

Good Governance



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Introduction

Investing in human development is, to some extent, about the provisioning of funds, but merely pumping in money without addressing the subject of effective service delivery means there is tremendous wastage in human and fiscal terms. The issue is not merely 'how much' has been provided, but 'how' it has been spent. Systems should be efficient, people-friendly and corruption free. Very often, states fail to achieve high levels of performance in human development because the systems lack accountability, are riddled with red tape and are distanced from the people. Leakage of funds earmarked for human development into the pockets of contractors, bureaucrats and other vested interest groups means that funds are not being used for the most vulnerable sections of society. Providing good governance will ensure that the human development requirements of those who are most in need, will be met efficiently and effectively.

Good governance is about providing an efficient and effective administration that is committed to improving the quality of life of the people. It is about what people expect from the administration, and the willingness and capacity of the administration to fulfill their expectations. The main tenets of good governance can be enumerated as: (i) improved delivery systems for services, (ii) increasing simplicity and accessibility of systems and procedures, (iii) increased fiscal responsibility and efficiency of expenditures through sound financial management, (iv) higher levels of accountability and transparency in governance, and (v) stringent anti-corruption measures. Good governance enables a citizen-friendly, citizen-caring and responsive administration, and in the process, results in the exercise of public authority for the common good.

Service delivery

In the last few years, Karnataka has been moving steadily forward on the path of good governance.

The changes in policy and new governance measures have brought about a more accountable, transparent and efficient administration. Karnataka is regarded today as one of the better governed states in the country, and its civil service seen as more compact, efficient and responsive than in most other states.

The Government of Karnataka has undertaken reforms that focus on collective service delivery and help in more equitable distribution of services. A survey conducted by Public Affairs Centre, (PAC) Bangalore, in 2001 covered rural and urban areas and basic services such as health, education, bus transport, and subsidised distribution. The survey's results put Karnataka in the third place in a list of 22 states. As to whether the quality of public service delivery has improved in Karnataka, evidence is not available for the whole state, but evidence from Bangalore suggests it has. The PAC conducted two surveys in 1994 and 1999 to assess satisfaction with government services among Bangalore residents. For the six public utilities covered in the survey, the proportion of satisfied users rose from nine per cent to 32 per cent, while the number of dissatisfied users fell from 41 per cent to 19 per cent. The survey also provided information on individual services, which suggest that positive improvements have occurred.

Apart from significant progress in the delivery of services in Bangalore city, state-wide services have also been improved. In fact, many of the reforms first introduced in Bangalore are now being extended beyond the capital to other towns. At present, the focus is on rural services, e.g. improving regulatory services provided by local government offices, establishing rural IT kiosks through public-private partnerships, and expanding rural public transport services.

Bhoomi is an intervention directed at improving the delivery of services, which are of particular relevance to farmers. The Record of Rights,

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BOX 12.1

Components of good governance

The main components of good governance are:

1. Improving service delivery

- To provide services to the people in accordance with specified standards, devoid of harassment or corruption, minimising waiting time or inconvenience to the members of the public;
- To ensure cost effectiveness in the provision of services by adopting the most appropriate system;
- To adopt participatory mechanisms in public service delivery, involving the people, people's institutions, civil society groups, community based organisations, and self-help groups;
- To develop the appropriate cost, time and quality benchmarks for service delivery outcomes;
- To develop, implement and monitor performance measurement and management systems by developing performance indicators for service delivery;
- To promote decentralisation and strengthen rural and urban local bodies in order to deliver services by empowering them with devolution of functions, finances and functionaries, and undertaking capacity building programmes; and
- To undertake objective assessments of programmes and obtain feedback in order to improve policy contents and implementation mechanisms.

2. System improvement

- To take steps to simplify government procedures, reduce costs and improve interface with citizens;
- To improve systems in order to improve transparency, cut red tape and ensure better performance management;
- To modify complicated and rigid government processes so as to reduce and eliminate delay, duplication and redundancy, and improve the speed and quality of public service; and
- To reform processes dealing with citizens and those which breed corruption, such as procurement and tenders.

3. Financial management

- To ensure fiscal responsibility and sanctity of the budget process;
- To move away from expenditure targets to performance-related measures and milestones which can be defined and are measurable; and
- To institute effective budget formulation, execution, monitoring, reporting and asset management in order to ensure that public money is made available quickly and without delay for the purpose for which it is meant and utilised properly for the benefit of the people.

4. Accountability and transparency

- To develop and implement Citizens' Charters and Service Charters so as to obtain feedback on implementation and take corrective action with the involvement of citizens;
- To develop and implement a grievances monitoring and redressal mechanism to ensure sensitivity of the administration to the problems faced by the citizens;
- To end secrecy and opacity in administration and bring about transparency so that the administration is seen as just and fair, especially in matters relating to public procurement;
- To ensure that citizens have maximum access to governmental information, by making transparency the rule and official secrecy the exception; and
- To establish citizen evaluation mechanisms such as citizen report cards, social audit, user groups monitoring and independent evaluation by professional agencies.

5. Anti-corruption measures

- To declare zero tolerance for corruption, strengthen vigilance and anti-corruption machinery, eliminate duplication in enforcement functions and to promote measures to prevent and combat corruption more effectively and efficiently.



Tenancy and Crop Enumeration (RTC) plays a vital role in the life of farmers. The records are required for security of tenure, seeking crop loan, bail in criminal cases, and scholarships for children, planning by administrators, as well as for agriculture related inputs by the private sector. The land records of all the villages in Karnataka have been computerised (2 crore land records of Karnataka containing various details like ownership, crop, bank loan, irrigation, etc. belonging to 70 lakh farmers, spread over 27,000 villages). All 176 taluks operate with independent servers. *Bhoomi* uses the fingerprint system at every stage for authentication and non-repudiation. It has helped to minimise problems and impediments like corruption, tampering of records, delay in updating records and non-availability of instant data for planning purposes. Small and marginal farmers have greatly benefited from *Bhoomi*.

One instrument for improving service delivery is decentralisation, an area in which Karnataka has traditionally been a leader, as has been discussed in chapter 11. A major reform led to 196 urban local bodies out of 222 adopting the state's new capital value-based self-assessment property tax regime. Revenues have been buoyant as a result. Assessment of the property tax has become more transparent and citizen-friendly. Substantial delegation of financial powers from the state government to the urban local bodies has been effected to increase local autonomy and speed up decision-making.

System improvement

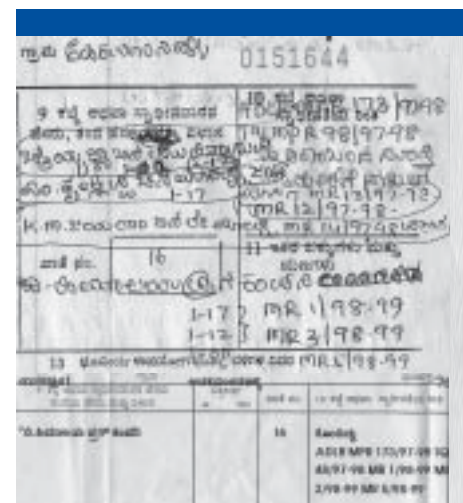
Karnataka has undertaken a number of system improvement measures. One of the key steps has been the implementation of the recommendations of the Administrative Reforms Commission which include introduction of single file system, desk office system, transfer policy guidelines, implementation of functional reviews, abolition of divisional level posts which had become redundant after the zilla panchayats became operational, sub-state centres, transfer of state sector schemes to panchayats, merger/abolition of schemes, and a voluntary retirement scheme.

The state has been a pioneer in e-governance. E-governance in Karnataka has succeeded in changing the way the administration functions, shares information and delivers services to external and internal clients. Various initiatives in e-governance have harnessed information and communications technology to transform relationships with citizens and businesses, and between various departments of the government. The benefits from these initiatives have included reduced corruption, increased transparency, greater convenience, higher revenues, and lower costs. They have benefited citizens by reducing delays, consolidating multiple services under one roof and eliminating the need for frequent visits to government offices. In addition, publication of rules and procedures online has increased transparency. Because it is the poor people who bear the brunt of administrative inefficiency and corruption, delivering services through rural kiosks has led to their economic and social empowerment.

The e-governance initiatives have also led to higher productivity. The government has cut staff and re-deployed its employees in more productive tasks. Data captured by the electronic system has enabled more frequent and accurate data sharing across departments, closer monitoring of employee productivity, easier identification of pressure points for delay and corruption, and improved compilation of historical data that has been mined for policy analysis. Documentation of the existing procedures and their simplification into tasks that can be completed in a few steps without compromising their basic purpose, has been another significant gain that e-governance has generated.

Karnataka's e-governance efforts have been largely based on several key departmental initiatives. *Bhoomi* is now fully operational and is constantly being improved. It was the recipient of a United Nations Public Services award in June 2006¹. A hand-held computer (simputer) has been provided to village accountants to record crop data and the next step is to provide access to the *Bhoomi* database through rural tele-centres.

¹ Karnataka Human Development Report 2005 includes some details of developments for the year 2006 too.



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Under *Khajane*, all treasuries in the state went online from October 2002. The Bangalore Water Supply and Sanitation Board (BWSSB) is using a GIS system to monitor its water supply network and hand-held computers for accurate meter reading and bill production, online bill payments, automated cash payment machines and an innovative grievance redressal mechanism. The Bangalore electrical utility, Bangalore Electricity Supply Company (BESCOM), has introduced an electronic clearing system for automatic payment of bills from bank accounts. Another important initiative is *Sachivalaya Vahini*. This system tracks every file and letter in the Secretariat. It is even possible to track the duration of time a file has 'languished' at different levels in the government. This monitoring system has helped the Karnataka government clear 1,00,000 files in little over a year.

Financial management

The Karnataka Fiscal Responsibility Bill, which became law in August 2002, has been designed to ensure fiscal responsibility and sanctity of the budget process. All departments are required to prepare Departmental Medium Term Fiscal Plans (DMTFPs). The Act, the first of its kind in the country, commits the state to eliminating revenue deficit and restricting the fiscal deficit to three per cent of GSDP by 2005-06, thus aiming to ensure the achievement of fiscal

stabilisation: indeed, the 2002-03 achievements have been the result of the initial moves towards this goal. Fiscal adjustment initiatives in 2003-04 include economy measures without affecting high priority sectors, to tackle the likely revenue shortfall.

Good progress has been made in budget simplification with the reduction in demands for grants from 61 to 29, and their rationalisation along departmental lines, reduction in object codes from 269 to 70, and reduction in the number of schemes by about 15 per cent over the last two years.

A significant initiative in financial management is the *Khajane* scheme. More than 34,000 officers in the state disburse cheques. In addition, 4,500 rural and urban local bodies like zilla panchayats, taluk panchayats, gram panchayats, and municipalities also draw money from the Treasury. The system tracks all the cheques on a real time basis. The treasury payment system handles over Rs.24,000 crore annually through 225 treasuries. The system serves six lakh government employees and 4.7 lakh pensioners of government service, art and culture, sports people, journalists, freedom fighters, etc. In addition, the system deals with over 13 lakh recipients of old age, disability and widow pensions.

BOX 12.2

Government-citizen interaction for e-governance

The following activities, which involve regular government citizen interaction, must be taken up for e-governance:

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| ● Urban Development Department | Birth and death certificates. |
| ● Revenue Department | Issue of caste and income certificates, birth and death certificates. |
| ● Social Welfare Department | Issue of caste certificates. |
| ● Education Department | Release of grants to educational institutions, school-based tracking of enrolment and retention figures. |
| ● Home Department | Filing of FIRs, monitoring progress of cases especially with reference to crimes against women, the Scheduled Castes and Scheduled Tribes. |
| ● Health and Family Welfare Department | PHC-based tracking of institutional deliveries, ANC, immunisation, HIV/AIDS cases. |



Accountability and transparency

People generally do not know what to expect in terms of service delivery, resulting in a sense of helplessness among citizens. To counter this, the people need to be enabled to demand public accountability. Standards and norms of service delivery need to be specified and given wide publicity. The Citizens' Charter is the best tool for the purpose. The Charter enhances transparency in the working of government and also empowers citizens to resist corrupt practices by those in authority. A wide range of departments and agencies with significant public interface have already adopted the Citizens' Charter, and have institutionalised user feedback linked to business process re-engineering and computerisation.

There is already a comprehensive grievance monitoring and redressal mechanism in place. At the field level, a programme for regular grievance redressal, with the Deputy Commissioners and zilla panchayat Chief Executive Officers, following a pre-notified schedule of visits to the taluk and village level, has been introduced. The feedback from the people is also a part of the system. Impromptu, as well as organised field visits, interaction with the beneficiaries, holding grievance redressal meetings – all these have helped to bring policy and implementation closer to the people. Such first hand feedback has also helped the government strengthen existing development programmes by taking up mid-course corrections and evolving better programmes.

In 2000, Karnataka passed the Right to Information Act, which became effective in 2002. The intention was to dispel the secrecy and lack of openness in transactions, which is responsible for much of the corruption in government work. Access of the citizens to such information would not only contribute to an administration that is accountable: it would also provide a safeguard against abuse of authority by the bureaucracy and elected representatives.

Anti-corruption measures

The PAC's report card for Bangalore City in 1993 revealed that the electricity board, the water

and sewerage board, the municipal corporation, hospitals and the city's development authority were the agencies with which citizens had the most interactions. Nearly 92 per cent of these transactions were made through repeated personal visits to the offices to resolve a problem. Respondents also stated that they paid 'speed money' to agency staff to get their work done. Even sick people, using public or private health services were not spared, suggesting that 'speed money' is taken in the non-government sector as well (Table 12.1).

A high 80 per cent paid speed money in private hospitals 'to ensure good and proper treatment', as compared with 25 per cent in government hospitals, where there is greater diversification of objectives, ranging from tips to paying for getting themselves discharged. In charitable hospitals, 33 per cent of the patients paid out of gratitude.

Public scrutiny of government decisions has been made possible with the enactment of the Right to Information Act, aiming at tackling corruption in a meaningful way. More transparent procurement processes also help reduce corruption. In 2000, the Karnataka Transparency in Public Procurement Act was passed. To reduce political interference in the tendering process at the local level, the Works Committees, made up of elected representatives of urban local governments, have been done away with. The exemption previously provided under the Transparency Act to Public Sector Undertakings has expired and will not be renewed.

In terms of corruption enforcement, Karnataka has had, since 1985, the most powerful

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TABLE 12.1
Profile of bribes paid by in-patients on various counts

Type of hospital	Proportion in the sample claiming to have paid bribes (%)	Average payment per transaction (Rs.)
Government	51	252
Corporation	89	211
Mission and Charity	29	331
Private	24	229

Source: PAC http://www.transparency.org/working_papers/gopakumar/kgopakumar.html.

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anti-corruption office in the country, the Lok Ayukta. In other states, there are either multiple anti-corruption agencies, or the agency in existence lacks independence. In Karnataka, the Lok Ayukta, which is an independent office and is the sole body charged with combating corruption, is well resourced with 500 staff, and has a wide ranging mandate to act in respect of complaints against both politicians and officials.

Indicators of good governance

There are no standard indicators for good governance. International agencies have developed indicators for human development, but these alone cannot be taken as indicators for good governance. Reduction in infant mortality, improvement in literacy rates or reduction in poverty levels may reflect the success of a government in its policies or implementation procedures. However, while these measures are indicators of the effective implementation of programmes, they do not completely capture the qualitative aspects of good governance. If, for example, family planning targets are achieved through coercion rather than awareness building, then the qualitative aspect is missing. Transparency International's Corruption Perception Index is possibly the best known governance indicator. However, this is a very broad indicator and cannot really help the government in initiating specific public sector reforms. The problem is that such an indicator implicates many institutions and policies at the same time and there is no suggestion of a solution.

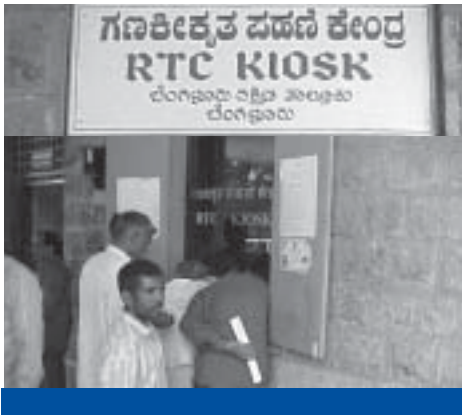
Does a booming economy and higher growth reflect good governance? During the second half of the 1990s, Karnataka became the third largest recipient of FDI among major Indian states, and had the highest income per capita basis. Karnataka's good growth record in the 1990s was maintained in 2000-01 (with real growth of 6.7 per cent), but slowed in 2001-02 and 2002-03 on account of drought. Poverty in the state has shown a consistent decline. Rural poverty in Karnataka fell from 29.88 per cent in 1993-94 to 17.38 per cent in 1999-2000, as compared to an all-India decline from 37.27 per cent to 27.09 per cent. However, high fiscal growth, although an indirect indicator of good governance can fully qualify for this role only if the economy is able

to ensure more than proportionate benefits to the poor.

Is political stability an indicator of good governance? Political parties contest and win elections on various issues. Emotional, rather than governance issues, often determine the voting pattern and election outcomes. Therefore, political parties have very little incentive to focus on good governance when in power. That being the case, one needs to look at possible areas of electoral reforms and proactive participation of civil society in bringing governance issues before the electorate as a major area of electoral debate. This is likely to act as an incentive to political parties to attach greater importance to governance issues and is likely to have a lasting impact.

Fiscal performance and audit can also be indicators of good governance. In the present day scenario, accountability is measured only by audit, and the audit process focuses only on the procedural aspects of the administration's work. There is little or no concern for timely outcomes. The procedures, thus, become an end in themselves for the administration, and the outcomes that are more important are not given the attention they deserve. With so many hierarchical levels involved in implementing a single task, it becomes difficult to fix responsibility for the outcome on any single individual. The entire system works towards avoiding audit remarks and inquiries, instead of focusing on how to deliver services effectively to the public. In this obsession with audit-avoidance, results are sacrificed.

In any case, any assessment of good governance should include inputs from various governance stakeholders such as elected representatives, local bodies (urban and rural), the corporate sector, the bureaucracy and citizens. Feedback from the Citizens' Charters could be an excellent governance indicator. The system of review/report card, as done by the Public Affairs Centre, on certain mutually identified parameters of good governance, could also serve as an objective indicator. It would be worthwhile for the government to consider instituting regular report cards/feedback on identified parameters so that the pace of governance reforms is assessed



periodically and mid course corrections, if required, carried out.

Concerns

There are some specific concerns, however, which need to be addressed expeditiously. The poor record of redressal of public grievances in almost all departments of public utilities is a major cause of public dissatisfaction. This is, almost always, a subject of criticism by elected representatives. Public grievances generally arise out of the inaccessibility of officials, failure to acknowledge applications, non-adherence to time limits, and highly cryptic and bureaucratic responses to people's grievances.

Every government department should have a well-defined mission statement setting out standards of service to be provided. The other reasons for the grievance redressal system not being effective are (i) responsibility is not assigned to individuals for each task; (ii) responsibility for non-redressal of grievances is rarely fixed; (iii) government officials are not properly trained in grievance redressal measures.

A serious problem for any one who has to deal with the government as a citizen is its sheer complexity. Because of the multiplicity and commonality of the schemes, the public has a hard task in identifying the right department that would be able to solve their problems. Worse, even for fairly simple matters such as obtaining caste and income certificates, birth and death certificates, licenses of business, selling of properties, a number of different agencies requiring a plethora of different forms are involved. The illiterate and the poor are badly affected. They are unable to avail themselves of benefits under various development programmes because of lack of information, the difficulties inherent in applying for such benefits and their inability to pay for speeding up work.

Clearly, the citizens' access to governmental information is circumscribed. Even the Right to Information Act will have limited success until several other related Acts and Government Rules of Business are changed. There has to be a fundamental change in the way the government functions, in terms of updating and codifying

procedures, simplifying rules and an attitudinal change in the civil service. The culture of secrecy that pervades the functioning of the government must be broken. Though the Right to Information Act has been passed, barriers to information continue to remain. Official information is not easily accessible to the people and what is available is not easily comprehensible, written as it is, in bureaucratic jargon. Rules and procedures, more often than not, involve a lot of discretion, providing ample scope for abuse of powers and corruption.

The conduct of diagnostic surveys through outsourcing could also help in providing vital information when institutional weaknesses inhibit the regular flow of information. However, such diagnostic surveys are not regular and there are several levels of acceptability to be undergone, before any correctional measures based on the survey recommendations can be taken. The Planning Department of the Government of Karnataka has instituted the practice of evaluating certain important schemes of the departments by outsourcing evaluation to independent agencies.

Government tends to measure the success of programmes by the sheer number of people benefited, rather than by 'how' they are benefited. While the Monthly Monitoring Review (MMR) and Karnataka Development Project (KDP) meetings at the government level focus on review of financial and physical progress, such reviews do not provide enough opportunity to assess the quality of service delivery to the people.

Rigid rules, archaic procedures and resistance to change have always been the barriers to governance reforms. Several tasks and schemes in the government have become so redundant and stereotyped that employees very often do not know what they are trying to accomplish. Workloads are unevenly distributed. While some field officers are under-worked, others are over-worked and some offices are located in places inaccessible to the public. The tax-payers and the general public are not interested in what rules and processes the bureaucracy follows, but they do care deeply about how the government delivers services.

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Making the administration more people- and market-friendly as well as more efficient calls for improvement in civil service management. This means the development of a professional civil service. Employees' skills and aptitudes are not matched with the work they perform. Performance has little bearing on pay and promotions. Vested personal loyalties and political considerations prompt routine professional and career decisions. Success offers few rewards, failures few punishments. Government procedures and administrative orders make it tough to reward good performers or even to discipline the non-performers as the following report shows.

Teacher absenteeism is a phenomenon present in all-indian states including Karnataka. A World Bank survey (2004) found that teacher absenteeism in India ranged from 14.6 per cent in Maharashtra to 41.9 per cent in Jharkhand. Karnataka stood eighth with 21.7 per cent. Teachers in schools that had been inspected in the three months prior to the survey were about two per cent less likely to be absent. Teachers who were 'powerful' (male, older, better educated and higher ranking) were likely to be more frequently absent because they were the ones against whom it was most difficult to take action. The report points to a lack of accountability and lack of action, both before and after the event, in both teachers and supervisors. School Development Monitoring Committees (SDMCs) have been constituted with parents as members to ensure better governance in the system, but its performance has been mixed.

Recommendations

It is clear that Karnataka should take steps to sustain the pace of governance reforms and also initiate action for further reforms. The improvement in service delivery and the gradual reduction of poverty should serve as an impetus to the

government to continue with governance reforms. There also is a broad political consensus for the reforms, since many of the reform strategies in the state have been effected through legislations, for instance, the Transparency in Public Procurement Act, Fiscal Responsibility Act, Industrial Facilitation Act, etc. Such Acts have helped institutionalise the reform process. Lessons from the ongoing reform process reveal the importance of political ownership of the reforms to ensure sustainability. To take the reforms forward, it is recommended that the following measures should be initiated:

- Set up a Task Force in governance reforms;
- Bring out an annual governance strategy and action plan;
- Have a governance strategy and action plan for each district. This would also help to focus on reducing regional disparities;
- Bring out an e-governance action plan for every government department;
- Give greater publicity to the Right to Information Act and also improve documentation, archives of documents;
- Continue to take action to rationalise government activities and schemes;
- Extend the success of the *Sachivalaya Vahini* to districts, beginning initially with the offices of the Deputy Commissioners and Chief Executive Officers of the zilla panchayats;
- Strengthen the public-private partnership, especially in the areas of infrastructure development so that government investments are reduced and the private sector also gets encouraging returns on its investments; and
- Have grievance *adalats* at the district, taluk and gram panchayat levels to address issues pertaining to land, food security, housing, health, education, public works, drinking water, sanitation, power, agriculture, with special emphasis on areas pertaining to law, order and crime, and especially crimes against women.