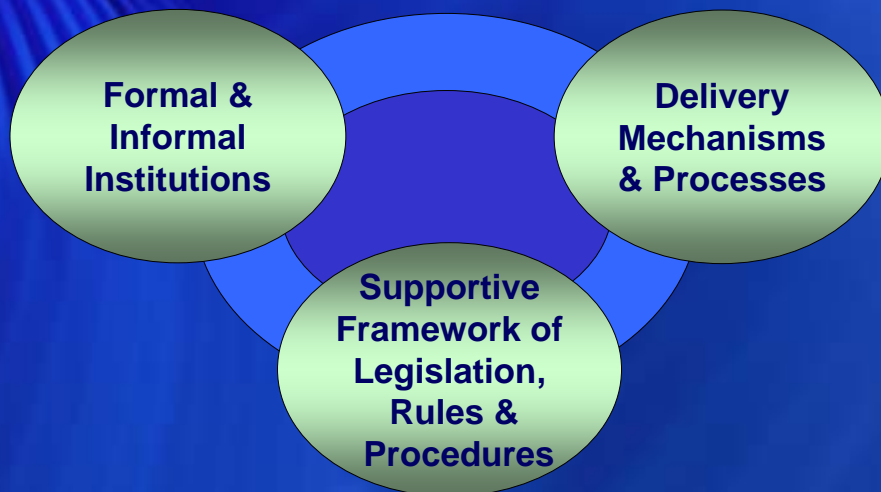


# Reforming Governance: India Case Study

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## Governance: Interplay of 3 Key Elements



## **Governance Reforms in India: The Trajectory**

- **1st Stage (Early 1990) – Getting the Institutions and Systems work: Economic reforms; Decentralization; Electoral reforms; Financial management**
- **2<sup>nd</sup> Stage (Late 1990s): Moving the agenda to the States [Example: Andhra Pradesh]**
- **3<sup>rd</sup> Stage: Focus on Implementation; Making Services work; Enhancing responsiveness, accountability & transparency in administration**

## **Governance Reforms in India: Significant Efforts**

- **Redefining Role of State**
- **Electoral Reforms**
- **Judicial Reforms**
- **Decentralization- Strengthening Local Government**
- **Tax Reforms & Fiscal Responsibility**
- **Moving from Outlays to Outcomes**
- **Civil Service Reforms**
- **Harnessing Information & Communication Technology**
- **Addressing Corruption**
- **Enhancing Accountability & Transparency**
- **Focusing on People**

## Changing Role of State: Economic Reforms & End of License-Permit Raj

| From  | To  |
|---|---|
| A major operator in many sectors of economy   | A prudent facilitator of private sector activity in areas best operated by private sectors, and provider in services for others |
| A regulator and controller of most economic decisions in many sectors   | An enabler of market based development through conducive, deregulated policy environment with requisite safety nets             |
| Direct top down administration and centralised decision-making  | Enabling, empowering and ensuring participation from local administration and decentralising decision-making                    |
| <p>Growth Rate: 8.5%- 2003, 7.5%- 2004, 8.1%- 2005</p> <p style="text-align: center;">Tremendous inter state variations</p> |   |

## Electoral Reforms

- Voter registration – Facility extended to Post Offices
- Disclosure norms: Candidates contesting election to disclose their criminal antecedents, assets & liabilities, educational qualification, etc.
- Anti-defection measures – Disqualification for defying party whip; no defecting member can be a Minister
- Number of Ministers not to exceed 10% of the strength of Legislature

Results : National and State elections well-managed – generally above suspicion;

Problems of funding of election, inner party democracy, voter patronage to be addressed

## **Independence of Judiciary**

- **Provision for transfer of Judges of High Courts**
- **Reforms in old and outdated laws; Computerization**
- **Public Interest Legislation as a mechanism for demanding responsive and responsible governance**
- **Alternative Dispute Resolution Mechanisms (Lok Adalats, Family Courts, Women's Courts, etc.)**
- **Fast Track Courts to address pendency**
- **Judiciary brought under Right to Information Act 2005**

**Pendency in courts still high; problems in lower judiciary persist; Recruitment & skill gap issues**

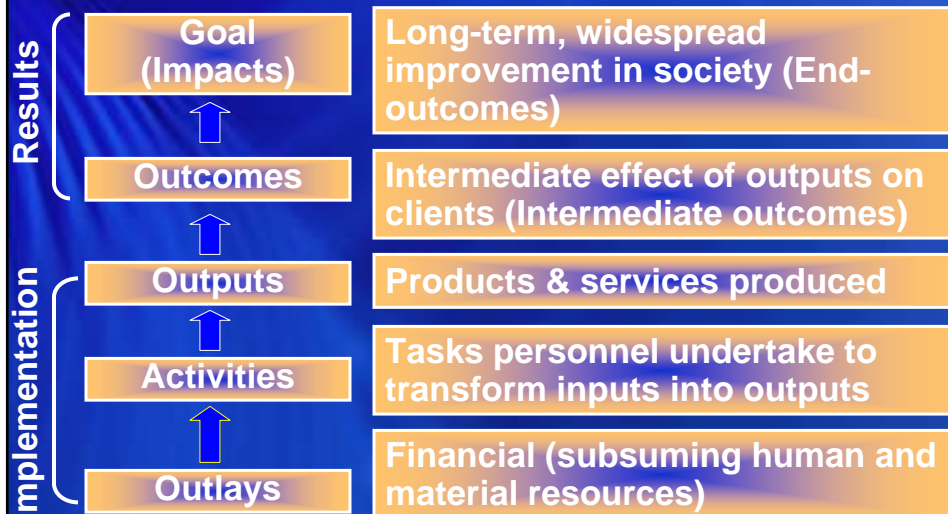
## **Decentralization: Strengthening Local Self-Government**

- **Constitution 73<sup>rd</sup> & 74<sup>th</sup> Amendment Acts 1992**
  - **Election to Local Bodies through independent State Election Commissions**
  - **Reservation of Seats – Women, SCs, STs**
  - **Gram Sabhas/Wards Committees**
  - **State Finance Commission: Devolution of resources**
  - **District Planning Committee**
  - **Metropolitan Planning Committee**
- **Key role of Local Bodies in National Initiatives – Incentives to states for local government reforms**

## Tax Reforms & Fiscal Responsibility Legislation

- Broadening Tax Base – Presumptive Taxes (e.g. Fringe Benefit Tax), Security Transaction Tax, Cash Withdrawal Tax, Tonnage Tax, Service Tax, Rationalization of Income Tax, Value Added Tax & move to a General Goods & Services Tax regime
- Fiscal Responsibility & Budget Management Act 2003
  - Reduce Revenue Deficit to 0 by 2008
  - Reduce Fiscal Deficit to 3% of GDP by 2008
  - Additional Liabilities not to exceed 9% of GDP
  - Annual Disclosure to Parliament: Revenue & Fiscal Deficits, Tax Revenues and Total Liability
- Devolution from Centre to States linked to reforms based on Central Finance Commission recommendations

## From Outlays to Outcomes: Budgeting Reform



Outcome Budgeting initiated from 2005 – One to one Relationship between Financial & Performance Budgets

## Civil Service Reforms

- Reforms in recruitment, promotion, weeding the deadwood etc.
- Five phases of training for All India Service Officers – Life Cycle Approach
- Specialization & Domain Assignment at higher levels
- New system of Performance Appraisal Report for All India Service Officers
- Objective Performance Management System
- Civil Service Awards
- Public Service Law (Draft): Codes for Recruitment, Management & Service Ethics
- Police Reforms: Training, Building Values, Technology Modernization, Service Conditions, State Security Commission

Results: Significant downsizing (1.8 civil servants per 100 population; Tenure security- problem in some states

## ICT for Improving Governance: National e-Governance Plan (2003-07)

- Focus on improving services to citizens and business (G2C & G2B); demystification of complicated governmental processes (G2G); Effective information management
- Key components:
  - A set of Core Policies
  - A set of Cross-cutting initiatives
  - A set of Mission Mode projects at National Level
  - A set of Mission Mode projects at State Level

## NeGP: Mission Mode Projects



## Addressing Corruption

- Central Bureau of Investigation to report to the Central Vigilance Commission
- Strengthening of Anti-Corruption machinery in states
- Publication of names of Officers of Doubtful Integrity on the Web
- Process re-engineering (e.g. Self-assessment of taxes); Citizen's Committees; Exit Poll Surveys on Corruption
- Implementation of Citizen's Charters, Citizen's Report Cards, People's Estimates & Social Audit (mandatory under National Rural Employment Guarantee Act)

**Lessons: Reduce interface with the public; Simplify processes; Strengthen enforcement; Use technology; Empower citizens**

## Enhancing Accountability & Transparency: Right to Information Act 2005

- Mandatory disclosure of Information held by all Public Authorities and compliance with information requests
- Any body owned, controlled or substantially financed directly or indirectly by Government' – defined as a Public Authority
- Information includes that “relating to a private body which can be accessed by a public authority under any other law for the time being in force”
- Section 4 (1)b of RTI Act – *Suo motu* Disclosure on 17 Items
- Time bound Disposal of Information Requests
- Central & State Information Commissions
- Penal action for non compliance with Act provisions
- Information Commission's Report to Legislature
- State's responsibility for assist citizens on RTI

## People-centric Development: Major National Initiatives

- Anti-poverty Programmes: Pradhan Mantri Gram Sadak Yojana, Indira Awas Yojana, Swarnajayanti Gramswarojgar Yojana, Sampoorna Grameen Rojgar Yojana, National Food-for-work Program, Swarna Jayanti Shahari Rozgar Yojana
- **National Rural Employment Guarantee Act – Social Audit**
- Antyodaya Anna Yojana
- Bharat Nirman for Rural Infrastructure: Thrust on Power, Roads, Irrigation, Telecom, Housing & Drinking Water in all villages by 2009
- National Rural Health Mission
- Sarva Siksha Abhiyan
- Midday Meal Scheme
- Integrated Child Development Scheme
- **Jawaharlal Nehru National Urban Renewal Mission – Incentivising reforms**
- 15-Point Programme for Minorities

## **Governance Reform: Some Initiatives of Andhra Pradesh State**

- **Strengthening the Bottom of the Pyramid**
  - **Self-Help Group Movement**
- **Using ICT for Improving Governance e.g.**
  - **e-Seva**
  - **e-Procurement**
  - **Other e-Initiatives**
- **Transformation of Hyderabad City**
- **Centre for Good Governance**

## **Bottom of the Pyramid: SHGs**

- **650,000 Self-Help Groups – 80,00,000 Women**
- **27000 Village Organizations, 896 Federations, Rs.3000 Crore Savings, Rs.6000 Crore Bank Credit mobilized;**
- **28000 families in one District (Anantapur) alone having a turnover of Rs.120 crore**
- **Group and Federation Micro-credit Investment Plans based on Family Micro-credit Assessment;**
- **Key Activities: Income generation, Food security, Procurement and marketing of agricultural and minor forest produce, Smoothing of consumption**
- **Community Investment Fund Assistance from Andhra Pradesh State Government under World Bank-supported Project – Rs.1400 Crore**

## ICT for Improving Governance: eSeva – One-stop Non-stop Service to Citizens

- 253 Urban eSeva Centres; 150 G2C & B2C Services on PPP Mode
- Services Offered: Payment of Bills, Permits & Licenses, Certificates, Reservations, ATM Withdrawals, Mutual Funds Collections & Share Transfers, Forms and Applications, Information etc.
- 61 Million Transactions through eSeva and 170,000 Transactions Online from 2001 to 2006 (September)  
Value of Transactions : Rs12,995 Crore
- 6000 Rural eSeva Centres started

Lessons: PPP; Link back and front ends; Eliminate human interface

## e-Procurement: PPP Mode



- Procurement activities electronically over Internet with vendors/ suppliers (Partnership with C1 India)
  - Online Indents & Demand aggregation
  - Online Supplier registration
  - Online Tender hosting
  - Online Bid submission and evaluation
  - Online Auction/reverse auction
  - Online Release of purchase order
  - Online post-procurement monitoring

Other Reforms: Tender transparency law; Regulatory authority

## **e-Procurement: Achievements**

- 8 Govt Departments, 12 Public sector Units, 51 Municipalities, 3 Universities have so far adopted tendering on e-platform
- Turn over
  - 2003-04: Rs.1,982 Cr (564 Nos)
  - 2004-05: Rs 15,600 Cr(2215 Nos)
  - 2005-06: Rs 15,808 Cr (9981 Nos)
- Automated work flows shortened tender lead time from 180 days to 36 days
- Total anonymity generated more competition
- Discount quotations even in Single-bid tenders
- Cost savings : Rs.1974 Crore during 2003-05
- Significant savings in tender notification costs

## **Other e-Governance Initiatives**

- CARD, eCops
- Online Petition Monitoring System (OLPMS)
- Online Grievances Redressal Tracking System (OGRTS)
- Online Legal Caseload Management System (OLCMS)
- Online Performance Tracking System (OLPTS)
- Prioritised Project Monitoring System (PPMS)

## Institutional Support for Reforms: Centre for Good Governance

- CGG functioning at Hyderabad from 2001 as Think Tank on Governance Reform Issues, Bank of Best Practices and Agent for Change Management & Transformation
- Harnessing Knowledge, Technology & People through 8 Resource Groups: Governance, Human Development, Financial Management, Rural Management, Urban Management, Performance Management, Change Management, E-Governance
- Highly Professional Knowledge Management Teams State & State Development Centre
- Strategy & Performance Innovation Units; Reform Incentive Fund
- On Financial Self sustainability in less than 5 years

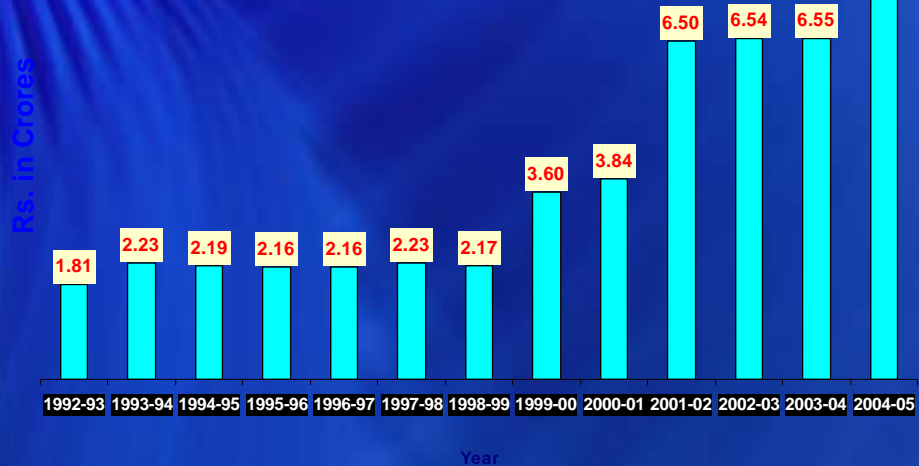
## Transformation of Hyderabad City: Tax Reforms through Self-Assessment

**Property Tax (Rs. Crore): 1992-93 to 2004-05**  
(More 30% Annual growth 1998-2005)



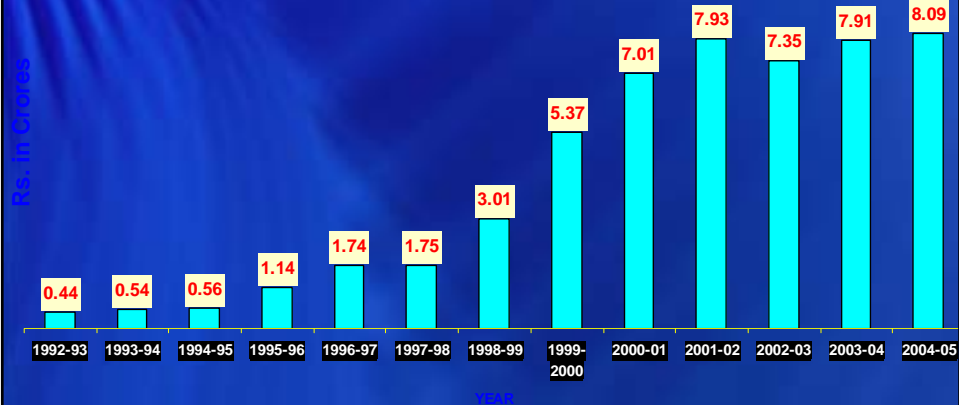
## Transformation of Hyderabad City: Tax Reforms through Self-Assessment

Trade Licensing Fee (Rs. Crore): 1992 ₹ to 2004 ₹  
(70% Annual growth 2000-2002)



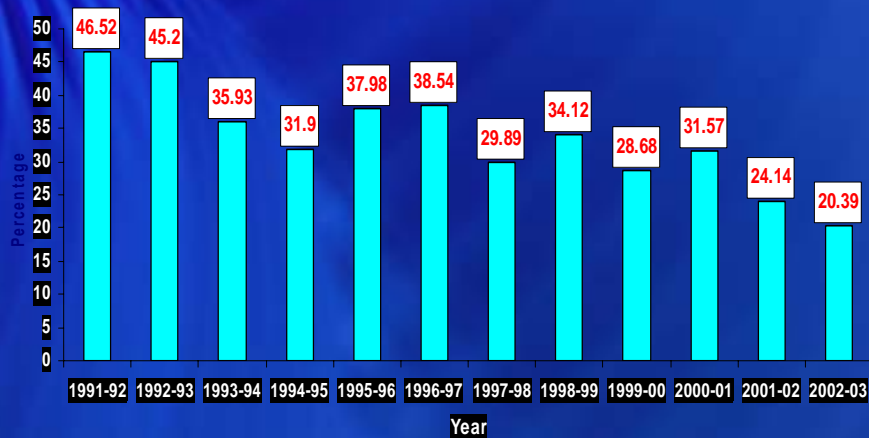
## Transformation of Hyderabad City: Reforms through Self-Assessment

Advertisement Fee (Rs. Crore): 1992 ₹ to 2004 ₹  
(80% Annual growth 1998-2000)



## Transformation of Hyderabad City: Freeing Expenditure for Capital Works

### Trends in Salary Expenditure 1991-92 – 2002-03



## Hyderabad City Reforms: A Key Lesson - Small is Beautiful

“ Not only is it remarkable that all this has happened, but that it has happened so fast.”

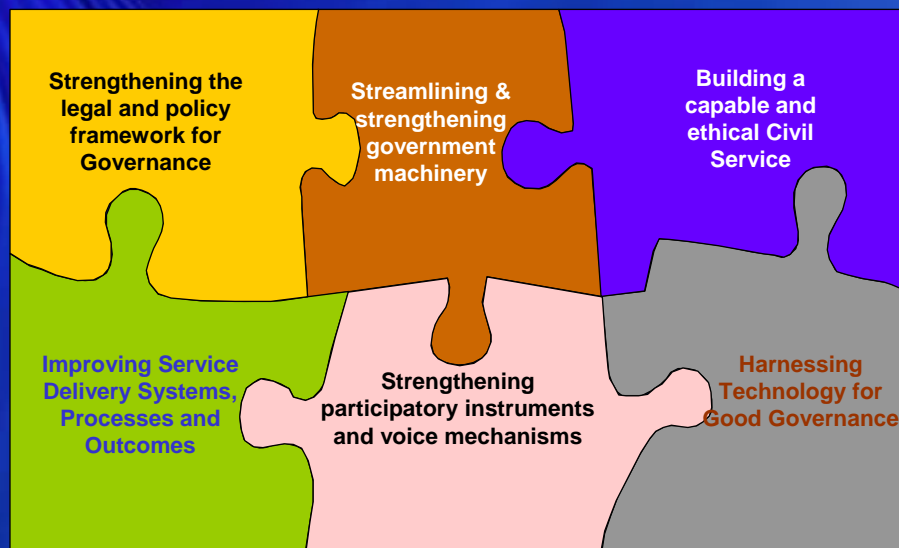
“Vast schemes, grandiose theories can never achieve the same benefits as the accumulation of smaller, consistent, attainable goals. Hyderabad is one example of what the sum looks like when the many smaller parts that actually work are added up”.

**Hyderabad, India: the next Silicon Valley?  
National Geographic, November 2002**

## Andhra Pradesh Case Study: Success Factors

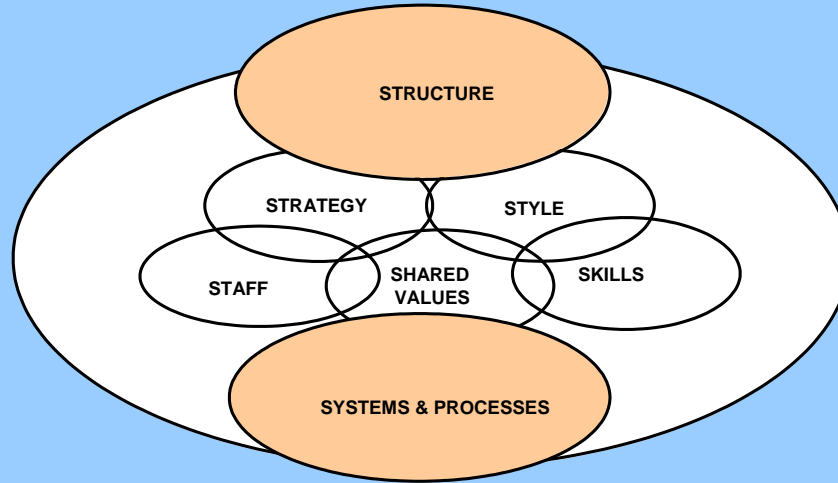
- Long-term Vision & Strategic Planning
- Determination to tap New Technology
- Public-Private-People Partnerships
- Political Commitment
- Right Person in Right Place: Tenure of Civil Servants
- Training of Officials and Non-Officials
- Administrative Autonomy
- Small and Consistent Experiments
- Involvement of People

## Lessons from India Case Study: Need for a Holistic Approach



## Adopting a Holistic Approach: The 7-S Model

SITUATION



**THANK YOU**