c) Social changes: These include shift in work force from blue collar to white collar jobs, higher level of education of workers, computer networking at home, pollution problems, changes in consumer preferences and so on.

(d) Political-legal: These include the effect of many new laws which are continuously being enacted and which affect the organizational systems. These laws include right to privacy, liability laws, anti-monopoly laws, truth in lending, truth in advertising, minimum wage standard laws and so on.

The second reason for growth in MIS is the need to control management’s decisions. More and more, large organizations are decentralizing their operations so that more information is needed about the operations of the unit managers. The performance of all units must be closely monitored and steps must be taken if the performance of any unit is below expectations. MIS can be effectively used for measuring performance and bringing about any necessary changes in accordance with the organizational goals and plans.

The third reason for the rapid growth in the field of MIS is the widespread use of computer capabilities. The computers are becoming more powerful and less expensive to operate. They have large data storage capacities and retrieval of data has become easier and faster. This has made information handling easier.

11.3.2 Developing MIS

Development of an effective management information system starts with an analysis of the types of decisions to be made and the types of support systems that are available to the managers in an organization. It basically consists of the design phase and the implementation phase.

1. The Design Phase

The design phase involves the following steps.

1. Identify various decisions that must be made to run an organization:
   Perhaps, the managers can be interviewed regarding their informational needs.
2. **Set objectives for the system:** The objectives would depend upon the manager’s information needs, the costs associated with the system and the benefits derived from it. The objectives of MIS should be consistent with the mission and objectives of the organizations.

3. **Prepare a feasibility report:** The report would emphasize the necessity as well as economic feasibility of developing and implementing the system.

4. **Prepare a technical report:** This report contains the actual design including technical information regarding the hardware and software needed. It would also indicate the various components of the system and the methodology of implementing the system.

**II. The Implementation Phase**

Implementation includes the purchases and integration of necessary resources and putting the system into operation. According to Rue and Byars (19). Implementation consists of the following steps:

1. Acquiring the necessary facilities, equipment and personnel.
2. Training the personnel
3. Installing the new MIS
4. Testing the new MIS
5. Operating the system.
6. Evaluating the MIS to see if it is doing what it was designed to do.

While there may be different approaches to designing an effective management information system, it is necessary to have a central location for processing all the information. This is a kind of “management information centre”. This centre has all the hardware, software and all the technical help necessary to gather all the information at one location and sort it out so that the managers can find facts and turn these facts into management information.

A management information system basically is a set of procedures that systematically gathers all pertinent data, processes this data into a summarized presentable form of information and presents it to concerned managers so that they can make necessary decisions and take necessary actions based upon this information. An effective management information system should be designed in such a manner that:

1. It supplies complete, accurate and timely information so that it can be used for effective planning and decision making. This would result in elimination of problems associated with inconsistent, incomplete or inaccurate data.
2. It identifies and quantifies the inter-related operational and performance variables and develops a relationship of these variables which can be used to forecast future trends.
3. It facilitates control of costs by integrating the financial and production data to generate measures of cost effective performance which can be closely monitored.

4. It identifies the separate needs of all units of a decentralized organization in a cohesive manner so that these needs can be attended to without duplication and waste of efforts.

5. It requires that the information be presented in a presentable form so that action can be initiated without further interpretation and analysis. This reduces the time required for action and only exceptional issues receive the full attention of top management.

6. It provides flexibility so that the system can be modified and adapted to the changes when necessary.

11.3.3 MIS: Misconceptions and Failures

Computer-based MIS has been hailed as the most important contribution to the process of managerial decision making. However, a decision is as good as the information it is based upon. Hence, some steps must be taken to improve upon all areas that provide input to the system.

Some of the common misconceptions, mistakes and causes of MIS failures are:

1. More information is better for effective decisions: This is a fallacy, since the necessary information to be processed should be relevant and no more. Simply more information will overburden the manager as he will not be able to absorb and then sort out all the data. This process may be further complicated since the manager may not know precisely as to what information he wants and hence he may ask for “all the available information.” These problems must be seriously addressed so that the system be designed in such a manner as to assimilate pertinent information from all the data.

2. Lack of managerial involvement: Some of the companies which have successfully utilized MIS have encouraged the manager-user to become involved in the design of their own systems. Top management must be ambitiously involved in the implementation of the system.

3. Failure of proper communications: Inter-departmental communication must be precise, to the point, and clear. Excessive inter-departmental communication does not necessarily establish a foundation for more effective decisions. While managers, must be provided with relevant current information, they do not always have to know what other managers and their divisions are involved with. In indirect areas of communications, the manager and the systems design specialist must work together so that information is provided for decision making and the system does not simply generate data for processing purposes.
4. **Computers cannot do everything:** It must be recognized that the computers are not the panacea for all ills. Even though computers have become highly sophisticated and are capable of handling tremendous amount of data in a comparatively short time, they do not compensate for sound managerial judgement. Accordingly, computers can only be used as tools to facilitate managerial decision making process.

5. **Human acceptance:** The success of MIS program depends upon the acceptance and involvement of personnel. User attitude is an important factor affecting MIS success. Some users may resist MIS implementation. This resistance may be due to economic threat to clerical workers because they may fear losing their jobs or changes in their job patterns. It may also be due to threat to managerial ego because the manager may fear loss of autonomy and control because his job skills become less important as planning and control functions are largely taken over by MIS.

**Symptoms of an Inadequate MIS**

In order to make improvements in the current MIS, it is necessary to look for weaknesses in the system to determine if such implemented system is adequate. A list of such symptoms has been developed by Bertram A. Colbert, who divided these symptoms into three distinct categories. These categories are operational, psychological and report content. The first two categories relate to the operation and functioning of the organization while the third one relates to the actual make-up of the information generated by MIS.

These categories are described as follows:

(a) **Operational symptoms:** The operational symptoms relate to the physical operations and activities and the results of such activities within the organization. These symptoms include:

- Capital expenditure overruns.
- Unexplainable cost variances.
- Insufficient knowledge about competition.
- Inability of executives to explain changes from year to year operating results.
- Uncertain direction of company growth.
- Large physical inventory adjustments.
- Purchasing parts from outside vendors when internal capability and capacity to make these parts is available.

(b) **Psychological symptoms:** These symptoms deal with the outlook of management and their attitude towards MIS. These symptoms reflect lack of concern on the part of management about the success of MIS.
programme, possibly due to lack of experience in appreciating the value of MIS. Some of these symptoms are:

- Surprise at financial results as if they were unexpected.
- Poor attitudes of executives about the usefulness of information because it may conflict with their own experienced judgement.
- Executives overburdened by excessive information to be sorted out.
- Lack of concern for environmental changes.

(c) Report content symptoms: These symptoms relate to the actual content and format of the information generated by MIS. These symptoms include:

- Excessive use of tabulations of figures.
- Multiple preparation and distribution of identical data.
- Disagreeing information from different sources.
- Too little or too much information.
- Lateness of reports.
- Inaccurate information.
- Inadequate externally generated information
- Lack of standards for comparison
- Failure to identify variances by cause and responsibility.

These symptoms are clear indications that weaknesses in the system exist. To pinpoint the causes and determine the specific weaknesses would help managers to take preventive or corrective actions. Answers to some of the following questions may identify specific areas of MIS weaknesses.

- Where and how do managers get information?
- Are the people who provide information sufficiently reliable?
- Do managers tend to act before they receive the necessary information?
- Do managers wait so long for information that opportunities pass them by and decisions based on such information become useless?

11.3.4 Guidelines for Improving MIS

MIS difficulties and inadequacies vary from situation to situation, depending upon the quality of the existing system and the kinds of individuals implementing MIS. Some of the guidelines that can be used to improve the quality of MIS are:

1. Involve top management in the design of MIS. This involvement would mean greater acceptance and commitment resulting in overall commitment to the program by all-level users.
2. Build cooperation between designers and the users of the programme. This cooperation will result in proper feedback on the quality of information.
being received so that any necessary changes in the design can be made. This cooperation will result in improvements in the effectiveness of MIS.

3. Develop a master plan: All planning should be adequate and projected as far into the future as feasible. The master plan should be developed with careful analysis of the current needs and the forecasted needs. Such a plan would avoid any uncertainties associated with MIS development and serve to focus on MIS objectives as well as control the progress towards these objectives.

4. Both designers and users should be held responsible and accountable for the success of MIS on a cost-benefit basis. This accountability consistently reminds them to be cost conscious so that benefits achieved exceed the costs incurred.

5. Consider the social and behavioural aspects of the systems design and implementation. All efforts should be made to ensure that all people accept it as an aid rather than a replacement and that they do not resist it in any way.

Check Your Progress

5. What do you mean by Management Information Systems (MIS)?
6. List some of the common misconceptions and failures about MIS.
7. What are the operational symptoms of an inadequate MIS?

11.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The main objectives of network analysis are as follows:
   - To foster increased orderliness and consistency in the planning and evaluating of all areas in the project.
   - To provide an automatic mechanism for the identification of potential trouble spots in all areas which arise as a result of a failure in one.
   - To structure a method to give operational flexibility to the programme by allowing for experimentation in a simulated sense.
   - To effect speedy handling and analysis of the integrated data, thus, allowing for expeditious correction of recognized trouble areas in project management. Network analyses, thus, plays an important role in project management. Through network analysis, which is a graphic depiction of ‘activities’ and ‘events’ related to a project, planning, scheduling and control of project becomes easier and effective.
2. The only real disadvantage of network analysis as a planning tool is that it is a tedious and exacting task if attempted manually. The calculations are done in terms of the sequence of activities and, if this is all that is required, a project involving several hundred activities may be attempted manually. However, the possibility of error is high, and if the results are to be sorted, the cost of manual operation rapidly becomes uneconomic. The consideration of various alternative plans also becomes impossible, because of the large volumes involved.

3. Critical Path Method (CPM) was developed in 1956 at the E.I. du Pont de Nemours & Co., USA, to aid in the scheduling of routine plant overhaul maintenance and construction work. This method differentiates between planning and scheduling. Planning refers to the determination of activities that must be accomplished and the order in which such activities should be performed to achieve the objective of the project. Scheduling refers to the introduction of time into the plan thereby creating a time table for the various activities to be performed. CPM uses two time and two cost estimates for each activity (one time-cost estimate for the normal situation and the other estimate for the crash situation) but does not incorporate any statistical analysis in determining such time estimates. CPM operates on the assumption that there is a precise known time that each activity in the project will take.

4. Programme Evaluation and Review Technique (PERT) was first developed in 1958 for use in defence projects specifically in the development of Polaris fleet ballistic missile programme. Now this technique is very popular in the hands of project planner and controller. PERT, now assists a business manager in planning and controlling a project. It allows a manager to calculate the expected total amount of time that the entire project will take to complete at the stage of formulation and planning a project and at the same time highlights the critical or the bottleneck activities in the project so that a manager may either allocate more resources for them or keep a careful watch on such activities as the project progresses.

5. Management information systems are general purpose systems that provide managers with vital information about organizational activities. It is an organized collection of people, procedures, data bases and computers that provide routine reports to decision makers. The input to an MIS comes primarily from transaction processing systems and the output is simply a summary report of these transactions. For example, a bank manager may get a summary report of the daily transactions of deposits and withdrawals at his branch.

6. Some of the common misconceptions, mistakes and causes of MIS failures are:
   
   (i) **More information is better for effective decisions**: This is a fallacy since the necessary information to be processed should be relevant
and no more. Simply more information will overburden the manager as he will not be able to absorb and then sort out all the data. This process may be further complicated since the manager may not know precisely as to what information he wants and hence he may ask for “all the available information.”

(ii) **Lack of managerial involvement**: Some of the companies which have successfully utilized MIS have encouraged the manager-user to become involved in the design of their own systems.

(iii) **Failure of proper communications**: Inter-departmental communication must be precise, to the point, and clear. Excessive inter-departmental communication does not necessarily establish a foundation for more effective decisions.

(iv) **Computers cannot do everything**: It must be recognized that the computers are not the panacea for all ills. Even though computers have become highly sophisticated and are capable of handling tremendous amount of data in a comparatively short time, they do not compensate for sound managerial judgement.

(v) **Human acceptance**: The success of MIS program depends upon the acceptance and involvement of personnel.

7. The operational symptoms relate to the physical operations and activities and the results of such activities within the organization. These symptoms include:
   
   (i) Capital expenditure overruns.
   (ii) Unexplainable cost variances.
   (iii) Insufficient knowledge about competition.
   (iv) Inability of executives to explain changes from year to year operating results.
   (v) Uncertain direction of company growth.
   (vi) Large physical inventory adjustments.
   (vii) Purchasing parts from outside vendors when internal capability and capacity to make these parts is available.

11.5 **SUMMARY**

- Network analysis is a method of planning and controlling projects by recording their interdependence in a diagrammatic form that enables each fundamental problem involved to be tackled separately.
- The only real disadvantage of network analysis as a planning tool is that it is a tedious and exacting task if attempted manually. The calculations are done
in terms of the sequence of activities and, if this is all that is required, a project involving several hundred activities may be attempted manually.

- Network analysis is especially suited for projects which are not routine or repetitive and which will be conducted only once or a few times.
- Critical Path Method (CPM) was developed in 1956 at the E.I. du Pont de Nemours & Co., USA, to aid in the scheduling of routine plant overhaul maintenance and construction work.
- Programme Evaluation and Review Technique (PERT) was first developed in 1958 for use in defence projects specifically in the development of Polaris fleet ballistic missile programme.
- PERT incorporates the statistical analysis in determining time estimates and enables the determination of the probabilities concerning the time by which each activity as well as the entire project would be completed.
- Management information systems are general purpose systems that provide managers with vital information about organizational activities. It is an organized collection of people, procedures, data bases and computers that provide routine reports to decision makers.
- More and more, large organizations are decentralizing their operations so that more information is needed about the operations of the unit managers. The performance of all units must be closely monitored and steps must be taken if the performance of any unit is below expectations.
- The computers are becoming more powerful and less expensive to operate. They have large data storage capacities and retrieval of data has become easier and faster. This has made information handling easier.
- Development of an effective management information system starts with an analysis of the types of decisions to be made and the types of support systems that are available to the managers in an organization. It basically consists of the design phase and the implementation phase.
- While there may be different approaches to designing an effective management information system, it is necessary to have a central location for processing all the information. This is a kind of “management information centre”.
- Computer-based MIS has been hailed as the most important contribution to the process of managerial decision making. However, a decision is as good as the information it is based upon. Hence, some steps must be taken to improve upon all areas that provide input to the system.
- The success of MIS program depends upon the acceptance and involvement of personnel. User attitude is an important factor affecting MIS success. Some users may resist MIS implementation.
In order to make improvements in the current MIS, it is necessary to look for weaknesses in the system to determine if such implemented system is adequate.

Psychological symptoms deal with the outlook of management and their attitude towards MIS. These symptoms reflect lack of concern on the part of management about the success of MIS programme, possibly due to lack of experience in appreciating the value of MIS.

MIS difficulties and inadequacies vary from situation to situation, depending upon the quality of the existing system and the kinds of individuals implementing MIS.

Both designers and users should be held responsible and accountable for the success of MIS on a cost-benefit basis. This accountability consistently reminds them to be cost conscious so that benefits achieved exceed the costs incurred.

**11.6 KEY WORDS**

- Program evaluation and review technique (PERT): This is a technique adopted by organizations to analyse and represent the activity in a project, and to illustrate the flow of events in a project. PERT is a method to evaluate and estimate the time required to complete a task within deadlines.

- Critical Path Method (CPM): This is an algorithm for scheduling a set of project activities. It is commonly used in conjunction with the program evaluation and review technique.

- Computer Based Information Systems (CBIS): This is a data processing system into a high-quality information and can be used as tools that support decision-making, coordination and control as well as visualization and analysis.

- Expenditure overruns: These are common in business, especially those where businesses rely heavily upon estimates to determine their budgets.

- Inter-departmental communication: This is largely a formal affair. This is effective when it is supported by good infrastructural facilities.

**11.7 SELF ASSESSMENT QUESTIONS AND EXERCISES**

Short-Answer Questions

1. What is network analysis?
2. What are the various steps which are involved in network analysis?
3. Write a short note on the development of network analysis.
4. Enumerate the significance of effective management information systems in a large organization.
5. What are the psychological symptoms of an inadequate MIS?

**Long-Answer Questions**

1. Discuss the advantages and limitations of network analysis in any organization.
2. Analyse critically why computer-based MIS is the most important contribution to the process of managerial decision-making.
3. Discuss the various guidelines to improve the quality of MIS in an organization.

**11.8 FURTHER READINGS**


12.0 INTRODUCTION

Universally acknowledged as the Father of Comparative Public Administration, F. W. Riggs propounded the ecological approach to administration. In the book titled *The Ecology of Public Administration* which was published in 1962, Riggs delved deeply into the interactions between public administration and its environment. He made an outstanding contribution in analysing the significance of ecology. Taking his innovative theory a notch above various studies in this field, Riggs explained how numerous factors like political, social, economic, administrative, etc. are influenced by their environment. In Riggs’ ecological perspective, there exists a relationship between the bureaucratic system of administration and the prevailing political, economic and socio-cultural sub-systems. They are interdependent and sustain on each other. According to Riggs’ Theory of Prismatic Society, social structures may be functionally diffuse or functionally specific. Such a society is characterized by selectivism attainment and poly-functionalism.

This unit aims at analysing F.W Riggs’ ecological approach to administration.
12.1 OBJECTIVES

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

- Discuss the ecology of administration
- Analyse the F.W. Riggs' ecological approach
- Enumerate Riggs' Theory of Prismatic Society
- Explain the dilemma of change in a Prismatic Society

12.2 F.W. RIGGS' MODEL

Oikos or ecology means a 'living space'. This concept of the living space emerges from biology, which explains that the living space or the habitat of every living creature is unique and exclusive. The idea suggests that every living creature interacts with its habitat and in turn develops capabilities to adapt to it. Every creature has a niche within which it gets a shape and a value system. This leads to the conclusion that public administration also, by virtue of being a knowledge-based system of living beings has a niche or a selected space within which it lives. The structures and institutions of public administration constantly interact with the conditions prevailing within the living space like the groups and communities of people, economic transactions, interplay of political forces and the accepted norms to govern relationships among them. The interaction is intentionally not referred to as environment of public administration because environment is a limited term used to explain the environmental factors in isolation with each other but ecology is a wider term in which the constant interaction with environmental factors and the gradual adaptability and development of the individual becomes the important area of research. Therefore, ecology of administration refers to the interaction of the discipline with its environmental factors and the study of its process of adaptability and growth within a particular niche. This also suggests that public administration is one of those many systems prevailing within, the larger system and are constantly interacting and growing in relation to each other. These may be referred to as sub-systems. So the ecology of public administration is the study of its interaction with other sub-systems within its habitat or the niche.

The term received sociological interpretation in urban studies, related to spatial influences over man and his habitat. It also became an indispensable gateway to the understanding of developing countries for the US Technical Assistance programme launched in 1948. The relationship of bureaucracy with its environment and their mutual dependence became the focus of research in the writings of L.D. White, John M. Gaus and M.E. Dimock in an edited book *The Frontiers of Public Administration* in 1936. Their purpose was to suggest that USA should not imitate administrative models of other countries because American life was unique and so their administrative systems would also be different from others.
This turned the tables against dichotomy because the new studies suggested that public administration was not just confined to the law and order maintenance but is constantly changing as the State and society change. By 1947, in *Reflections on Public Administration*, Gaus presented the ecology as a concept for understanding the evolution of public administration. At the same time in 1947, Robert Dahl in his, *The Science of Public Administration: Three Problems* and later in 1952 Roscoe Martin and in 1961 F.W. Riggs became the chief exponents of ecological perspective.

F.W. Riggs, who is perhaps the most innovative contemporary theorist in comparative public administration, has been concerned primarily with conceptualizing on the interactions between administration system and their environment. The main locus of his interest has involved developing or transitional societies. It may be stressed that Riggs is an example of those comparative public administration writers who are seriously interested in the ecological perspective.

Riggs concluded that Weber’s ideal type construct of bureaucracy, because of its assumptions of a relatively autonomous administrative system, is not particularly relevant to the study of developing societies, where the administrative structures do not have the same degree of autonomy from other social structures as do their counterparts in many of the developed societies. These societies are characterized by a mixture of primitive and modern structure characteristics, and thus there is a need to develop new conceptual constructs to study these societies.

### 12.2.1 Trends in Administration and Environmental Factors

The basic premise of the ecological approach in comparative public administration is that public bureaucracies may be regarded as one of the several basic institutions in a society. In systematic terms, the bureaucratic system is continually interacting with, i.e., affected by and feeding back upon the political, economic and socio-cultural sub-systems in a society. It is both a modifying influence upon these systems and a system which is modified by their activity.

The American Society of Public Administration in its 1953 session established a group called Comparative Administration Group (CAG), and F.W. Riggs was appointed as the Chairman of this group. All his efforts were directed to the evolution of comparative public administration. In the process, he noted certain trends in the study of public administration. The trends were mainly in three different directions. These were:

1. **From Normative to Empirical**: The normative approaches were prescription in nature while the empirical approaches were more close to reality, dynamic and laid great emphasis on reason.

2. **From Ideographic to Nomothetic**: The ideographic approach referred to the study of administration of a particular country only. In the 1940s, this trend foresaw a change. An attempt was made for generalization based on several institutions. This was the nomothetic approach. The idea was to
generate those norms or principles which would evolve generalities of behaviour.

3. From Non-Ecological to Ecological: Earlier, public administration was being studied as isolated phenomena, unaffected by other sets of institutions. But this could not be carried on any long. It was realized that a norm when studied could not be separated from its environment in which it operates, like the political environment, social structure, etc., In this regard, Riggs made an outstanding contribution explaining the importance of ecology, while taking into account Thailand and some other south Asian States.

Thus, Riggs observed that only those studies are truly comparative which are empirical, nomothetic and ecological. From this perspective, administrative process may be viewed as a system having an environment with which it interacts, and in which it operates. This proposition is a corollary of the view that the larger society is a system containing administrative institutions as a sub-system. Riggs has been primarily interested in analysing the interaction between the administrative sub-systems on the one hand and the political, social, cultural and economic sub-system of the society on the other. This speaks of his basic orientation which is termed as ecological. Behind such a perspective lies Riggs’ belief that the nature of public administration in a country cannot be understood without grasping the social setting in which it operates.

While formulating emphasis on ecology, Riggs focused his attention on certain environmental factors too. These are:

- Physical environment refers to the character of the society. Riggs distinguished between societies that are predominantly or characteristically industrial and those in which the agrarian institutions predominate. The models were designed to provide a system of hypothetical categories for the classification and analysis of realities, including patterns of political and administrative transition. Unlike Weber, Riggs used an inductive approach. However, he found that the ideal types lacked sufficient mechanism to analyse mixed-type or transitional societies. Whatever be the physical factors, they only change the capabilities of administration.

- Human Resource is another major factor. Demography of any country is a very vital issue. It refers to the capacities of human beings, which can be both a constraint and a resource for a country.

- Culture refers to the composition and pattern of any society-the trends that have continued from times, whether they are economic, sociological or technical, or those that pertain to values and beliefs of the society.

- International environment too affects the understanding and working of the administrative system today. No nation can afford to live in isolation from others. There is an increasing element of interdependence, not only in terms of economy but as regards to other factors too. Even a developed nation
like the USA cannot live on its own. Policies and decisions are affected by world developments and international concerns. Various pacts and treaties are a symbol of inter-actions and transactions.

Riggs further proceeds to talk of certain other environmental factors too. The administrative system of any country is a part of the bigger system, operating in due vigilance of the political system, and taking into due consideration the political institutions and political framework even though there may be chances of politics-administration dichotomy. The political system on the other hand is influenced by the economic system. Economics plays a very important role. The way the resources are utilized makes an impact on the political system which further effects the administrative system. All these systems are inter-related and form a part of the social system. As such, there are bound to be complexities. The development of a society depends on its capacity to respond to its environment. This seems to be the ecology of public administration from the perspective of developing nations, developed nations and from the perspective of the people and their hopes.

12.2.2 Theory of Prismatic Society or Prismatic Sala Models of Riggs

In conformity with the concept of multifunctional, social structures may be functionally diffuse (if they perform a large number of functions) or functionally specific (if they carry out certain prescribed limited functions). Riggs has termed the functionally diffuse societies as fused and the functionally specific ones as diffracted. The model society, intermediate between these two, polar types is prismatic. The fused-prismatic-diffracted models are designed them to be ideal types not to be found in any actual society, but perhaps approximated in some, and useful for heuristic purposes and as an aid in the organization of data.

Using Parsonian pattern variables, Riggs has hypothesized that, 'a diffracted system would rank high in terms of universalism and achievement orientation, a fused model high in particularism and ascription, with the prismatic model intermediate in these scales'. Riggs has also developed intermediate categories of pattern variables. Thus, a prismatic society is characterized by selectivism (intermediate category between universalism and particularism), attainment (intermediate category between achievement and ascription), and poly-functionalism (intermediate category between functional specificity and functional diffuseness). Riggs has cautioned that correlations among these variables will be a matter of hypothesis alone and not of definition.

The focus of Riggs analysis is the study of certain key elements of the social structure in a prismatic society and their interaction with the sala, i.e., the administrative sub-system in such a society. Riggs' primary interest has been to illuminate administrative problems in transitional or developing societies.
The basic features of the prismatic sub-model have been identified by Riggs. These are:

- **Heterogeneity:** A prismatic society is characterized by a high degree of heterogeneity, which refers to the simultaneous presence, side by side, of quite different kinds of system, practices and viewpoints. There are, in a prismatic society, urban areas with a sophisticated intellectual class, Western style offices and the modern gadgets of administration. On the other hand, there exist rural areas possessing traditional looks and outlooks, with village heads or elders combining various political, administrative, religious and social roles. In a prismatic society, the sala exists along with modern bureaus and traditional courts or chambers.

- **Formalism:** This refers to the degree of discrepancy or congruence between the formally prescribed and the effectively practiced, between norms and realities. The level of congruence between these elements speaks of the degree of realism, conversely, the discrepancy between them represents formalism. The greater the discrepancy between the formal and actual effects the more formalistic a system. The fused and the diffracted societies have relatively high degree of realism, while a prismatic society is characterized by a high degree of formalism. Actual official behaviour in prismatic societies does not correspond to legal statutes, even though the public officials may insist on following some of the laws literally. Often they insist on meticulously following some technical provision of laws and rules, while at the same time overlooking others; usually those that relate to general terms and objectives. Formalistic behaviour is caused by the lack of pressure toward program objectives, the weakness of social power as a guide to bureaucratic performance and a great permissiveness for arbitrary administration. The motivation for formalistic behaviour may come from officials’ natural inclinations or from the pay-offs he gets in particular situation. Thus formalism generally joins with the process of official corruption.

The policy implication of the realism-formalism dichotomy, according to Riggs, is that formal reforms in administrative institutions in a diffracted society are likely to introduce changes in the administrative behaviour, while in a prismatic society; such reforms are likely to have only a superficial impact.

- **Overlapping:** Related to heterogeneity and formalism is the characteristic of overlapping which refers to the extent to which formally differentiated structures of a diffracted society coexist with undifferentiated structures of a fused type. In a prismatic society, although new or modern social structures are created, in essence the older or undifferentiated structures continuous to dominate the social system. New norms or values generally associated with the diffracted structures are paid lip service only and thus are overlooked in favour of older values more appropriate to an undifferentiated society. In the sala, overlapping may be judged by the extent to which what is described...
as administrative behaviour is actually determined by non-administrative criteria, i.e., by political economic, social, religious, or other factor. Overlapping in a prismatic society has several noticeable dimensions. These are:

- **Nepotism**: In a diffracted society, the considerations of a family loyalty are divorced from official behaviour. While in a fused society, the politico-administrative system has a patrimonial character and therefore provides dominant importance to kinship or family. On the other hand, in a prismatic society, the new formal structures are super imposed on the family and kinship. In addition, universalistic norms in administering the laws are often disregarded while the official recruitment is determined by nepotism. Thus, patrimonialism is officially prescribed, but in fact practiced.

- **Poly-Communalism or Clects**: In a diffracted society, almost everyone is mobilized for mass communication. Such a society has a national community which exists with its own set of elites (minority communities). In a diffused society, mass media are absent, and hence there is a lack of mass mobilization. Between these two polar types falls the prismatic society where the rate of mass assimilation to the elite’s symbol system is likely to be slower than the rate of mobilization. This situation produces a state of poly-communalism, or the simultaneous existence in a society of various ethnic, religious, and racial groups which live in a relatively hostile interaction with each other. Riggs has called these groups **clects**, which have the characteristics of attainment, orientation, selectivism and poly-functionalism. Clects carry out relatively diffuse functions of a semi-traditional type, although they are organized in a modern' associational way.

Poly-communalism and clects influence the character of the *sala*. A public official in a prismatic society is likely to develop a greater sense of loyalty towards the members of his own community than toward the government. In matters of recruitment to the official position and of the administration of rules and regulations, the dominant minority community gains disproportionate representation. However, to protect the interests of other minorities a *quota system* may provide a sort of proportional representation in the recruitment to official position. But such an arrangement may lead to mutual hostility among various communities.

Sometimes the *sala*, or one of its agencies develops close relations with particular clect or starts functioning like a clect itself. As a consequence of this alliance between *sala* and clects, sala officials profit through kickbacks or rebates. This aspect of prismatic behaviour is closely related to the economic sub-system of a prismatic society.

- **Prismatic Economy**: In the Bazaar Canteen Model in a diffracted society, prices are determined essentially by the market factors of supply and demand.
Conversely, *arena factors* (considerations which determine balance of power, prestige and solidarity) in the society dominate the economic system of a fused society, and the question of price scarcely arise. In a prismatic society, *market* and *arena* factors interest with each other and produce a *state of price indeterminacy*, where it is generally impossible to determine a common price for a commodity or service.

Riggs has studied the exchange relationship between public officials and their clients in terms of buyer-seller relationship. Thus, prices charged for public services in a prismatic society vary according to the nature of the relationship between a public servant and his clientele. Services are sold to the members of the *inside* elects and of the dominant community at preferential reduced rates, and conversely, at higher charges to the members of the deviant or minority community and of the *outside* elects. In other words, the economic organizations generally act like a subsidised canteen or as a *tributary* canteen, as the case may be.

Price-indeterminacy promotes a bazaar-like atmosphere, involving considerable bargaining on the amounts of financial dealings with regard to such areas as taxes, fees, rebates and bribes. Such practices influence considerably the whole set up of the financial administration and most particularly, that of budgeting, accounting and auditing. It also impairs the collection of government revenues, causing, among other things, low salaries for public officials, leading to the use of illegitimate means to increase income.

- **Poly-Normativism and Lack of Consensus**: In a prismatic society, new sets of norms and rules coexist with the traditional ways of behaviour. As a result of an overlapping of the formal and the *effective* standards of conduct, prismatic society's social interactions are characterized by a lack of consensus on norm of behaviour. Such a situation of poly-normativism or normlessness affects the *sala*, where officials, although publicly claiming to follow objective, universalistic, and achievement-oriented practices actually follow more subjective, ascription-oriented, and particularistic modes of conduct. These officials claim to apply western rationalistic norms in their conduct, but still continue to cling to the traditional practices.

A prismatic society’s source of potential public officials is generally restricted to certain particular groups. Even when the officials acquire rank through achievement (via education or through a competitive examination), the opportunities for career development and fringe-benefits depend largely on ascribed means, particularly support of one’s superiors and seniority in service. Even the citizen in his relationship with the *sala*, is poly-normative; ready to disregard official rules for his own benefits and yet stressing the idea that governmental conduct should be of a strict legal rational character.

- **Power Distribution-Authority vs. Control**: The power structure of a prismatic society consists of a highly centralized and concentrated authority.
structure overlapping a control system that is highly localized and dispersed. There exists a separation of authority (officially sanctioned or legitimate power) and control (real but unofficially permitted or illegitimate power).

The authority of the sala overlaps with the society’s control structures which are based in poly-communalism, and poly-normativism. Thus, the administrative function may be performed by concrete structure oriented primarily towards this function and also by other structures lacking this primary orientation. Such an overlapping influences the relationship between politicians and administration. Generally, a prismatic society has what Riggs has called, unbalanced polity with bureaucrats dominating the politics-administrative system. This is so, despite the politicians possessing formal policy-making authority. Thus, the sala officials have more extensive participation in decision-making processes than do their counterparts in a diffracted society. Such concentration of power in the hands of the bureaucrats tends to result in a lack of official responsiveness to public need and wishes. To an important degree, the influence of political leader varies with their ability to reward or punish the administration. Thus, the behaviour of the sala official ranges from an effectively dominant control over decision-making to the role of sinecurist.

Whatever role a bureaucrat might play in a prismatic society, he influences considerably the level of output in the sala. Riggs has suggested that, there is an inverse ratio between administrative output and bureaucratic power; the more powerful officials become, the less effective they are as administrators. The sala is characterized by nepotism, recruitment, institutionalized corruption, inefficiency in the administration of laws, and by the motives of gaining power and of protecting its own interests. The sala behaviour is basically wasteful and prodigal.

12.2.3 The Dilemma of Change in a Prismatic Society

A prismatic society faces pressure for change from external sources as well as from internal ones. If change is caused primarily by external pressures (as under technical assistance programmes), it may be called exogenous change. Conversely change that is stimulated predominantly through internal process is endogenous. When both types of pressure for change are relatively equal in strength, the change they produce is equigenetic.

Riggs has hypothesized that the more exogenetic the process of diffraction, the more formalistic and heterogeneous its prismatic phase, the more endogenetic, the less formalistic and heterogeneous.

Thus, greater formalism, heterogeneity, and overlapping are likely to exist in an exoprismatic one. This difference results because, with endogenetic change, effective behaviour precedes the creation of new formal institutions, but in an exogenetic transformation the sequence is reversed paradoxically. In their bid to absorb the externally induced change in the shortest possible time, prismatic societies face the possibilities of higher formalism, heterogeneity and the severity of revolutionary tensions.
Check Your Progress

1. What does the concept of a living space mean?
2. What does ecology of administration refer to?
3. Who are the chief exponents of ecological perspective?
4. List the various trends in the study of public administration as noted by Riggs.
5. What is Theory of Prismatic Society as propounded by F.W Riggs?
6. What is the focus of Riggs’ analysis on his ecological approach?
7. Which groups are called elects by Riggs?
8. How does the authority of the sala overlap with the society’s control structures?

12.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Oikos or ecology means a ‘living space’. This concept of the living space emerges from biology, which explains that the living space or the habitat of every living creature is unique and exclusive. The idea suggests that every living creature interacts with its habitat and in turn develops capabilities to adapt to it. Every creature has a niche within which it gets a shape and a value system. This leads to the conclusion that public administration also, by virtue of being a knowledge-based system of living beings has a niche or a selected space within which it lives.

2. Ecology of administration refers to the interaction of the discipline with its environmental factors and the study of its process of adaptability and growth within a particular niche. This also suggests that public administration is one of those many systems prevailing within, the larger system and are constantly interacting and growing in relation to each other. These may be referred to as sub-systems. So the ecology of public administration is the study of its interaction with other sub-systems within its habitat or the niche.

3. By 1947, in Reflections on Public Administration, Gaus presented the ecology as a concept for understanding the evolution of public administration. At the same time in 1947, Robert Dahl in his, The Science of Public Administration: Three Problems and later in 1952 Roscoe Martin and in 1961 F.W. Riggs became the chief exponents of ecological perspective.
4. Riggs noted certain trends in the study of public administration. The trends were mainly in three different directions. These were:

   (i) **From Normative to Empirical:** The normative approaches were prescription in nature while the empirical approaches were more close to reality, dynamic and laid great emphasis on reason.

   (ii) **From Ideographic to Nomothetic:** The ideographic approach referred to the study of administration of a particular country only. In the 1940s, this trend foresaw a change. An attempt was made for generalization based on several institutions. This was the nomothetic approach. The idea was to generate those norms or principles which would evolve generalities of behaviour.

   (iii) **From Non-Ecological to Ecological:** Earlier, public administration was being studied as isolated phenomena, unaffected by other sets of institutions. But this could not be carried on any long. It was realized that a norm when studied could not be separated from its environment in which it operates, like the political environment, social structure, etc., In this regard, Riggs made an outstanding contribution explaining the importance of ecology, while taking into account Thailand and some other south Asian States.

5. In conformity with the concept of multifunctional, social structures may be functionally diffuse (if they perform a large number of functions) or functionally specific (if they carry out certain prescribed limited functions). Riggs has termed the functionally diffuse societies as fused and the functionally specific ones as diffracted. The model society, intermediate between these two, polar types is prismatic. The fused-prismatic-diffracted models are designed them to be ideal types not to be found in any actual society, but perhaps approximated in some, and useful for heuristic purposes and as an aid in the organization of data. Using Parsonsian pattern variables, Riggs has hypothesized that, ‘a diffracted system would rank high in terms of universalism and achievement orientation, a fused model high in particularism and ascription, with the prismatic model intermediate in these scales’.

6. The focus of Riggs analysis is the study of certain key elements of the social structure in a prismatic society and their interaction with the sala, i.e., the administrative sub-system in such a society. Riggs' primary interest has been to illuminate administrative problems in transitional or developing societies.

7. In a diffracted society, almost everyone is mobilized for mass communication. Such a society has a national community which exists with its own set of elites (minority communities). In a diffused society, mass media are absent, and hence there is a lack of mass mobilization. Between these two polar types falls the prismatic society where the rate of mass assimilation to the elite’s symbol system is likely to be slower than the rate of mobilization.
This situation produces a state of poly-communalism, or the simultaneous existence in a society of various ethnic, religious, and racial groups which live in a relatively hostile interaction with each other. Riggs has called these groups clects, which have the characteristics of attainment, orientation, selectivism and poly-functionalism. Clects carry out relatively diffuse functions of a semi-traditional type, although functions of a semi-traditional type, although they are organized in a modern’ associational way. Poly-communalism and clects influence the character of the sala.

8. The power structure of a prismatic society consists of a highly centralized and concentrated authority structure overlapping a control system that is highly localized and dispersed. There exists a separation of authority (officially sanctioned or legitimate power) and control (real but unofficially permitted or illegitimate power). The authority of the sala overlaps with the society’s control structures which are based in poly-communalism, and poly-normativism. Thus, the administrative function may be performed by concrete structure oriented primarily towards this function and also by other structures lacking this primary orientation. Such an overlapping influences the relationship between politicians and administration. To an important degree, the influence of political leader varies with their ability to reward or punish the administration. Thus, the behaviour of the sala official ranges from an effectively dominant control over decision-making to the role of sinecurist.

12.4 SUMMARY

• Oikos or ecology means a ‘living space’. This concept of the living space emerges from biology, which explains that the living space or the habitat of every living creature is unique and exclusive.

• The relationship of bureaucracy with its environment and their mutual dependence became the focus of research in the writings of L.D. White, John M. Gaus and M.E. Dimock in an edited book The Frontiers of Public Administration in 1936.

• F.W. Riggs, who is perhaps the most innovative contemporary theorist in comparative public administration, has been concerned primarily with conceptualizing on the interactions between administration system and their environment.

• The American Society of Public Administration in its 1953 session established a group called Comparative Administration Group (CAG), and F.W. Riggs was appointed as the Chairman of this group.

• The normative approaches were prescription in nature while the empirical approaches were more close to reality, dynamic and laid great emphasis on reason.
• Riggs observed that only those studies are truly comparative which are empirical, nomothetic and ecological. From this perspective, administrative process may be viewed as a system having an environment with which it interacts, and in which it operates.

• Physical environment refers to the character of the society. Riggs distinguished between societies that are predominantly or characteristically industrial and those in which the agrarian institutions predominate.

• International environment too affects the understanding and working of the administrative system today. No nation can afford to live in isolation from others.

• The development of a society depends on its capacity to respond to its environment. This seems to be the ecology of public administration from the perspective of developing nations, developed nations and from the perspective of the people and their hopes.

• In conformity with the concept of multifunctional, social structures may be functionally diffuse (if they perform a large number of functions) or functionally specific (if they carry out certain prescribed limited functions). Riggs has termed the functionally diffuse societies as fused and the functionally specific ones as diffracted.

• Using Parsonian pattern variables, Riggs has hypothesized that, 'a diffracted system would rank high in terms of universalism and achievement orientation, a fused model high in particularism and ascription, with the prismatic model intermediate in these scales'.

• The focus of Riggs analysis is the study of certain key elements of the social structure in a prismatic society and their interaction with the sala, i.e., the administrative sub-system in such a society.

• A prismatic society is characterized by a high degree of heterogeneity, which refers to the simultaneous presence, side by side, of quite different kinds of system, practices and viewpoints.

• The policy implication of the realism-formalism dichotomy, according to Riggs, is that formal reforms in administrative institutions in a diffracted society are likely to introduce changes in the administrative behaviour, while in a prismatic society; such reforms are likely to have only a superficial impact.

• Poly-communalism and clects influence the character of the sala. A public official in a prismatic society is likely to develop a greater sense of loyalty towards the members of his own community than toward the government.

• Riggs has studied the exchange relationship between public officials and their clients in terms of buyer-seller relationship. Thus, prices charged for public services in a prismatic society vary according to the nature of the relationship between a public servant and his clientele.

• In a prismatic society, new sets of norms and rules coexist with the traditional ways of behaviour. As a result of an overlapping of the formal and the
Effective standards of conduct, prismatic society’s social interactions are characterized by a lack of consensus on norm of behaviour.

- The power structure of a prismatic society consists of a highly centralized and concentrated authority structure overlapping a control system that is highly localized and dispersed.
- To an important degree, the influence of political leader varies with their ability to reward or punish the administration. Thus, the behaviour of the sala official ranges from an effectively dominant control over decision-making to the role of sinecurist.
- The sala is characterized by nepotism, recruitment, institutionalized corruption, inefficiency in the administration of laws, and by the motives of gaining power and of protecting its own interests. The sala behaviour is basically wasteful and prodigal.
- A prismatic society faces pressure for change from external sources as well as from internal ones. If change is caused primarily by external pressures (as under technical assistance programmes), it may be called exogenous change.
- Greater formalism, heterogeneity, and overlapping are likely to exist in an exoprismatic one. This difference results because, with endogenetic change, effective behaviour precedes the creation of new formal institutions, but in an exogenetic transformation the sequence is reversed paradoxically.

12.5 KEY WORDS

- Ecology: Ecology is the branch of biology which studies the interactions among organisms and their environment. Objects of study include interactions of organisms that include biotic and abiotic components of their environment.
- Primitive: Relating to the character of an early stage in the evolutionary or historical development of something.
- Parsonian pattern: Developed by Talcott Parsons, the pattern draw out the contrasting values to which individuals orient themselves in social interaction.
- Heterogeneity: This refers to the quality or state of being diverse in character or content.
- Nepotism: It is the granting of favour to relatives in various fields.
- Normative approach: A theoretical, prescriptive approach to sociological studies that has the aim of appraising or establishing the values and norms that best fit the overall needs and expectations of society.
- Nomothetic: It relates to the study or discovery of general scientific laws. Nomothetic literally means “proposition of the law” and is used in philosophy, psychology, and law with differing meanings.
Exogenous: In a variety of contexts, exogeny or exogeneity is the fact of an action or object originating externally. It contrasts with endogeny or endogeneity, the fact of being influenced within a system. In an economic model, an exogenous change is one that comes from outside the model and is unexplained by the model.

Endogenous: It is caused by factors inside the organism or system.

Formalism: In Sociology, formalism usually refers, rather loosely, to approaches that argue for the study of 'social forms'. On one level this refers to an analysis of the institutional and organisational aspects of a society, rather than of individuals.

12.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions
1. How did the relationship between bureaucracy and its environment become the focus of study?
2. What is the difference between ideographic and nomothetic approach?
3. What is prismatic society as elucidated by Riggs?
4. Write a short note on the characteristics of prismatic economy.
5. How does a prismatic society face pressure for change?

Long-Answer Questions
1. Discuss the evolution of the study of ecology of administration.
2. Analyse the main objectives of the fused-prismatic-diffracted models.
3. Discuss the basic features of the prismatic sub-model as identified by Riggs.
4. Enumerate the role and authority of sala in prismatic society.

12.7 FURTHER READINGS


UNIT 13 DEVELOPMENT ADMINISTRATION

Structure
13.0 Introduction
13.1 Objectives
13.2 Concept of Development and Changing Role of Development Administration
   13.2.1 Bureaucratic Adaptation of Development Administration
   13.2.2 Development Ideology
   13.2.3 Evolution of Development Administration
   13.2.4 Development Administration as Public Administration
   13.2.5 Priorities of Development Administration
   13.2.6 Criticisms Against Development Administration
   13.2.7 Contemporary Approaches and Theories
13.3 Answers to Check Your Progress Questions
13.4 Summary
13.5 Key Words
13.6 Self Assessment Questions and Exercises
13.7 Further Readings

13.0 INTRODUCTION

The origin of the concept of development administration goes back to the period when developed and richer countries thought about transforming the poorer and newly-emerging States by the transfer of resources. Government and public sponsored bodies were roped in to hasten their modernization process from agrarian to industrial. This gave birth to transfer of resources through international bodies, aid programmes and bilateral agreements. Mostly, the Third World countries would use these resources in bringing about the required changes in education, health, capital investment, communication, science and research. As this was not enough, the recipient countries realised the need for development administration and accordingly shifted their focus on reforming their own public policy. However, this required both qualitative and quantitative changes in bureaucratic policies and changes are needed both on structural and behavioural fronts. Concept of development administration was brought in by the West and especially by American scholars. They perceived modern administration as a mechanism for the attainment of developmental goals.

As development theorists like Esman and Wriggins stressed that the development tasks were of universal application, the role of efficient management of public development programmes and the stimulation of private development programmes came to the fore.
In addition to discussing the concept of development especially in the Third World countries, this unit also explains the changing role of development administration.

### 13.1 OBJECTIVES

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

- Discuss the concept of development
- Analyse the changing role of development administration
- Enumerate characteristics of development administration
- Explain priorities of development administration

### 13.2 CONCEPT OF DEVELOPMENT AND CHANGING ROLE OF DEVELOPMENT ADMINISTRATION

The concept of Development Administration has a contemporary origin mainly due to the work of American experts on comparative administration.

Edward Weidner, one of the pioneers in this field, defined Development Administration as an action-oriented, goal-oriented system. Development Administration had its origin in the desire of the richer countries to aid the poorer countries and more especially in the obvious needs of the newly-emerging States to transform their colonial bureaucracies into more responsible instruments of societal change. The simple underlying conception was that the transfer of resources and knowledge would hasten the modernization process from agrarian to industrial, using government and public sponsored bodies as change agents. The transform of resources would be conducted through international bodies, mutual aid programmes and bilateral agreements and the recipients would channel their new generate change of their own accord, such as, education, health, capital investment, communication, science and research. But foreign aid did not turn out to be universal stimuli. For some newly emerging countries, it was a drop in the ocean compared with its requirements. Thus, Development Administration spread its interest from foreign aid programmes to the domestic public policy programmes of recipients.

At that time, it was largely a virgin territory. Many colonial administrators showed no interest or may be the new political leaders had no experience in State craft and very little competence. As no one had tried before to hasten development artificially, there were no guidelines. At first, everything had to be improved before any kind of base could be established and from which coherent public policies could be formulates and practical programmes implemented. In fact, the developmental network had to be super imposed on a traditional law and order frame or placed alongside the existing structure.
The main characteristics of development administration are:

- Development Administration is grounded in normative concepts that development can be planned, directed and controlled, that improvement in quality and quantity of societal products is desirable, that obstacles to development can be overcome.
- Development Administrations grounded in reality as it concerns itself with the practical solution of human problems, the daily problems of public administration and the real world in which people live.
- Development Administration is time consuming. Development Administration performs a series of function for which the physical, social, psychological and institutional resources are seldom available in sufficient quantity in the proper combinations.
- The obstacles to achievement are so often overpowering and time is a relentless energy to those who hope to realize results in decades rather than centuries.
- Development Administration is universal. It rejects any distinction between countries that appear to be generating their own changes where growth is spontaneous needing no artificial stimulus and where the capacity to cope with rapid change is self-adjusting and those countries that seem to lack the requisite components of self-development and where change has to be induced externally through governmental action. All countries are developing some at a faster pace than others and in different developmental problems. The most serious problem of all, however, is the persistent gap between rich and poor countries, quickly developing and slowly developing regions and the possibility that the gap between them is widening up.
- Development Administration is change-oriented. The distinctive mark of Development Administration is its central concern with rapid socio-economic change. This special orientation distinguishes Development Administration from general administration which is basically concerned with maintenance of status quo. It is the government influenced change towards progressive political economic and social objectives. Development Administration includes the organizations of new agencies such as planning organizations and development corporations, the reorientation of established agencies such as departments of agriculture, the delegations of administrative powers to development agencies and the creation of a cadre of administrators who can provide leadership in stimulating and supporting programmes of social and economic improvement.
- It has the purpose of making change attractive and possible. It consists of efficient management of public development programmes and the stimulation of private development programmes. M.I. Esman, in his book, The Politics of Development Administration defines the task of nation-building and
socio-economic development in broad political rather than administrative
terms. These as follows:

- Achieving security against external aggression and ensuring internal order
- Establishing and maintaining consensus on the legitimacy of the regime
- Integrating diverse ethnic, religious, communal and regional elements
  into a national political community
- Organizing and distributing formal powers and functions among organs
  of central regional and local governments and between public authority
  and the private sector
- Displacement of rested traditional social and economic interests
- Development of modernizing skills and institutions
- Fostering psychological and material security
- Mobilization of saving and current financial resources
- Rational programming of investment
- Efficient management of facilities and services
- Activating participation in modernizing activities essentially in decision-
  making roles
- Achieving a secure position in international community

Esman had the Third World in mind when he was writing the *Functions of
Development Administration* but in his opinion, the development tasks are of
universal application. Howard Wriggins explains the tasks of Development
Administration. These are as follows:

- To provide the minimum of essential services
- Equitable distribution of wealth and income
- Maximum utilization of material and manpower resources
- Protection to weaker sections of the community
- Devise ways and means to integrate diverse communal religious, tribal and
  other elements into a national political community
- Development of educational infrastructure together with vocational and
  professional institutions
- Development Administration is result-oriented. Since, changes have to be
  brought about rapidly and within a defined time limit, it has to be result-
  oriented.
- Its performance is related to productivity in terms of increase in per capita
  income, provisions of health and welfare facilities.
- Commitment to work, commitment to change and concern for completing
  time-bound programs constitute the organizational role expectations in
Development administration. Administrators are expected to be involved and emotionally attached to jobs they are called upon to perform. The rapid socio-economic development requires a sharp break from the past. The new strategy of decision-making that promises to fit with the aspiration of the people and goals of development seems to be the inhibition of the process of participative, decision-making after due consultation with field officers.

- Client orientation: Development administration is client-oriented in the sense that, it is positively oriented towards satisfying the needs of specific target groups. Hence, their satisfaction is an important criterion for evaluating performance. The people are looked at as active participants in public programmes. This close nexus between public and administration is an essential attribute of Development Administration.

Most of the developmental plans in a society have to be citizen oriented as it is the citizen who ultimately derives the benefit of development. The officials working are supposed to be nearer to the citizen and have therefore, a continuing responsibility to acquaint the higher officials about the problems at their levels, since they have to initiate policy actions about the overall assessment of the need of the people. In the development context, therefore, frequent consultations and participative decisions between higher and lower level of officials are inevitable. The administration does well in taking participative decisions where the lower level officials have the opportunity of bringing to the notice of higher officials the desires of a common man. The pay-off from participative decisions may at times bring about improved performance of activities meant to ensure the maximum good for the maximum number of persons, bringing administration to the doorstep of the citizen and bringing about a direct relationship between the client and the administration which is a driving force behind decentralization in most developing countries. Hence the traditional concept of people as passive beneficiaries has to be replaced by the newer concept of people as active participants.

13.2.1 Bureaucratic Adaptation of Development Administration

Development administration is essentially change-oriented. It is therefore to be flexible and adaptable to meet quickly changing circumstances. In unstructured situations, decision-making has to be much more situational, innovative and creative. Development situations require risk-taking and achievement orientation. Organizational rules and procedures cannot be allowed to get precedence over target achievement. It is more a function of individual administrative behaviour and style of operation. Status, which is at the core of bureaucratic hierarchy, is replaced by service motivation in development administration. The changing role of bureaucracy in development administration is characteristics in such phrases as development bureaucracy and non-Weberian model of bureaucracy.

Development administration calls for both qualitative and quantitative changes in bureaucratic policies, programmes procedures and methods of work,
organizational structure and staffing patterns, number and quality of development personnel of different types and patterns of relation with clients of administration. To fit bureaucracy into developmental tasks, changes are needed both on structural and behavioural fronts. Structurally, de-emphasis of hierarchy is suggested to get rid of the conventional organizational pyramid which leads to centralization and creates tension and interpersonal conflicts and redesign organization to enable collegiate decision-making and promote collaborative problem-solving.

Most of the development activities take place at the field level away from the capital city or headquarter administration. Decentralization of authority is necessary to enable the field units to take decisions on the spot as far as possible, without waiting indefinitely, for central clearance. Decentralized decision-making is facilitated by creating separate fairly autonomous units of administration at the field level. Communication or flow of information is the life blood of an organization. In pushing through measures for socio-economic development the organization has to have free flow of messages and information unhindered by the status levels within it. Speedy and effective decision-making needs the support of reliable information through free flow of communication.

Development has to depend a lot on political management as the impulse for change comes more often from political leadership. To accept the supremacy of the political and to work alongside him as a co-partner in development enterprise are the in-built requirements of development administration. Moreover, corresponding behavioural changes are needed to make bureaucracy change oriented result oriented and people oriented.

13.2.2 Development Ideology

It is the employment of modern techniques, both technical and social in the pursuit of societal objectives. It is the attainment of result, not rationality from or ritual. To achieve this end, an ideology of development is essential. Weidner has described it as a state of mind which fosters the belief in equitable progress. Esman sees it, as a doctrine in cooperating reliance on ideology for decision criteria, priority to fundamental social reforms, political and social mobilization, latitude for competitive political action and interest articulation in ethnic, religious and regional integration, governmental guidance of economic and social policy and commitment to the future. Development being political depends on government action. It is carried out by the living constitution. It is affected by changes in political regime, party composition of the government and personality of the political leaders.

13.2.3 Evolution of Development Administration

After the Second World War, the newly independent nations which emerged out of imperial, embarked upon a complex process of nation-building and rapid social reconstruction. Poverty, illiteracy, disease, low levels of agricultural and industrial productivity posed a formidable challenge of development to the governments of these new nations. The concept of development administration has almost exclusively been used with reference to the developing nations of Asia, Africa and
Latin America. The idea of development administration as a direct State engineered effort to intervene in the processes of socio-economic transformation was therefore born during the aftermath of decolonization.

The conceptualization and elaboration of the concept of development administration was done by the West and especially by American scholars.

Third World development became a very powerful intellectual category in American social science thinking of the fifties. It was looked at as a strategy against insurgency and the growth of Communism in the Third World. There had emerged two interrelated viewpoints about the role of public administration in this situation. The Comparative Politics Group of the Social Science Research Council in the USA looked at administration as having system maintenance and system stability building potential capacity. To them bureaucratization was a functional prerequisite for maintaining stability and legitimacy in the political order. They perceived modern administration as a mechanism for the attainment of developmental goals. Thus, the bureaucracy was looked at as a precursor to provide planning and an identical infrastructure for converting inputs of objectives, capital and know how into developmental outputs. Two developmental goals: nation-building and socio-economic development, constitute the keynote of development administration.

There are two schools of thought with regard to the definition and scope of development administration. Montgomery and Fainsod represent the school of thought which defines development administration in a narrow sense. According to Montgomery, ‘it connotes carrying planned change in the economy or capital infrastructure and to a lesser extent in the social services, especially health and education’. In the words of Fainsod, ‘It embraces the array of new functions assumed by developing countries embarking on the path of modernization and functional specialization. Development administration ordinarily involved the establishment of machinery for planning economic growth and mobilizing and allocating resources to expand national income.’ According to this school of thought, development administration means merely a programme-oriented approach to administration which is concerned with the resolve to mobilise existing and new resources and cultivate appropriate skills to achieve the developmental goals of administration.

The other school of thought which is represented by Lucian Pye, Fred W. Riggs and Weidner, uses the term development administration in a broader sense. According to it, development administration refers to the process of guiding an organization towards the achievement of progressive political, economic and social objectives, authoritatively determined in one manner or another. Understood in this sense, development administration would include the entire process of nation-building, particularly in the developing States of the world. In this connotation development administration becomes an integrated concept for the study of public administration. In short, it may be said that development administration is essentially a concept of administration which is action-oriented rather than structure oriented. While it involves the study of a traditional and routine type of administrative system
it is more concerned with the dynamics of an administrative system with a view to
judging its capacities as an instrument of programme planning and execution.

13.2.4 Development Administration as Public Administration

It is by now widely acknowledged that development administration is public
administration with a difference. Structurally development administration is
concerned with the organization of new agencies for development or re-fashioning
of established agencies. The internal authority structure and hierarchy within
organization engaged in development tasks have also to be differently conceived.
The emergence of the nations out of a colonial administrative framework and the
urgent need for rapid socio-economic reconstruction led to a radical change in
government organization and procedures. This gave birth to a new administrative
paradigm called development administration arose. The colonial legacy’s routine
law and order administration was found unsuitable the accomplishment of nation
building tasks and programmatic goal fulfilment, like agricultural and industrial
development, removal of socio-economic inequalities, etc. Revenue collection,
export of raw material, providing essential public services and law and order were
the prime concerns of colonial administration. It was centralised, authoritarian,
unaccountable and unresponsive to the public.

The management of development has been the central focus of development
administration. It connotes planned institution capacity to accomplish the specific
goals of development through the formulation of appropriate policies, programmes
and projects and their successful implementation. Participative, response and
accountable management constitutes the essence of development administration.
As George Cant has aptly said, ‘Development administration is characterized by
its purposes, its loyalties and its attitudes purposes are of change, progress and
innovation as contra with purposes of maintaining the status quo.’ Development
administration has to be goal-oriented, client centred, accountable and responsive
to public wishes and demands rather than to any vested interests, king or empire.
In terms of attitudes, development administrators have to be flexible, adaptable
and result-oriented. Pai Panandikar and Kshirsagar, in their study of administrative
behaviour in development, propose four behavioural prerequisites. These are as
follows:

- Change orientation
- Result orientation
- Citizen participation orientation
- Commitment to work

Development administration also involves production of planned results in
close association with clientele. It calls for serious restructuring of administration
to facilitate people’s involvement in all aspects of development. Inherent
development administration is the idea of decentralization. Evaluation of development
administration has to be on the basis of actual results achieved. It is not merely
efficiency that is sought but effectiveness that is desirable.
Development Administration

The distinction between development and non-development administration is more formal than real. Routine land revenue or law and order administration creates conditions for development. If the State fails to maintain law and order, no developmental effort will succeed. Similarly, failure of developmental effort may lead to rising public frustration and unrest that might become a serious law and order problem. Another important area of interdependence is that the capital assets (roads, dams, buildings and institutional places) created for developments have to be maintained properly. Routine maintenance management is thus as important as development management.

Academic interest is the close link of development administration with political processes. The management aspect of development administration has been emphasized that, development administration is essentially change-oriented and anti-status quo. Taking benefits of development to more and more social groups in society will generate conflicts between the haves and have-nots, between the privileged and the under-privileged sections of society. Development would also mean creating institutional opportunities for power distribution. Development policy formulation and its implementation are vitally connected with the political processes of a society; hence to divorce the study of development administration from politics would be short-sighted and incomplete.

Development administration, in a developing country, is mainly concerned with two aspects of development: political and economic. The economic development of a country largely depends on its political development. So we would refer briefly to the characteristics of political development especially relevant to administrative development.

S.P. Huntington identifies four sets of categories which recur continuously: Rationalization, National integration, Democratization and Participation. Friedrich suggests the following six features:

- The capacity to act efficiently to cope with technological requirements of survival
- Enforceable restraints on government
- Operative popular participation in rule-making
- Existence of general rules replacing shared values and beliefs of the community
- A judiciary to interpret these rules and define terms of settlement.

Development administration involves both qualitative and quantitative changes in bureaucratic politics, programmes procedures and methods of work, organizational structures, staffing patterns, number and quality of development personnel of different types and patterns of relations with clients of administration. Public administration in general and development administration in particular are closely linked with increasing the capacity of the State to produce goods and services to meet the changing and expanding demands.
13.2.5 Priorities of Development Administration

Development administration differs from routine administration in some other respects also. For instance, the rigidly well-defined lines of authority which operate in the case of revenue and police departments cannot be adopted in the case of development administration as it would stifle the potential knowledge and creative capacities of individuals. The student of development administration must first study the differences in values and social attitudes of the people of developing societies, before recommending any rules whether relating to merit system, span of control or any specific structure. In this respect development administration demands a greater degree of social, economic and political insights. Since there will be more in common between the problems of various developing societies than between the, developed and the underdeveloped societies, development administration will necessarily be comparative in character.

Donald C. Stone draws attention to one aspect of development administration which is worth noting here. He says that development administration demands much more cooperation and coordination among ministries and departments than routine administration. He cites two examples of lack of co-ordination among departments which has an impact on particular geographical areas, viz., the question of major highways versus feeder highways and the interrelationship of agricultural development and industrial development as it takes place in a particular geographic area. Development administration to be successful requires that department head to understand how the development plans benefit them so that they render the necessary cooperation. It also requires that regional and local governments be fitted into plan formulation exercises and plan implementation programmes.

As is evident from the foregoing discussion, the essential thrust of development administration has been that stable and orderly change can be brought about by a management revolution under the aegis of the State bureaucracy. Briefly, the present and future priorities of development administration are as follows:

- With the ever increasing functions of State, the role of administration will continue to expand in the developmental sphere.
- The government will become the principal planner, organiser, promoter and director of developmental efforts in all Third World countries
- Administrative activities will gradually become complex and technical with increasing diversification of government functions
- The need for planning, coordination and control of all government activities connected with development will have to be greatly stressed
- The administrative reforms and improvements in management will have to be greatly stressed
- Personnel structure and training will have to be geared to developmental tasks. In such a set-up respect for hierarchy and a rigid application to rules and regulations at the cost of goal achievement will have no place
Decision-making in organizations will have to be flexible and innovative, status-consciousness in bureaucracies have to be replaced by increasing service motivation.

There is need to redesign public bodies to enable collection decision-making and promote collaborative problem solving.

Increasing decentralization will enable developmental agencies at field level to operate more autonomously.

There should be free flow of communications at all levels of the organizational pyramid.

There should be an adequate working partnership between the political and executive wings of the administration.

Commitment and dedication on the part of all engaged, developmental tasks, especially the political leadership and bureaucracy are the first and most essential prerequisite of development administration.

The active participation and cooperation of the people to be forthcoming for the success of developmental programmes.

The development administration theory of the 1950s and 1960s, says Rondinelli, was reflected in two somewhat different, but mutually exclusive approaches. One group of development theorists felt that policy implementation in the developed countries could be improved through the transfer of administrative procedures and techniques from industrial countries. They followed the Weberian model. They attempted to establish within developing countries, administrative procedures that were rational and politically neutral in concerned with methods used by governments to attain their development objectives through the implementation of national plans and policies. They decentralized the role of bureaucracy as an instrument of development.

The other group argued that, political processes and administrative structures had to be thoroughly transformed and modernized before the developing nations could achieve economic and social progress known as political modernizers. They felt that the transfer of the administrative procedures and techniques from Western democracies, although necessary, was not sufficient. They looked at development as Social Engineering and National Government as the prime mover of change. Development administration was thus viewed as the instrument for transforming traditional societies into modern ones. Some scholars have identified certain fundamental inconsistencies in the western formulation of development. For example, this formulation exhibits a fairly explicit ethnocentric bias. It minimizes, ignores and distorts indigenous cultural traditions. Once translated into the administrative realm, it reinforces the belief in a universally valid set of functional administrative principles without any significant connection with specific sociocultural and political circumstances.

The foundations of the development administration paradigm suffered a terrible set back following the widening gap between the centre (develop) and...
Development periphery (developing) through the second development decade. The theatre of Cold War having been shifted to the Third World, the myths of mutuality of interests and Western benevolence were exploded. It became evident that the concept of an impersonal bureaucracy motivated by efficient implementation of given public policies deserved re-examination. Bureaucracy is a source of power, and if it gets institutionalized it seeks to pursue its class interests in collusion with the ruling class or classes. It can go to the extent of subverting implementation of development programmes which may jeopardize its class interests. It has been proved by many studies that the ruling class bureaucracy alliance is primarily responsible for the failure of land reform programmes in India.

Michael Crozier’s study challenged the thesis of bureaucratic rationality. He pointed out that bureaucracies were characterized by goal displacement and self-reinforcing vicious cycles. The very idea of the bureaucracy seeking legitimacy for its actions through rules and regulations has adverse implication for development administration. The rules and regulation evolved during the colonial regime are iniquitous and meant for system maintenance. The post-colonial State has not made basic changes in them because the State itself was captured by the emerging bourgeoisie. Such rules cannot bring about change desired by the development theories. In fact, they provide bureaucracy an escape route and a structure to perpetuate exploitation. It has been pointed out by some scholars to development has come to mean the most effective strategy against insurgency and socialist modes of socio-economic organization. Development administration forms part of western ideological and intellectual offensive to keep the Third World within the western orbit.

13.2.6 Criticisms Against Development Administration

Criticisms against development administration are many and varied. Some of them have been discussed below. These are:

- Development administration assumes that the bureaucracy is the most efficient and rational form of human organization and the management and organizational experience could be adopted to suit the specific developmental needs of Third World. In fact, development administration was seen mutation from colonial administration by injecting developmental goals and structures in the old cadre of civil servants. The tasks the developed countries were thought lie in creating external inducement to change through technical assistance technology and institutions transfer. It was thought that the institutional imitation would produce the same results which were obtained in the developed countries, namely efficiency, increased rationality and the like. By the late 1960s, it became evident however, that externally induced modernization had failed to solve the basic problem under-development.

- The gap between the rich and the poor increased as incremental reformism had failed to remove poverty, socio-economic class disparities and regional
imbalances. The very paradigm of social change through administrative manipulation has been questioned. It has been pointed out that radical socio-economic transformation of the Third World is not so much an administrative problem as a political one.

- The development administrative model had both radical and conservative critics. Conservative critics tried to belittle the importance of the public sector in development efforts stating that the function of the State consisted in creating appropriate conditions for the healthy growth of a competitive private sector. They, therefore, viewed development administration as an artificial distortion of objective market forces.

The radical criticism of development administration has come from the dependency theorists who note that the phenomenon of under-development has its roots in the developed first world that has caused under-development and has, therefore, a vested interest in its perpetuation. The processes of under-development are dialectically interrelated. From the dependency perspective, modernization need not be looked upon as a vehicle for development, but often, as a major contributor to under-development. In any case, mere economic growth may not add to equitable economic development of classes and regions, not to speak of political and social development. Development administration model has also met with adverse criticism in the West where the concept was first popularised. Several crises gained ground in the West during the late 1960s like urban crises, social upheavals, protest and deep questioning of institutions. The rational bureaucracy thesis was being increasingly challenged and it was argued that the essence of the bureaucratic phenomenon was the inherent inability of a complex, impersonal, hierarchical and specialised organization to learn from experience. Instead of rational, goal-oriented social action, bureaucracies were characterized by goal displacement and a series of self-reinforcing vicious cycles.

13.2.7 Contemporary Approaches and Theories

In the seventies and eighties, the development problem has been re-conceptualized in various ways. Rather than looking at growth (in statistical terms) as a measure of development, meeting basic human needs, equitable distribution of socio-economic benefits, and people empowerment are being increasingly looked upon as development goals. Development scholars no longer treat the Third World as a homogeneous group of countries, but increasingly recognize the importance of cultural, context-based approaches to development.

A single comprehensive theory of development does not exist. The contemporary theoretical approaches to development are:
- Pluralistic, recognizing many pathways to development
- Less Western in their cultural assumptions
Key element in contemporary development approaches, reflected in the thinking of Rogers, Korten and Klaus, Bjar Bryant White include:

- Greater equality in distribution of development benefits
- Popular participation, knowledge sharing and empowerment to facilitate self-development efforts by individuals, groups, and communities
- Self-reliance and independence in development, emphasising the potential of local resources
- Limiting growth of population
- Integration of appropriate technology with big modern technologies in order to facilitate development

The focus of development administration has changed over the years. Keeping pace with new development theories which are confined to the deployment of foreign aid, development administration today focuses on planned change to meet a nation’s broad political, economic, social and cultural objectives. Non-government, non-bureaucratic, religious, cultural, voluntary, and community organizations are now increasingly involved in development projects. Localised, decentralised, and participative approaches to development are encouraged. One contemporary trend in development administration theory is a shift from a blueprint approach to a learning process approach. The blueprint approach involves designing a specific plan of action in advance for administrative development programme. With all its supposed advantages, this approach is inflexible, and somewhat closed, within its inability to respond to the needs of a changing environment.

In contrast, a learning process approach is a relatively ended strategy to planned social change. This approach in a cybernetic process by which development administration adapt themselves to changing environments and incorporate mid-course corrections, based on existing local conditions. Problems are diagnosed and solutions implemented by people and administrators jointly via a process of mutual learning. The blueprint approach emphasizes advanced planning for the people. The learning process approach emphasizes planning with the people, and doing so during the process of administering a development programme. Another trend in contemporary development administration theorising is a shift from a production-centred to a people-centred approach to development. The production-centred development approach emphasizes production of goods and services to maximize returns on investment. This approach stresses the following:

- Industry over agriculture
- Urban development over rural development
- Utilization of capital resources over human resources
- Exploitation or the environment for short-term gains over sustained harnessing of natural resources,
Establishing large scale industries over small scale industries. Such a development approach neglects the basic needs of the rural poor in Third World countries and promotes socio-economic inequality.

In the people-centred approach to development, the needs of the people take precedence over those of the production system. This approach views an individual not as a subject but as an actor who defines the goals, controls the resources, and directs the processes affecting his/her life. The central themes of people-centred development are:

- Empowerment of people
- Development of an administrative process which responds to the needs of the people

The key elements in people-centred development are:

- Human growth and well-being
- Equality
- Self-reliance
- Participation
- **Sustainability**: Sustainability is considered the keyword in a development programme

A development programme can be sustained by:

- Creating a felt need among beneficiaries about the efficacy of the programme
- Developing institutions which continually adopt
- Providing (or self-generation) resources
- Building support among political elites and community groups

Today, development administration is characterized by context-based theories which incorporate the indigenous, social, cultural, political, and economic realities of Third World countries.

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**Check Your Progress**

1. What is the origin of the concept of development administration?
2. List some of the main characteristics of development administration.
3. Which school of thought uses the term ‘development administration’ in a broader sense?
4. Which are the main priorities of development administration?
5. Why was development administration criticised?
6. What are the contemporary theoretical approaches to development?
7. Why has the focus on development administration changed over the years?
8. What is the main objective of people-centred approach to development?
13.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The concept of Development Administration has a contemporary origin mainly due to the work of American experts on comparative administration. Edward Weidner, one of the pioneers in this field, defined Development Administration as an action-oriented, goal-oriented system. Development Administration had its origin in the desire of the richer countries to aid the poorer countries and more especially in the obvious needs of the newly-emerging States to transform their colonial bureaucracies into more responsible instruments of societal change. The simple underlying conception was that the transfer of resources and knowledge would hasten the modernization process from agrarian to industrial, using government and public sponsored bodies as change agents. The transform of resources would be conducted through international bodies, mutual aid programmes and bilateral agreements and the recipients would channel their new generate change of their own accord, such as, education, health, capital investment, communication, science and research.

2. Some of the main characteristics of development administration are:
   - Development Administration is grounded in normative concepts that development can be planned, directed and controlled, that improvement in quality and quantity of societal products is desirable, that obstacles to development can be overcome.
   - Development Administrations grounded in reality as it concerns itself with the practical solution of human problems, the daily problems of public administration and the real world in which people live.
   - Development Administration is time consuming. Development Administration performs a series of function for which the physical, social, psychological and institutional resources are seldom available in sufficient quantity in the proper combinations.
   - The obstacles to achievement are so often overpowering and time is a relentless energy to those who hope to realize results in decades rather than centuries.

3. School of thought, which is represented by Lucian Pye, Fred W. Riggs and Weidner, uses the term development administration in a broader sense. According to it, development administration refers to the process of guiding an organization towards the achievement of progressive political, economic and social objectives, authoritatively determined in one manner or another. Understood in this sense, development administration would include the entire process of nation-building, particularly in the developing States of the world.
4. Some of the main priorities of development administration are as follows:
   - With the ever-increasing functions of State, the role of administration will continue to expand in the developmental sphere.
   - The government will become the principal planner, organiser, promoter and director of developmental efforts in all Third World countries.
   - Administrative activities will gradually become complex and technical with increasing diversification of government functions.
   - The need for planning, coordination and control of all government activities connected with development will have to be greatly stressed.
   - The administrative reforms and improvements in management will have to be greatly stressed.

5. Criticisms against development administration are many and varied. Some of them have been discussed below. These are:
   - Development administration assumes that the bureaucracy is the most efficient and rational form of human organization and the management and organizational experience could be adopted to suit the specific developmental needs of Third World. In fact, development administration was seen as mutation from colonial administration by injecting developmental goals and structures in the old cadre of civil servants. The tasks the developed countries were thought lie in creating external inducement to change through technical assistance technology and institutions transfer. It was thought that the institutional imitation would produce the same results which were obtained in the developed countries, namely efficiency, increased rationality and the like. By the late 1960s, it became evident, however, that externally induced modernization had failed to solve the basic problem under-development.
   - The gap between the rich and the poor increased as incremental reforms had failed to remove poverty, socio-economic class disparities and regional imbalances. The very paradigm of social change through administrative manipulation has been questioned.
   - The development administrative model had both radical and conservative critics. Conservative critics tried to belittle the importance of the public sector in development efforts stating that the function of the State consisted in creating appropriate conditions for the healthy growth of a competitive private sector. They, therefore, viewed development administration as an artificial distortion of objective market forces.

6. The contemporary theoretical approaches to development are:
   - Pluralistic, recognizing many pathways to development
   - Less Western in their cultural assumptions
• Key element in contemporary development approaches, reflected in the thinking of Rogers, Korten and Klaus, Bjur Bryant White include:
  • Greater equality in distribution of development benefits
  • Popular participation, knowledge sharing and empowerment to facilitate self-development efforts by individuals, groups, and communities
  • Self-reliance and independence in development, emphasising the potential of local resources
  • Limiting growth of population
  • Integration of appropriate technology with big modern technologies in order to facilitate development

7. The focus of development administration has changed over the years. Keeping pace with new development theories which are confined to the deployment of foreign aid, development administration today focuses on planned change to meet a nation’s broad political, economic, social and cultural objectives. Non-government, non-bureaucratic, religious, cultural, voluntary, and community organizations are now increasingly involved in development projects. Localised, decentralised, and participative approaches to development are encouraged. One contemporary trend in development administration theory is a shift from a blueprint approach to a learning process approach. The blueprint approach involves designing a specific plan of action in advance for administrative development programme. With all its supposed advantages, this approach is inflexible, and somewhat closed, within its inability to respond to the needs of a changing environment.

8. In the people-centred approach to development, the needs of the people take precedence over those of the production system. This approach views an individual not as a subject but as an actor who defines the goals, controls the resources, and directs the processes affecting his/her life. The central themes of people-centred development are:
  • Empowerment of people
  • Development of an administrative process which responds to the needs of the people

13.4 SUMMARY

• The concept of Development Administration has a contemporary origin mainly due to the work of American experts on comparative administration.

• Esman had the Third World in mind when he was writing the Functions of Development Administration but in his opinion, the development tasks are of universal application.
Development administration calls for both qualitative and quantitative changes in bureaucratic policies, programmes, procedures, and methods of work, organizational structure, and staffing patterns, number and quality of development personnel of different types and patterns of relation with clients of administration.

After the Second World War, the newly independent nations which emerged out of imperial, embarked upon a complex process of nation-building and rapid social reconstruction.

Third World development became a very powerful intellectual category in American social science thinking of the fifties. It was looked at as a strategy against insurgency and the growth of Communism in the Third World.

The other school of thought which is represented by Lucian Pye, Fred W. Riggs, and Weidner, uses the term development administration in a broader sense. According to it, development administration refers to the process of guiding an organization towards the achievement of progressive political, economic, and social objectives, authoritatively determined in one manner or another.

The emergence of the nations out of a colonial administrative framework and the urgent need for rapid socio-economic reconstruction led to a radical change in government organization and procedures.

Development administration involves both qualitative and quantitative changes in bureaucratic politics, programmes, procedures, and methods of work, organizational structures, staffing patterns, number and quality of development personnel of different types and patterns of relation with clients of administration.

Development administration, in a developing country, is mainly concerned with two aspects of development: political and economic. The economic development of a country largely depends on its political development.

The essential thrust of development administration has been that stable and orderly change can be brought about by a management revolution under the aegis of the State bureaucracy.

The development administration theory of the 1950s and 1960s, says Rondinelli, was reflected in two somewhat different, but mutually exclusive approaches. One group of development theorists felt that policy implementation in the developed countries could be improved through the transfer of administrative procedures and techniques from industrial countries.

The foundations of the development administration paradigm suffered a terrible setback following the widening gap between the centre (develop) and periphery (developing) through the second development decade.
Michael Crozier’s study challenged the thesis of bureaucratic rationality. He pointed out that bureaucracies were characterized by goal displacement and self-reinforcing vicious cycles.

The gap between the rich and the poor increased as incremental reformism had failed to remove poverty, socio-economic class disparities and regional imbalances. The very paradigm of social change through administrative manipulation has been questioned.

Development administration model has also met with adverse criticism in the west where the concept was first popularised. Several crises gained ground in the West during the late 1960s like urban crises, social upheavals, protest and deep questioning of institutions.

Development scholars no longer treat the Third World as a homogeneous group of countries, but increasingly recognize the importance of cultural, context-based approaches to development.

The focus of development administration has changed over the years. Keeping pace with new development theories which are confined to the deployment of foreign aid, development administration today focuses on planned change to meet a nation’s broad political, economic, social and cultural objectives.

Another trend in contemporary development administration theorising is a shift from a production centred to a people-centred approach to development. The production-centred development approach emphasizes production of goods and services to maximize returns on investment.

In the people-centred approach to development, the needs of the people take precedence over those of the production system. This approach views an individual not as a subject but as an actor who defines the goals, controls the resources, and directs the processes affecting his/her life.

Today, development administration is characterized by context-based theories which incorporate the indigenous, social, cultural, political, and economic realities of Third World countries.

13.5 KEY WORDS

- Colonial administrator: They were an early example of the professional administrator during the colonial era.
- Bureaucracy: A bureaucracy is an administrative, government, or social system.
- The Social Science Research Council: This is a US-based independent non-profit organization dedicated to advancing research in the social sciences and related disciplines.
• **Public administration**: This is the implementation of government policy and also an academic discipline that studies this implementation and prepares civil servants for working in the public service.

• **The Cold War**: This was a period of geopolitical tension between the Soviet Union with its satellite states, and the United States with its allies after World War II.

• **Bureaucratic rationality**: This is identified as domination through knowledge, or that which allows things to be known.

• **Contemporary development approach**: These are reflected in the thinking of Rogers, Korten and Klaus, Bjur Bryant and White. It includes participation, knowledge-sharing and empowerment to facilitate self-development efforts by individuals, groups and communities.

• **Blueprint approach**: The dominant approach to rural development planning of the early growth-oriented national development strategies became known as the ‘blueprint’ approach to reflect its emphasis on the project preparation process as they key to successful intervention.

• **Third World**: It is commonly used to describe economically developing nations. The term “Third World countries” was first used during the Cold War. This term was used to describe countries that were not aligned with any bloc.

### 13.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

#### Short-Answer Questions

1. Which are the important tasks of Development Administration?
2. What, according to Pai Panandikar and Kshirsagar, are four behavioural prerequisites for development administration?
3. What is the distinction between development and non-development administration?
4. How does development administration differ from routine administration?
5. Write a short note on the role of bureaucracy in development administration.

#### Long-Answer Questions

1. Discuss the evolution of the study of development administration.
2. “Development Administration is change-oriented.” Justify this statement.
3. Critically analyse the role of development administration in a developing country.
4. Discuss the impact of contemporary approaches and theories on development administration.

13.7 furtheR readinGs


UNIT 14 GOOD GOVERNANCE AND GLOBALIZATION

14.0 INTRODUCTION

In common parlance, good governance refers to maximizing the well-being of the people by bringing in structural changes in the existing system in the government. The term ‘governance’ has been derived from the Greek word, ‘kybernan’ which means ‘to steer and to pilot or be at the helm of things.’ It was first used by Harlan Cleveland in the mid-1970s, when he said, ‘what the people want is less government and more governance’. He used this in the sense of blurring the distinctions between public and private organizations and multi-organizational systems.

Concept of good governance, which is used in the current scenario, has its genesis in policy and programmes started in the West and supported by global agencies such as World Bank and Organization for Economic Development (OECD) which stress the need for political and bureaucratic accountability, sound administrative system and cooperation between the government and the civil society organizations. Like international institutions, planners, policy makers, researchers have also attempted to explain the basic aims and characteristics of good governance. The term governance that has assumed significance since 1989 with its advocacy by the World Bank was first used in France in the Fourteenth century.
Process of globalization started in India in early 90s when the government realised that there was an urgent requirement for structural reforms in the existing model of the economy. A slew of economic reforms were brought in the country which opened the door for liberalization and privatization of the economy. Needless to say, these reforms have bolstered up the Indian economy and transformed the lives of millions of the people. 

In this unit, we will discuss the role of good governance and the impact of globalization on public administration.

14.1 OBJECTIVES

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

- Understand the meaning of good governance
- Analyse the concept and application of good governance
- Enumerate the features of good governance
- Explain globalization and its role
- Discuss the impact of globalization on public administration

14.2 GOOD GOVERNANCE: CONCEPT AND APPLICATION

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

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

Presently, the concept of good governance is being used in Western sense which is broadly conceived by the World Bank and Organization for Economic Development (OECD). It emphasizes political and bureaucratic accountability, established legal framework based on the rule of law, independence of judiciary, freedom of expression and information, sound administrative system and cooperation between the government and the civil society organizations. Evidently, good governance implies utmost concern for people’s welfare wherein the government and its bureaucracy follow policies and discharge their duties with a deep sense of commitment – respecting the rule of law in a manner which is transparent, ensuring human rights and dignity, priority and public accountability. The need of good governance in India has always been indispensable for delivering goods and services to the masses.

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

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

### 14.2.1 New Public Management

The proponents of New Public Management, as Dunleavy (1997) points out, have probably overstated the ameliorative effects of public sector management reforms in improving social problem solving. And they have either completely neglected or under-estimated two indirect effects:
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The negative impact of some New Public Management changes in reducing the level of citizens' autonomous capacity to solve their problems, and capacity which in most cases makes a critical contribution to social problem solving.

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

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

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

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

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

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

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

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

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

14.2.2 The Structural Adjustment Programmes

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

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

14.2.3 The World Bank’s Governance Agenda

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

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

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

- The form of political regime (parliamentary or presidential, military or civilian, authoritarian or democratic)
- The process by which authority is exercised in the management of a country’s economic and social resources
- The capacity of government to design, formulate and implement policies.

The bank identifies the major problems of governance, which include improper implementation of laws; delays in implementation; absence of proper accounting systems; defective procurement systems that encourage corruption, distortion in public investment priorities and failure to involve beneficiaries in the design and implementation of projects. The bank indicated symptoms of poor governance. These encompass the failure to establish a predictable framework of law and government, which is conducive to development, abolish regulatory rules that impede the functioning of markets and also non-transparent decision-making.

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

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

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

14.2.4 Objectives and Characteristics of Good Governance

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

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

Good governance aims at the following:

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

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

- Voice and accountability that include civil liberties and political stability
- Government effectiveness, which comprises the quality of policy making and public service delivery
The policy makers, researchers and international institutions attempted to conceptualize good governance and postulate its basic characteristics, which work to reinforce one another. These include:

- **Participation**: Considered to be the core of good governance. Governments need to ensure the requisite freedom to the citizens to participate in the decision-making process, articulate and represent their interests so that these inputs can get reflected in policies and programmes. Participation boosts the independence, confidence, autonomy and self-reliance of citizens. It enables them to influence the decisions and actions of those who are governing them. It fosters responsiveness PI policies to the needs of beneficiaries.

- **Rule of Law**: Governance does not imply the arbitrary use of authority. Any governance to be effective needs to be supplemented by a fair legal framework. This should be supported by the appropriate law enforcement machine and an independent judiciary that can instil confidence in the people.

- **Transparency**: This is based on the premise of the free flow of information and its accessibility to those affected by the decisions, which are taken in the governance process. Till information provided has to be understandable and of relevance to those concerned. The provision of information within reasonable limits to the people enables them to comprehend and monitor the activities of the private, government and non-government sectors.

- **Responsiveness**: The earlier governance mechanisms failed in bringing all the stakeholders into their ambit. Presently, till emphasis is more on institutions being responsive to the need, of all those who are likely to be affected by their decisions.

- **Equity**: Since the governance structure and mechanisms aim at participation, they need to promote equity. A society’s well-being and development depend on ensuring that all till members have a stake and role in it, and are not excluded from the mainstream of activity.

- **Effectiveness and Efficiency**: Good governance, also, similar to New Public Management, aims at effectiveness and efficiency in the usage of resources in consonance with societal needs and demand. Result orientation needs to be the key concern.

- **Accountability**: It has to ensure answerability as well as proper enforcement for violating certain laid down norms. It involves making politicians, administrators, governmental and non-governmental, and private sector organizations accountable for their activities.
• **Predictability:** This entails presence of clear-cut laws and regulations that regulate society and economy

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

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

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

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

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

1. Citizen engagement
2. Transparency
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3. Accountability
4. The equalities agenda and social inclusion (gender, ethnicity, age and religion)
5. Ethical and honest behaviour
6. Equity (fair procedures and due process)
7. Ability to compete in a global environment
8. Ability to work effectively in a partnership
9. Sustainability
10. Respect for the rule of law

The major ideological push towards good governance as a condition for aid was formulated by the World Bank in its report, Assessing Aid; What Works, What Doesn’t and Why (1998). In this report, the interaction between development aid and quality of governance is established, and it is argued that the impact of aid on growth depends on sound economic management and effective institutions.

The report endorsed a selective approach to the disbursement of aid based on policy performance and reform commitment, rather than on the extent of poverty or the developmental needs of a borrowing country. Gradually, it became an aid conditionality imposed by the donors on the recipient countries.

14.2.5 Governance vs. Government

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

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

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

Government is a formal structure possessing authority and power, while governance deals with activities that have the active involvement of citizens. According to Rosenau, government occurs when those with legally and formally
derived authority and policing power execute and implement activities; governance refers to the creation, execution and implementation of activities backed by the shared goals of citizens and organizations, who may or may not have formal authority and policing power.

Kettl brings out the difference between government and governance. While government refers to the structure and functions of public institutions, governance implies the way the government gets its job done. Traditionally, the government had managed most of the service delivery and towards the end of the Twentieth century, the government is relying increasingly on nongovernmental organizations for doing its work through processes that relied less on authority or control. Kettl looked upon governance as an approach to public administration.

14.2.6 The Multifaceted Approach to Governance

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

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

Governance does not mean that all the bread and butter issues on the New Public Management agenda have become irrelevant. Governance should not but interpreted as anti-New Public Management. Governance is rather the recognition that seemingly technical issues are highly political and may only be tackled by taking a wider political perspective. Moreover, behind all public issues there is a question mark about the relative role of decision making through democratic means, through managerial systems or through professional expertise.

In the governance framework, it is not assumed that managerial solutions are automatically more rational; but on the other hand, it is also not assumed that...
There is, no doubt, a distinction between New Public Management and governance approaches. New public management focuses more on processes with a view to achieving efficiency and performance, while governance emphasizes on interaction and cooperative endeavours in realizing desired outcomes. Both the approaches aim at improving quality aspects, while the former is narrow in focusing on service delivery aspects, the latter aims at enhancing the quality of life. According to Bovaird and Loffler (2003), governance-oriented responses in several countries tended to emphasise the following:

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

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

1. It refers to institutions and actors from within and beyond government
2. It identifies the blurring of boundaries and responsibilities for tackling social and economic issues. This shift in responsibility goes beyond the public-private dimension to include notions of communitarianism and social capital
3. It identifies the power dependence involved in the relationships between institutions involved in collective action
4. It is about autonomous self-governing networks of actors
5. It recognizes the capacity to get things done, which does not rest on the power of the government to command or use its authority

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

- Assumes a multiple stakeholder scenario where collective problems can no longer be solved only by public authorities but require the cooperation of
other players (e.g., citizens, business, voluntary sector, media) and in which it will sometimes be the case that practices such as mediation, arbitration and self-regulation may be even more effective than public action

- Deals with formal rules (constitutions, laws, regulations) and informal rules (codes of ethics, customs, traditions), but assumes that negotiation between stakeholders seeking to use their power can alter the importance of these rules
- No longer focuses only on market structures as steering mechanisms, as in conventional New Public Management approaches, but also considers hierarchies (such as bureaucracies) and cooperative networks as potential facilitating structures in appropriate circumstances
- Does not reason only in terms of the logic of ends and means, inputs and outputs, but recognizes that the characteristics of the key processes in social interaction (e.g., transparency, integrity, honesty) are likely to be valuable in themselves
- Is inherently political, concerned as it is with the interplay of stakeholders seeking to exercise power over one another ill order to further their own interests-and therefore, cannot be left to managerialist or professional decision-making elites (Bovaird and Loffler, 2002)

Governance, with its emphasis on the rule of law, human rights, empowerment, participatory development, attempts to provide a countervailing force to the excessive managerial orientation. There is an increasing realization that for development to be sustainable, it has to take cognizance of social and political development, and human prosperity rather than just economic development. Under globalization, citizens’ demands are more diversified and sophisticated. They want choice, improved responsiveness and an assured quality of services.

The diminished role of the State, a market-oriented economy supported by a democratic government with an efficient and quality-oriented public administration are considered to constitute the formula for both economic development and the well-being of the people. Privatization, deregulation, de-bureaucratization and decentralization are the core political issues. Performance-oriented governance and management strategies are advocated to improve responsiveness and accountability. No wonder that the concept of development management, which has gradually expanded to encompass bureaucratic reorientation and restructuring, the integration of politics and culture into management improvement, participatory and performance-based service delivery programme management, community and non-governmental organizations, capacity building, and policy reform and implementation, is increasingly gaining ground especially in the context of developing countries.
14.2.7 Models of Governance

The transition from the governmental form of organization based on hierarchy to New Public Management and then to governance has led to significant transformation in public service delivery. Peters identifies four types of governance models which include:

(i) Market
(ii) Participatory
(iii) Flexible
(iv) Deregulated government models

(i) **Market Model**: This model relies on markets as the efficient way of public service provision. Bureaucracy is not favoured, as it tends to maximize its own interests as postulated by Public Choice theorists. This model favours decentralization of policy making and implementation, privatization, breaking down of large government monopolies to smaller agencies, quasi-private organizations to deliver public services.

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

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

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

Rhodes summarises the characteristics of governance as follows:

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

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

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

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

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

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

Good governance as a prerequisite for promoting people-centred development started gaining the attention of policy makers, academics and international institutions who attempted to conceptualize and postulate its core characteristics.

Governance, in general, involves the exercise of political, administrative and economic powers in managing a country’s affairs within a democratic framework. Governance as a wider strategy of pursuing development and promoting good government is occupying centre-stage in many countries. It attempts to establish a quality relationship between the government and the governed. Hence, the quality of governance is gaining prominence, as it is necessary for fostering development.

Good governance as a prerequisite for promoting people-centred development started gaining the attention of policy makers, academics and international institutions who attempted to conceptualize and postulate its core characteristics.

Governance is multi-dimensional in nature. But apprehensions are expressed about the intent of governance as it is in some respects considered to be an extension of the Washington consensus. Also, it began to be perceived as a wider conditionality imposed by the donor countries. It was being felt that governance reforms, as promoted by these countries, are oriented towards strengthening market reforms instead of genuine democratization and attainment of human rights. Governance as a concept as well as strategy has been subject to appraisal.
Frederickson challenges the validity and usefulness of the governance concept on five fundamental grounds. He questions the utility of the so-called governance concepts to the students of public administration and public management.

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

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

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

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

Governance is often centred on non-State institutions; both non-profit and for profit contractors, non-governmental organizations and inter-governmental organizations. It diminishes the capacity of the core State executive to steer. In the hollow State, conditions of steering are reversed; the State is steered by its governance partners. It is the States and their sub-jurisdictions that deal with the problems of race, poverty and justice.

Frederickson derives two important conclusions from the critique of governance. The first is that the governance approach to the study of public management and administration, decentralization theory and research, explaining change and reforms rather than the functioning of jurisdictions-States, nations and certain regional or global institutions; which are the dominant and preferred way to practice governance. These jurisdictions provide order, predictability, stability and permanence.

The second implication of the critique is that governance theorists persist in looking for an all-pervasive pattern of organizational and administrative behaviour; a general theory that will provide an explanation for the past and a means to predict the future. Despite the accumulated evidence based on decades of work on theory and the empirical testing theory in public administration, no such pattern has been found.
14.3 IMPACT OF GLOBALIZATION ON PUBLIC ADMINISTRATION

According to Tomas Larsson, ‘Globalization is the process of world shrinkage, of distances getting shorter, things moving closer. It pertains to the increasing ease with which somebody on one side of the world can interact, to mutual benefit, with somebody on the other side of the world.’ Over the years, there has been a dramatic rise in cross-border trading of goods, people, ideas, and cultures.

The rise in international trade in terms of imports and exports, multinationals, and specialization, combined with comparative advantage, are indicators of an increasingly global economy. Although definitions of globalization range from too broad to too narrow, it is enough to know that globalization and increasing interconnectedness of exchange, customs, laws, and politics are related in order to embark upon a study of globalization’s history.

The idea of globalization is not new to India. Even a brief account of history reveals to us that India traded with other parts of the world even during the time of the Indus Valley Civilization. Before the British colonised India, the country was a leader in world trade with Indian merchants supplying various commodities to Africa, Europe and other parts of the Asian continent. It has been estimated by Cambridge historian Angus Maddison that in the early 18th century India’s share in the world production was 22.6 per cent.

Colonial rule devastated the Indian economy to such an extent that at the time of Independence India’s share of world trade had fallen to merely 1.5 per cent. After Independence, as a result of colonialism, India had a deep distrust of foreign trade and investment, and thus opted for a policy of state-led development. India started formulating policies aimed at protecting domestic industry and keeping the trade balance within manageable limits. These policies continued for decades, but in the 1980s it was noticed that there was:

- Excess of consumption and expenditure over revenue resulting in heavy government borrowings
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- Growing inefficiency in the use of resources
- Over protection of the domestic industry
- Mismanagement of firms and the economy
- Mounting losses of public sector enterprises
- Imprudent borrowings from abroad and mismanagement of foreign exchange reserves

Realizing these drawbacks, economic reforms were set in motion, though on a modest scale, in the 1980s. Following the balance of payment crisis, the Government of India adopted a new economic policy in 1991 under pressure from the World Bank and the International Monetary Fund (IMF), which led to the opening up of the Indian economy.

14.3.1 Initial Reforms

The initial restructuring of the Indian economy began in the early 1980s. During this phase, India received a $5 billion loan that was conditional on an ‘adjustment programme’ from the IMF. In his first national broadcast as Prime Minister of India, Rajiv Gandhi said that ‘The public sector has entered into too many areas where it should not be. We shall open the economy to the private sector in several areas hitherto restricted to it.’ His government took a number of measures to remove controls and open areas to private sector players which could be described as initial reforms. Some of the measures initiated by his government were:

- Cement was decontrolled and a number of licenses were issued to private sector units to produce cement
- The share of free sale sugar was increased to help the sugar industry
- The ceiling on the asset limit of big business houses was raised from ₹20 crores to ₹100 crores
- 94 drugs were de-licensed and brought out of the purview of the MRTP Act
- The electronics industry was freed from the restrictions of the MRTP Act
- A scheme of broad banding was introduced. This implied that within the overall capacity, firms were free to produce a range of commodities

India’s trade policy for more than four decades since Independence had largely followed a highly controlled, regulated, and restricted trade regime through various policy instruments like import substitution (i.e., ISI strategy—Import Substitution Industrialization strategy) rather than export promotion, conservation of foreign exchange, outright prohibition of import of some commodities, quantitative restrictions, prohibitive tariff structure—tariff being the highest in the world, import controls and restrictions such as licensing, local content requirements, export obligations, increased list of negative items, complicated clearance
procedure, administrative hassles, among others. The policy makers perhaps were of the opinion that such measures would help India to become a leading exporter with surplus trade balance.

However, these measures did not bring the desired expectations and rather proved to be detrimental to the country’s interest as its share in world merchandise exports slumped drastically from 2.5 per cent in 1948 to nearly 0.6 per cent in 1990. The above measures also reportedly gave rise to corruption level, production inefficiency, delays in shipment, cumbersome procedures, etc. Besides, the balance of payment situation also worsened and the import cover of the foreign exchange reserves came down from around five months in the mid-1980s to just 1.8 months by 1989-90.

Alarmed by the country’s dwindling share in world merchandise exports and other related factors, the government had no other option but to initiate reform process leading towards globalization through a shift in policies from inward-oriented approach to outward-oriented approach. Also, the considerable growth witnessed in the neighbouring markets, especially Singapore, Malaysia, Hong Kong, South Korea that followed the market-led approach and later emerged as Newly Industrialized Countries (NICs) became the role models for Indian policy makers to adapt market-oriented approach to get the country integrated with the global economy.

The decade of 1990 thus ushered in an era of globalization that marked the end of the protected trade regime in India. There are two schools of thought about India embracing globalization. One school is of the opinion that globalization was thrust on India; while the other school says globalization was embraced by choice. Both the schools have their logical reasoning. If one goes by the first school, some of the developments that took place during 1990, viz. the fall of Soviet Union—India’s major export earner, negative trends in the external sector, attack on Iraq—the major source of oil supply to India, worsening BOP situation, poor international credit ratings compelling India to mortgage 46.9 tonnes of gold reserves to raise funds from international markets to meet external obligations, forced India to embrace globalization. If one takes the view of the second school, the commendable growth witnessed by the NICs through market-led policies India had embraced globalization by choice.

The globalization process in India started since 1991 with the introduction of reforms in various policies, viz. the New Industrial Policy, the Foreign Trade Policy, the Economic and Fiscal Policy, the Foreign Direct Investment Policy, etc. The reforms in the Foreign Trade Policy include:

- Reduction in the peak tariff rates from 300 per cent in 1990 to 10 per cent in 2010;
- Removal of quantitative restrictions; shortening the negative list;
- Simplification of trade procedures;
• Introduction of five-year long-term Foreign Trade Policy (EXIM) from 1992–97 to facilitate the business community for planning and committing long-term international trade operations;

• Replacing the earlier draconian Import and Export (Control) Act, 1947 with the Foreign Trade (Development and Regulation) Act, 1992 thereby ending the licensing raj;

• Using trade expansion as an effective instrument of economic growth and employment generation;

• Placing thrust on export promotion through introduction of various export promotion measures, such as Export Promotion Capital Goods Scheme, Special Economic Zones, Software Technology Parks, Bio-Technology Parks, Served from India Scheme, Vishesh Krishi Gram Udyog Yojana (VKGUY), Focus Market and Focus Product Schemes, Towns of Export Excellence for upgradation of export sector, etc.

Other important initiatives for export growth directed towards doubling India’s share in global merchandise trade by 2020 include focus areas for diversification of exports in emerging markets of Africa, CIS, Oceania, and Latin American regions, Market Development Assistance and Market Access Initiative Schemes for export promotion and brand building. Some of the key indicators of the reforms introduced by the government directed towards globalization include:

• The launch of the New Industrial Policy in July 1991 which led to de-reservation of the sectors kept in the domain of public sector in favour of both private domestic and foreign players. The effort towards opening of the economy can be gauged from the fact that out of the seventeen sectors reserved for the public enterprises, as many as fifteen sectors have been opened for private participation. The two sectors viz. Atomic Energy and Railways have been kept reserved for the public sector because of strategic importance. Even within the railways — the peripheral services like catering, maintenance of platforms and palace on wheels have been opened up.

• To improve the efficiency and to cut down the public expenditure investment, norms have been liberalized to attract inflow of capital from domestic and foreign enterprises including institutional investment in various sectors like banking, insurance, transport, real estate and retailing. The inflow of private capital has not only improved the competitiveness of the Indian manufacturing sector, but has also generated large employment opportunities leading to rise in the standard of living of the people.

• The opening of the Telecom-IT sector has resulted in India’s presence in the global marketplace and has been rated among the world’s best. It is wrong to say that the success is confined only to information technology and BPO. The growing increase in India’s exports even without the help of a weak currency has led India to emerge as a powerful economy in the Asian region.
The reforms thus introduced in the policy frames have accelerated the growth rate from 5.7 per cent in the 1980s to what could well be a new trend growth rate of 7 per cent now. The quality of this growth has improved remarkably — whether measured in terms of the units of capital required to produce a unit of output, foreign borrowings needed or the quality of the output, an indication of which is how much of it can be sold abroad.

14.3.2 Liberalization, Privatization and Globalization

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

The new Finance Minister was aware of the fact that in many countries the classical macro solution for a balance of payment crisis had led to a slowing of private investment and growth in the two years (and often for longer periods) following the macro adjustment. He was also inspired by the remarkable growth rates and poverty reduction achieved by the more open economies of Eastern Asia during the previous two decades. He felt that extensive decontrol and delicensing was necessary to release the productive potential of Indian entrepreneurs, reduce the period of private investment and growth slowdown and raise the underlying growth rate of the Indian economy. He also recognized that the best way to put the Balance of Payments on a long-term sustainable path was through comprehensive liberalization of international trade, finance/capital inflows and the exchange regime.

Thus, the government initiated the new economic reform model, popularly known as Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy grow faster and globally competitive. The series of reforms undertaken in the industrial, trade and the financial sector were aimed at making the economy more efficient. While announcing the new economic policy, the Finance Minister claimed the following advantages and objectives:

- The new economic policy will meet the crisis of balance of payments and fiscal deficits.
- It will release industries from the shackles of unnecessary controls and regulations which have become hurdles in the way of industrial growth.
- In light of the general trend towards globalization, the Indian economy cannot remain isolated and therefore has to be globalised to take advantage of global finances and technology.
• Indian industries will be subjected to market discipline both internally and externally.
• It will encourage large scale private foreign investment through incentives provided by budgetary and non-budgetary policies.
• Indian industries instead of remaining isolated, artificially protected and divided will now be obliged to become more competitive, cost conscious and efficient. The public sector which has proved to be a drain on the national resources as it has been incurring massive losses will get rationalized either through internal efficiency or by semi-privatization, i.e., participation of the private sector in its equities and management.
• India will be able to get long term and short term loans from the World Bank and the IMF to meet the balance of payment deficits and thus save itself from the humiliation of default.
• It shall be possible to mobilize large sums of money held by the NRIs and thus avoid dependence on the international financial system.
• A lot of black money can be mopped up through India Investment Bonds and investment in housing without any questions being asked about the sources of money.
• Inflation will be controlled by the introduction of fiscal reforms.

14.3.3 Important Measures During Globalization

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

• **Devaluation:** The devaluation of the Rupee was undertaken in order to resolve the balance of payment crisis. The Rupee was devalued by 18–19 per cent against major currencies in the international foreign exchange market.

• **Disinvestment:** Under the privatization scheme, many of the public sector undertakings were/ are being sold to the private sector. However, the privatization of public sector units, especially profit-making public sector units has become controversial with many unions and political parties opposing the move.

• **Dismantling of the Industrial Licensing Regime:** At present, there are only six industries that are under compulsory licensing. This is mainly on account of environmental safety and strategic considerations. A significantly amended locational policy in tune with the liberalized licensing policy has also been put in place. Under the new guidelines, no industrial approval is required from the government for locations not falling within 25 kms of the periphery of cities having a population of more than one million.

• **Allowing Foreign Direct Investment (FDI):** Under the LPG model, FDI was allowed across a wide spectrum of industry. Some of the recent
initiatives taken to further liberalize the FDI regime, include the opening up of sectors such as Insurance (up to 26 per cent); development of integrated townships (up to 100 per cent); defence industry (up to 26 per cent); tea plantation (up to 100 per cent subject to divestment of 26 per cent within five years to FDI); enhancement of FDI limits in private sector banking, allowing FDI up to 100 per cent under the automatic route for most manufacturing activities in SEZs; opening up B2B e-commerce; Internet Service Providers (ISPs) without Gateways; electronic mail and voice mail to 100 per cent foreign investment subject to 26 per cent divestment condition; etc.

- **Non-Resident Indian Scheme**: Under the new policy, the general policy and facilities for foreign direct investment which are available to foreign investors/companies are fully applicable to Non-Resident Indians (NRIs) as well. Along with this, the government has extended some concessions for NRIs and overseas corporate bodies having more than 60 per cent stake by NRIs.

- **Throwing Open Industries Reserved for the Public Sector to Private Participation**: The Industrial Policy Resolution, 1956 had listed 17 industries under the sole domain of the state where the private sector was not allowed to operate. However, as a consequence of economic reforms most of the industries have been opened to private players. As present, there are only three industries reserved for the public sector. The three industries are defence aircrafts and warships, atomic energy generation and railway transport.

- **Abolition of the MRTP Act**: The MRTP act was considered a major instrument of the license, quota and permit raj in India. It act was subject to severe criticism on the grounds that big business houses were unable to start new enterprises because of the ceiling on asset ownership prescribed by the act. In case a business house had assets of more than Rs. 100 crores, its application after scrutiny by the MRTP Commission was rejected. It was believed that on account of the rise in prices this limit had become outdated and needed a review.

  The second objection by the private sector lobby was that it prevented big industrial houses from investing in heavy industry and infrastructure, which required lump sum investment. In order that the big business could be enthused to enter the core sectors like heavy industry, infrastructure, petrochemicals, electronics, etc., with big projects, the MRTP Act was scrapped.

- **Reduction of Import Duties**: After the new economic model was introduced in 1991 there has been a considerable reduction in import duties. This reduction in import duties and the extension of MODVAT credit on taxes paid on inputs have been important measures for improving efficiency of the tax system. By 1990, import duties were 300 per cent or more for several items and above 200 per cent for many items. Peak rates were
progressively reduced during the 1990s to reach around 35 per cent in 2001–02. The median tariff rate was brought down to 25 per cent in the 2003–04 budget. Besides this, the government has attempted to rapidly dismantle quantitative restriction on imports and exports. It has also undertaken the adjustment of the exchange rate so as to remove the overvaluation of currency. This has helped in stepping up exports.

- **Convertibility of Rupee:** The most important measure for integrating the economy of any country is to make its currency fully convertible, i.e., allowing it to determine its own exchange rate in the international market without any official intervention. India achieved full convertibility on its current account in August 1994. Current account convertibility means the freedom to buy or sell foreign exchange for transactions. These transactions include all payments due in connection with foreign trade, other current account business, including services and normal short term banking and credit facilities, payment due as interest on loans and as net income from other investments, payment of moderate amount of amortization of loans or for depreciation of direct investment and moderate remittances for family living expenses. Certain steps towards full convertibility on capital account have also been taken.

The steps include allowing authorized dealers to invest abroad their unimpaired tier 1 capital. These authorized dealers have also been delegated powers to release exchanges for the opening of offices abroad. Banks fulfilling certain criteria have been permitted to import gold for release in India. Resident individuals and listed companies have been permitted to invest in overseas companies listed on a recognized stock exchange. The limit on banks investment from/in overseas market has been raised. Indian companies are now allowed to access ADR/GDR markets through an automatic route. Moreover, Indian companies with a proven track record are allowed to invest up to 100 per cent of their net worth in foreign entities. ADs are allowed to issue international credit cards. NRIs are allowed to remit up to U.S. $1 million per calendar year out of their non-resident ordinary accounts/sale proceeds of assets and so on.

- **Wide-ranging financial sector reforms:** After the new economic policy started being implemented from 1991, there have been wide ranging financial sectors reforms in banking, capital markets, and insurance. These include deregulating interest rates, having a strong regulation and supervisory system in place and introducing foreign as well as private sector competition.

- **Other Measures:** Many other reform measures have been announced from time to time. For instance, foreign companies have now been allowed to use their trademarks in India and carry on any activity in trading, commerce and industry; the repatriation of profits by foreign companies has also been allowed. Foreign companies, other than those in banking, who want to
borrow money or accept deposits are now allowed to do so without taking the permission of the RBI.

Foreign companies can also now deal in immovable property in India. Moreover, restrictions on transfer of shares from one non-resident to another non-resident have been removed and reputed Foreign Institutional Investors (FIIs) have been allowed to invest in the Indian capital market subject to certain conditions. All these initiatives are supposed to integrate the Indian economy with the world economy.

The Indian economy has witnessed impressive growth since the adoption of the ‘LPG model’ in 1991. However, this growth has been subject to debate as it has not made a dent on the overall social indicators of the nation. It has also been convincingly argued that economic reforms have not achieved its claimed targets and objectives.

At the same time, with increase global integration, the process of globalization in some senses has become irreversible. Moreover, many industrialist and politicians, especially those belonging to the two major national parties, i.e., the BJP and the Congress, feel that the broad direction of the reforms is right and, in that sense, the reform process is permanent.

Check Your Progress

6. State why the idea of globalization is not new to India?
7. What were the key indicators of the reforms introduced by the government for globalization?
8. What was the purpose of the LPG model?
9. Why is Convertibility of Rupee considered as the most important measure for integrating the economy of the country?

14.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Good governance generally means looking after the welfare of all in every respect. It may refer to high level of organizational efficiency and effectiveness and a responsive and responsible behaviour on the part of rulers in order to obtain pre-determined desirable goals for the society. Good governance aims at achieving much more than the efficient management of economic and financial resources or public services. It is a broad reform strategy to make government more open, responsive, accountable and democratic. Good governance is the qualitative dimension of governance.

2. In many of the African States, the positive impact of structural adjustments has been minimal due to general underdevelopment, weak markets and
States, and limited extent of reforms in other key areas such as health, education, infrastructure and an appropriate regulatory environment. The first set of structural adjustment reforms, in a way, was not considered to be coherent and holistic and these were imposed top down.

Gradually, the conception that reigned supreme – that the State is an obstacle to development – appeared to be losing ground. It was being realised that the State is crucial not only for development but also for democratization. There is a strong need for improving governing mechanisms and systems to protect the civil, political and social rights of individuals and communities. This realization has given rise to second generation reforms with focus on State institutions, markets as well as civil society. It secured fillip with the propagation of the concept of governance in 1989 by the World Bank.

3. The World Bank has defined good governance as having six main characteristics, which are as follows:
   - Voice and accountability that include civil liberties and political stability
   - Government effectiveness, which comprises the quality of policy making and public service delivery
   - The quality of the regulatory framework
   - The rule of law which includes protection of property rights
   - Independence of judiciary
   - Curbs on corruption

4. Bovaird and Loffler (2003) list ten characteristics of good governance which have recurred frequently both in the literature and in political and practitioner debates on the subject. These are:
   - Citizen engagement
   - Transparency
   - Accountability
   - The equalities agenda and social inclusion (gender, ethnicity, age and religion)
   - Ethical and honest behaviour
   - Equity (fair procedures and due process)
   - Ability to compete in a global environment
   - Ability to work effectively in a partnership
   - Sustainability
   - Respect for the rule of law

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

6. The idea of globalization is not new to India. Even a brief account of history reveals to us that India traded with other parts of the world even during the time of the Indus Valley Civilization. Before the British colonised India, the country was a leader in world trade with Indian merchants supplying various commodities to Africa, Europe and other parts of the Asian continent. It has been estimated by Cambridge historian Angus Maddison that in the early 18th century India’s share in the world production was 22.6 per cent. Colonial rule devastated the Indian economy to such an extent that at the time of Independence India’s share of world trade had fallen to merely 1.5 per cent. After Independence, as a result of colonialism, India had a deep distrust of foreign trade and investment, and thus opted for a policy of state-led development. India started formulating policies aimed at protecting domestic industry and keeping the trade balance within manageable limits.

7. The key indicators of reforms introduced by the government directed towards globalization include:

- The launch of the New Industrial Policy in July 1991 which led to de-reservation of the sectors kept in the domain of public sector in favour of both private domestic and foreign players. The effort towards opening of the economy can be gauged from the fact that out of the seventeen sectors reserved for the public enterprises, as many as fifteen sectors have been opened for private participation. The two sectors viz. Atomic Energy and Railways have been kept reserved for the public sector because of strategic importance. Even within the railways — the peripheral services like catering, maintenance of platforms and palace on wheels have been opened up.

- To improve the efficiency and to cut down the public expenditure investment, norms have been liberalized to attract inflow of capital from domestic and foreign enterprises including institutional investment in various sectors like banking, insurance, transport, real estate and retailing. The inflow of private capital has not only improved the competitiveness of the Indian manufacturing sector, but has also generated large employment opportunities leading to rise in the standard of living of the people.

- The opening of the Telecom-IT sector has resulted in India’s presence in the global marketplace and has been rated among the world’s best. It is wrong to say that the success is confined only to information technology and BPO. The growing increase in India’s exports even without the help of a weak currency has led India to emerge as a powerful economy in the Asian region.
8. The economic crisis of 1991 generated huge pressures on Indian policy makers. It was felt that there was an urgent requirement for evaluating the existing model of the economy and modify it according to the present circumstances. International agencies especially IMF and the World Bank stressed that opening up the Indian economy and undertaking ‘structural adjustment programs’ were the answer. Moreover, a new government was formed in India in July 1991 under the leadership of P.V. Narasimha Rao. He appointed Manmohan Singh, who was a professional economist, as his finance minister. The government initiated the new economic reform model, popularly known as Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy grow faster and globally competitive. The series of reforms undertaken in the industrial, trade and the financial sector were aimed at making the economy more efficient.

9. The most important measure for integrating the economy of any country is to make its currency fully convertible, i.e., allowing it to determine its own exchange rate in the international market without any official intervention. India achieved full convertibility on its current account in August 1994. Current account convertibility means the freedom to buy or sell foreign exchange for transactions. These transactions include all payments due in connection with foreign trade, other current account business, including services and normal short term banking and credit facilities, payment due as interest on loans and as net income from other investments, payment of moderate amount of amortization of loans or for depreciation of direct investment and moderate remittances for family living expenses. Certain steps towards full convertibility on capital account have also been taken.

The steps include allowing authorised dealers to invest abroad their unimpaired tier1 capital. These authorized dealers have also been delegated powers to release exchanges for the opening of offices abroad. Banks fulfilling certain criteria have been permitted to import gold for release in India. Resident individuals and listed companies have been permitted to invest in overseas companies listed on a recognized stock exchange. The limit on banks investment from/in overseas market has been raised. Indian companies are now allowed to access ADR/GDR markets through an automatic route. Moreover, Indian companies with a proven track record are allowed to invest up to100 per cent of their net worth in foreign entities.

14.5 SUMMARY

- Good governance generally means looking after the welfare of all in every respect. It may refer to high level of organizational efficiency and effectiveness.
and a responsive and responsible behaviour on the part of rulers in order to obtain pre-determined desirable goals for the society.

- In many of the African States, the positive impact of structural adjustments has been minimal due to general underdevelopment, weak markets and States, and limited extent of reforms in other key areas such as health, education, infrastructure and an appropriate regulatory environment.

- Good governance aims at achieving much more than the efficient management of economic and financial resources or public services. It is a broad reform strategy to make government more open, responsive, accountable and democratic.

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

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


- Governance, in the context of managerial reforms, assigns a steering and regulating role to the government vis-a-vis the private sector and forges productive partnerships between the government and social organizations.

- There is, no doubt, a distinction between New Public Management and governance approaches. New public management focuses more on processes with a view to achieving efficiency and performance, while governance emphasizes on interaction and cooperative endeavours in realizing desired outcomes.

- Governance, with its emphasis on the rule of law, human rights, empowerment, participatory development, attempts to provide a countervailing force to the excessive managerial orientation.

- Governance, in general, involves the exercise of political, administrative and economic powers in managing a country’s affairs within a democratic framework. Governance as a wider strategy of pursuing development and promoting good government is occupying centre-stage in many countries.

- Governance is multi-dimensional in nature. But apprehensions are expressed about the intent of governance as it is in some respects considered to be an extension of the Washington consensus.

- The rise in international trade in terms of imports and exports, multinationals, and specialization, combined with comparative advantage, are indicators of an increasingly global economy.
Colonial rule devastated the Indian economy to such an extent that at the time of Independence India’s share of world trade had fallen to merely 1.5 per cent. After Independence, as a result of colonialism, India had a deep distrust of foreign trade and investment, and thus opted for a policy of state-led development. Following the balance of payment crisis, the Government of India adopted a new economic policy in 1991 under pressure from the World Bank and the International Monetary Fund (IMF), which led to the opening up of the Indian economy. The initial restructuring of the Indian economy began in the early 1980s. During this phase, India received a $5 billion loan that was conditional on an ‘adjustment programme’ from the IMF. India’s trade policy for more than four decades since Independence had largely followed a highly controlled, regulated, and restricted trade regime through various policy instruments like import substitution. Alarmed by the country’s dwindling share in world merchandise exports and other related factors, the government had no other option but to initiate reform process leading towards globalization through a shift in policies from inward-oriented approach to outward-oriented approach. The globalization process in India started since 1991 with the introduction of reforms in various policies, viz. the New Industrial Policy, the Foreign Trade Policy, the Economic and Fiscal Policy, the Foreign Direct Investment Policy, etc. Other important initiatives for export growth directed towards doubling India’s share in global merchandise trade by 2020 include focus areas for diversification of exports in emerging markets of Africa, CIS, Oceania, and Latin American regions, Market Development Assistance and Market Access Initiative Schemes for export promotion and brand building. The reforms thus introduced in the policy frames have accelerated the growth rate from 5.7 per cent in the 1980s to what could well be a new trend growth rate of 7 per cent now. The economic crisis of 1991 generated huge pressures on Indian policy makers. It was felt that there was an urgent requirement for evaluating the existing model of the economy and modify it according to the present circumstances. The government initiated the new economic reform model, popularly known as Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy grow faster and globally competitive. Under the privatization scheme, many of the public sector undertakings were/ are being sold to the private sector. However, the privatization of
public sector units, especially profit-making public sector units has become controversial with many unions and political parties opposing the move.

- The most important measure for integrating the economy of any country is to make its currency fully convertible, i.e., allowing it to determine its own exchange rate in the international market without any official intervention.
- Many other reform measures have been announced from time to time. For instance, foreign companies have now been allowed to use their trademarks in India and carry on any activity in trading, commerce and industry; the repatriation of profits by foreign companies has also been allowed.
- The Indian economy has witnessed impressive growth since the adoption of the ‘LPG model’ in 1991. However, this growth has been subject to debate as it has not made a dent on the overall social indicators of the nation.

14.6 KEY WORDS

- OECD: The Organisation for Economic Co-operation and Development (OECD) is an intergovernmental economic organisation with 36 member countries, founded in 1961 to stimulate economic progress and world trade.
- UNDP: The United Nations Development Programme (UNDP) is the United Nations’ global development network. It advocates for change and connects countries to knowledge, experience and resources to help people build a better life for themselves.
- World Bank: The World Bank is an international financial institution that provides loans to countries for the purpose of pursuing capital projects. It comprises two institutions: the International Bank for Reconstruction and Development, and the International Development Association.
- IMF: The International Monetary Fund (IMF) is an international organization headquartered in Washington, D.C., consisting of 189 countries working to foster global monetary cooperation, secure financial stability.
- MRTP Act: The Monopolistic and Restrictive Trade Practices (MRTP) Act, 1969, was enacted. To ensure that the operation of the economic system does not result in the concentration of economic power in hands of few.
- MODVAT: Modified Value Added Tax (MODVAT) is slightly modified version of the VAT. The government of India adopted the concept of Value Added Tax or Vat in 1986, through the introduction of MODVAT. After being in force for around 15 years, MODVAT was replaced.
- GDR: A global depositary receipt (GDR) is a bank certificate issued in multiple countries. GDRs are similar to American depositary receipts (ADRs).
• **ADR**: American Depository Receipt (ADR), is a negotiable certificate, issued by a US bank, denominated in US$ representing securities of a foreign company trading in the United States stock market. The receipts are a claim against the number of shares underlying.

### 14.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

**Short-Answer Questions**

1. What is the main objective of good governance?
2. State the role of international agencies like the World Bank in popularising the concept of good governance.
3. What is the distinction between government and governance?
5. What were the major measures initiated by the Indian government as a part of the liberalization and globalization strategy?

**Long-Answer Questions**

1. Analyse the evolution of the concept and meaning of good governance.
2. Discuss the main objectives of the structural adjustment programmes launched by the World Bank and IMF.
3. “Governance is multi-dimensional in nature.” Justify this statement.
4. Critically analyse the various reforms introduced by the government for globalizing its economy and industry.

### 14.8 FURTHER READINGS


