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## **UNIT 9 PARTNERSHIP AMONG DIFFERENT LEVELS OF GOVERNMENT – II: LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES**

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### **Structure**

- 9.0 Learning Outcome
- 9.1 Introduction
- 9.2 Partnership among Local Authorities and Special Purpose Agencies in Education Sector
- 9.3 Partnership among Local Authorities and Special Purpose Agencies in Health Sector
- 9.4 Partnership among Local Authorities and Special Purpose Agencies in Telecommunications Sector:
- 9.5 Partnership among Local Authorities and Special Purpose Agencies in Education Sector
- 9.6 Empower Various Agencies
- 9.7 Evaluation of Special Purpose Agencies
- 9.8 Conclusion
- 9.9 Key Concepts
- 9.10 References and Further Reading
- 9.11 Activities

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### **9.0 LEARNING OUTCOME**

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After studying this Unit, you should be able to:

- understand the significance of special purpose agencies (SPAs) in the specific field of education, health, tele-communications and other mentioned areas;
- comprehend the local administrative structure as it obtains presently in the country; and
- make suggestions for future administrative development at the field level with regard to special purpose agencies.

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### **9.1 INTRODUCTION**

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Local Administration structure in India presents a hydra-headed picture. However, there are specific regions to account for the same. Apart from the three-tier local government structure, special purpose agencies (SPA) have been set up under separate acts of parliament to carry out some selected tasks the arrangements has been considered apt from the point of view of deft handling of certain specialised subject areas, such as education, health, telecommunications and the same. A special purpose agency in the

words of Maheshwari (1968) “is an autonomous body within the powers given to it and has its own sources of revenue”.

As per Maheshwari, there are three distinct but interrelated rationale behind such structural distinctions:

- 1) Certain activities require specialised attention and hence need to be setup separately from the general administrative framework.
- 2) Certain activities need to be kept out of ‘political’ control in order to be effected.
- 3) Certain functions cannot be confined to the jurisdictional boundary of a certain municipality. Inter-jurisdiction is both logical in certain matters, such as education, transportation, telecommunication, water supply, electricity and swage disposal.

It is believed that a special purpose agency crafted outside the general administrative framework could fulfil all aforesaid requirements. Hence the objectives of SPAs could be cogently listed thus.

- To provide improved and better public services
- To emphasise commitment to transparency, dismantling of monopolies and the reform of public services
- Not to confuse it with privatisation

In this Unit, we shall discuss the rationale and purpose of special purpose agencies in the specific context of education and health care provision, telecom services, public sector undertakings, industry, rural development and academic research and development. We shall enquire into their present working and illumine the path for the future in that how special purpose agencies could help in furthering the theory and practice of ‘New Public Management’ that is informing administrative change and reform efforts round the globe.

Economics of education is relatively a new branch of economics. It has been with us since the last four decades. According to Blaug, its birth was announced in 1960 by Schultz. This does not mean that economists before Schultz had nothing to say on education, value of education and financing of education. What is new about the discovery of human capital is that an increasing number of economists have started applying the tools of economic analysis to investigate education. Becker’s *Human Capital* has set the direction of economic analysis of investment in education. Whether education is consumption or investment is no longer a major topic of controversy. It is generally agreed that education is both consumption and investment.

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## **9.2 PARTNERSHIP AMONG LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES IN EDUCATION SECTOR**

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The positive role of State in education and public finance of education are no longer matters of debate. There is near unanimity among economists as well as others that the State should take interest in developing education. Controversy continues to exist regarding whether State should own and operate educational institutions or whether it should encourage education indirectly through financial incentives, through subsidising education. It raises the questions of equity and efficiency. The two main grounds on which government

intervention in education can be rationalised are ‘neighbourhood effects’ and ‘paternalism’(owing to myopic view of parents).

When once, it is agreed that government intervention in education could be in the form of subsidies or subventions, the question that arises then is, whom should it subsidise? Institutions or students? This is largely an empirical question. When the government subsidises institutions, it subsidises the supply; when it subsidises students, it subsidises the demand. The government subsidises institutions mainly in the form of grants.

The government gives explicit grants to institutions but the students who go to schools and colleges enjoy certain implicit grants. It is generally agreed that explicit grants help the poor. But it is argued that implicit grants tend towards greater inequality for they help the rich more than the poor. This subsidy element in the fee structure may be thought of as a form of implicit grant.

Since 1960s, ‘investment in man’ has become as important as ‘investment in machine’. Indisputable evidence has been produced to show that those with more education and better health earn higher incomes. The more important types of human investment include health facilities and services, on-the-job training, formal education, adult study programmes (not organised by firms) and migration of individuals and families to better jobs.

There was a general apprehension that investment in human beings was likely to be underrated and neglected in underdeveloped countries. And there was insight into the fact that in these under-developed countries, the underinvestment in human beings has limited investment in non-human capital.

We may note here the importance of health and education in human capital formation. At this point, one has to keep in mind the caution sounded by Myrdal on the possible logical fallacies. Any attempt to analyse the impact of health or education measures without taking other policy measures into consideration involves the logical fallacy of *illegitimate isolation*.

The role of education in the economic development of a nation was underlined by some economists long before the birth of economics of education as a distinct branch of economics. “The most dramatic expose of this contribution which education makes to national development is to be found in a letter that the Soviet economist Strumilin addressed to Lenin way back in 1919, when Lenin was planning to launch Russia’s great programme of heavy industries. Strumilin warned Lenin that the vast hydroelectric power grids that he was planning, the steel mills, the machine tool factories and even mechanised farms that he was initiating would not produce what was needed unless an equivalent level of investment in education was also provided. Strumilin arrived at this conclusion through his studies in his country of its labour force, in which he had shown that workers with the primary education increased their output and wages by 79 per cent, those with secondary education by 235 per cent and those with university education by 320 per cent.

However, “positive government policy in education, as Professor Beales says, did not begin until 1833”. In fact, some of the policies of the governments in England, before 1833, actually hindered, in effect, public education. Moreover, enormous taxes, known as ‘taxes on knowledge’ were imposed on educational materials such as paper, newspapers and pamphlets. In England, the taxes on paper and reading matter were not removed until the 1850s and 1860s. The paper tax was abolished only in 1861. Not only that,

according to E.G. West, “the growing subsidies to education after 1883 came from a tax system whose incidence fell primarily on the working class.” In 1840, for instance, out of a total revenue of £ 50 million, three fifths (£ 30 million) came from taxes on food and tobacco. “English policy for state intervention between 1833 and 1870 rested then not upon public provision, i.e., nationalised schools), but upon public finance, i.e., subsidies, or what we now call direct grants, to inspected private schools and parochial schools”.

In most of the countries, higher education is primarily financed at the state level, but federal government (Union, in the case of India) plays an increasingly important role. Education in India has been a growing sector since Independence.

The Role of Government in Education in India: The Constitution of India has made education a state subject. The Constitution (42nd Amendment) Act, 1976, however, has included education in the concurrent list. The Seventh Schedule, List III : Concurrent List (Item No. 250) includes “Education, including technical education, medical education and universities, subject to the provisions of entries 63, 64, 65 and 66 of List I : vocation and technical training of labour. It should be noted that even before the 42nd Amendment of the Constitution Act, 1976, the delegation of authority to the state government in the field of education was not absolute. Ever since independence, the Union Government has shown an unprecedented interest in the field of education. With the inauguration of the era of Planning in 1951, substantial grants have been given to states towards a large variety of educational programmes. “With the adoption of the techniques of Five Year Plans and the creation of the Planning Commission, the real authority to determine policies, priorities and programmes has now passed on from the states to the Centre in most sectors of development; and as a corollary to this major shift in all developmental activity, it is alleged that the educational progress in the states is now more dependent upon the financial allocation and priorities decided at the Centre by the Planning Commission and the Ministry of Education than upon any decision taken by the states at their own level. In short, the trend to centralisation in policy-making in all fields of education has been the most dominating note of the period”. During the last fifty years, education has developed practically into a ‘joint responsibility’ of the Union and State Governments. With the idea of providing a minimum of free and compulsory education for all children, the Constitution has made the following provision as a Directive Principles of State Policy under part IV.

“The State shall endeavour to provide within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of 14 years.”

“The Federal Government is, therefore, under a constitutional obligation to participate in the programme of providing free and compulsory education for all education until they complete the age of 14 years”. The Constitution has also made it obligatory on the part of Government of India to promote the educational interests of weaker sections.

“The State shall promote with special care the educational and economic interests of the weaker sections of the people, and in particular of the Scheduled Castes and the Scheduled Tribes, and - shall protect them from social injustice and all forms of exploitation.”

Women are also generally included in the category of weaker sections and so the development of the education of girls and women becomes a special responsibility of the Government of India. It is also the responsibility of the Government of India to bring about an equalisation of educational opportunities in all parts of the country. That is why

it has been advocated that Union Government should of a stimulating but non-coercive character”.

### **Financial Assistance**

The provision of financial assistance for programmes of expansion and improvement of education is one of the important federal functions in education. This function is of special significance in India where the most elastic and productive sources of revenue are vested in the Central Government. During the First Plan period, a number of specific purpose grants were created and it led to an abnormal increase in administrative work and red tape. The Second Five Year *Plan* minimised these problems to a certain extent by authorising the state governments to re-appropriate the grants within the same group and by introducing the system of ways and means advances. ckward sta.

Special financial assistance to backward states (‘equalisation grant’) has been suggested to maintain a uniform standard of social services in all states in general and to equalise educational opportunities in particular. States differ in the level of educational development reached at present mainly due to historical accidents. Their ‘educational loads’ i.e., the number of children still outside the school, also vary greatly.

In the mixed economy of India, the government can play an unlimited role in the social sector (e.g., education and health). By supporting the above areas in the social sector, the government can remove many obstacles to economic development. By introducing a system of free and universal education, at least up to a certain stage, the government can lessen the backwardness of people, increase their geographic and occupational mobility and raise the productivity of labour. By investment in the right type of education, the government can increase the quality of the productive agents. Education should modify the socio-economic and cultural framework of the society in such a way that it promotes knowledge and technical skills, and in general, creates the preconditions for economic growth. Extension of public health programmes will increase the productive powers and efficiency of labour.

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## **9.3 PARTNERSHIP AMONG LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES IN HEALTH SECTOR**

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Improvement in the health status of the population has been one of the major thrust areas for the social development programmes of the country. This was to be achieved through improving the access to and utilisation of Health services with special focus on the under-served and the under-privileged segments of the population. Over the last five decades, India has built up a vast health infrastructure and manpower at primary, secondary and tertiary care in government, voluntary and private sectors. These institutions are manned by professionals and para-professionals trained in the medical colleges in modern medicine and ISM&H and para-professional training institutions. The population has become aware of the benefits of health related technologies for prevention, early diagnosis and effective treatment for a wide variety of illnesses and accessed available services. Technological advances and improvement in access to health care technologies, which were relatively inexpensive and easy to implement, had resulted in substantial improvement in health indices of the population and a steep decline in mortality. The extent of access to and utilisation of health care varied substantially between states, districts and different segments of society; this to a large extent, is responsible for substantial differences between states in health indices of the population.

During the 90s, the mortality rates plateaued; country entered an era of dual disease burden. On one side there are communicable diseases which have become more difficult to combat due to insecticide resistance among vectors, resistance to antibiotics in many bacteria and emergence of new diseases such as HIV for which there is no therapy; on the other side increasing longevity and the changes in life style have resulted in the increasing prevalence of non-communicable diseases. Under nutrition and micro nutrient deficiencies and associated health problems co-exist with increasing prevalence of obesity and life style related non-communicable diseases. Unlike the earlier era, the technologies for diagnosis and therapy are becoming increasingly complex and are expensive. It is likely that large investments in health will be needed even to maintain the current health status, because the technology required for tackling resistance infections and non-communicable diseases are expensive and this will inevitably lead to escalating health care costs.

### **Current Problems**

- Persistent gaps in manpower and infrastructure in government sector, especially at the primary health care level, in remote rural, tribal and urban slum areas where health care needs are greatest,
- Sub-optimal functioning of the infrastructure; poor referral services,
- Plethora of hospitals in government, voluntary and private sector not having appropriate manpower, diagnostic and therapeutic services and drugs,
- Technological advances which widen the spectrum of possible interventions,
- Increasing awareness and expectations of the population regarding health care services, and
- Escalating costs of health care, ever widening gaps between what is possible and what the individual or the country can afford.

Faced with the problems of sub-optimally functioning health care system and providing adequate investment for improving health, the Ninth Plan emphasised the need for:

- Reviewing the changing the health scenario and assessing the response of the public, voluntary and private sector health care providers as well as the population themselves to the changing situation,
- Reorganising health systems so that they become efficient and effective,
- Introducing health system reforms which ensure access to public health programmes free of cost to all and enable the population to obtain essential health care at affordable cost.

### **National Health Policy 2002**

The NHP (1983) provided comprehensive framework for planning, implementation monitoring of health services and goals to be achieved by 2000. The Department of Health has reviewed the performance since 1983 and formulated the NHP 2002. NHP 2002 emphasises that any significant improvement in the quality of health services and health status of the citizens, would depend on increased financial and material inputs, service providers treating their responsibility not as a commercial activity, but as a service (albeit a paid one), the citizens demanding improvement in the quality of services, a responsive health delivery system, particularly in the public sector, and improved governance.

Recognising that the health needs to the country are enormous and dynamic and financial resources constraints, the NHP 2002, attempts to make choices between various schemes and has set the goals for the next two decades. It is expected that with effective implementation of policies and strategies indicated in the Tenth Plan and NHP 2002, the country will achieve goals set and demographic transition within the set time frame.

### **Privatisation of Health Services**

The most significant and widespread global trend in health care over the past decade and more has been the increasing share of 'for profit' health care and its marketisation across societies. This process in the health care sector has paralleled the process of economic globalisation and is intrinsically linked to it.

While private medical practice and the dispensation of medical care for a price have been known for a long time, the commercialisation, corporatisation and marketisation of health care are a phenomenon of the last quarter of the 20th century. The process received a boost during the late 1970s and early 1980s thanks to a global recession, which enveloped both developed and developing countries, imposed a fiscal constraint on government budget and encouraged them to cut back on public expenditure in the social sectors. This increased the space for the growth of the private sector in providing of health care. Given the fact that multilateral agencies have an influential role in shaping national policies, particularly in the health sector, multinational corporations have systematically targeted them for policy influence, defining priorities for disease control programmes, provisioning of health care medical research at the national level. Typically, MNC's have influential national policies in key areas such as provisioning and research in health care through multilateral agencies like the World Bank, World Health Organization and World Trade Organization. Through the bank they have influenced development funding in the social sectors, securing focus for programmes with a higher curative content.

In India, at the time of independence, there was a significant presence of the private sector, which was dominated by individual practitioners. As per the estimates of the Bhole Committee, the proportion of allopathic doctors in private practice was 73 per cent and the remaining 27 per cent were in government service. There was no effort by the government to curb the growth of the private sector. The proportion of private nursing homes and hospitals was insignificant at the time of independence. However, these institutions started growing during the 1970s and were restricted to urban areas and states where there was capitalist growth in agriculture. The cutback in public spending coupled with government subsidies has resulted in the growth of the private sector at secondary and tertiary levels of care. In India, it is mainly an urban phenomenon but in services in peri-urban and even rural areas. This is seen in Andhra Pradesh, Kerala, Maharashtra, Gujarat, Punjab and Haryana. In these states, the proportion of private beds is higher than public beds. Most other states like Bihar, Uttar Pradesh, Rajasthan, Orissa and West Bengal witnessed little private sector growth during the 1980s and 1990s.

### **Need for Paradigm Shift**

The partnership of Local Authorities and Special Purpose Agencies has evolved as a result of pressure to ensure quality in providing public services. They pool public and private resources, and capitalise on the skills of the respective sectors to improve the delivery of services. Today, their partnership in the health sector focus on preventing diseases such as sexually transmitted infections and malaria, developing and facilitating access to vaccines and drugs, and improving health service delivery. Whether the

international or national in scope, it challenges the traditional distinction between the public and private sector, and their perceived aims and responsibilities.

### **Health Care Use : Local Authorities – Special Purpose Agencies Mix**

The demand for services from the private health care sector can be highly inelastic in the absence of a functioning public system as a base. Unless people have an alternative, they may be compelled to pay high prices or be forced to opt out of health services altogether. The consequences of opting out are increased burden of untreated morbidity, and in terms of the often hidden cost of women's time and labour as the health care provider of first and last resort. Public services therefore play a critical role in the health of the poor and especially for poor women.

A well-functioning public health system not only assures effective services to those at the lower ends of the socio-economic hierarchy, but can also set ceiling for prices and a norm for quality in the private sector. It can therefore be a major anchor for equity overall in the health services, by having lower prices than in the private sector. A study of public hospitals in seven sub-Saharan African countries found that although curative health spending was not well targeted, it was still progressive. The subsidy that did reach the poor constituted a larger proportion of their household expenditure compared to the rich.

### **WHO: Public-Private Health Partnerships**

In 1993 the World Health Assembly called on WHO to mobilise and encourage the support of all partners in health development, including non-governmental organisations and institutions in the private sector, in the implementation of national strategies for health for all.

WHO participates in a number of global public-private partnerships. These collaborative relationships transcend national boundaries and bring together at least two parties, a corporation (or industry association) and an inter-governmental organisation, in order to achieve a health-creating goal on the basis of mutually agreed and explicitly defined division of labour. The emergence of these partnerships can be traced to various factors that have been indicated elsewhere.

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## **9.4 PARTNERSHIP AMONG LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES IN TELECOMMUNICATION SECTOR**

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Partnerships among Local Authorities and Special Purpose Agencies in Telecom can be unambiguously called "enabling apparatuses." This often confused with privatisation (which is permanent transfer of government assets), and is a two-pronged concept of engaging private talent in public services through standardisation of procedures, and adoption of best practices. Telecom, as an enabler, performs the momentous function of connecting 'lives' and 'people', and networking 'offices' and 'homes'.

### **The Telecom Network In India**

The telecommunication network in India is one of the largest in the world providing wide-ranging services such as basic, cellular, internet, radio paging, VSAT etc. Telecom is one of the fastest growing sectors of the economy, growing at an average of more than 20 percent over the last four years. The Indian telecommunications sector has undergone

a major process of transformation because of significant policy reforms during the recent years. The New National Telecom Policy, 1999 (NTP, 99) focused on creating an ideal environment for investment, establishing communication infrastructure by leveraging technological development and providing affordable telecom services to all. Major initiatives have been taken to achieve the objectives of the policy and its results have started becoming visible with a rapid growth of subscribers and lower tariffs. In order to speed up the development of the telecom sector, all telecom services have been opened up to private sector participation. Unrestricted entry is allowed in the basic services, national and international long distance service, in global mobile personal communication by satellite (GMPCS) service, VSAT and Public Mobile Radio Trunked Service (PMRTS). India is among the top ten countries in the world in terms of its telecommunications network. The country has an investment potential estimated at US \$ 37 billion by 2005 and US\$ 69 billion by 2010. The telecom network in the country comprises over 35,000 exchanges with switching capacity of over 47 million, 427 digital trunk automatic exchanges, and over Q6,271 route km. of optic fibre network. In addition to the two state-owned companies BSNL and MTNL, several private players have established a significant presence in both the basic and cellular markets.

### **The Gamut of Telecom Services in India**

Gone are the days when the telecom sector in India meant provisioning of basic phones through landline connections. The monolithic Department of Telecommunication (DoT) has been broken down, with a slew of private mobile service providers encroaching the market. Basic and cellular telephones, paging services, internet and internet telephony constitute the major chunk of telecom services. The increase in range, content and complexity of telecom services is largely due to three reasons:

- Increased competition due to private entry,
- Rapid technological advancements, and
- Reduction in pricing of services.

A fundamental infrastructural support to enhance the performance of these services is the provisioning of broadband through optic fibre cables.

### **This Partnerships Suitability in Indian Telecom**

Telecom reforms in many countries include increased role of private sector in the provision of telecom services. India has operationalised private sector participation through an assortment of mechanisms:

- divestiture of the dominant entity (disinvesting VSNL in 2002),
- contracting telecom services to private operators, and
- opening of provision of services to the private sector (through licenses and permits).

India, interestingly, is one of the most deregulated telecom markets in the world. Private participation is permitted in all segments of the services-international long,, distance, domestic long distance, basic, cellular, internet, radio-paging, and a number of value-added services. The government has liberalised. the sector with the following objectives:

- Ensure availability of telephones on demand,
- Provide universal access to basic telecom services at affordable prices,

- Benchmark telecom services with global standards,
- Position India as a major manufacturing base and exporter of telecom equipment,
- Introduce all value added services available internationally, and
- Achieve higher telecom penetration.

With such ambitious objectives, it is imperative for the government to associate and collaborate with the private sector (both Indian and Global Players). It is the express consequence of such partnerships that has resulted in an 88.62 million strong telephone network, with a projected target of 250 million by the end of 2007. There is, though, a lot of catching-up effort needed to increase our teledensity from the 6.60 unit missing mark (December 2003). According to Census 2001, only 9.1 per cent of the households in India have a telephone. Further, while 23 per cent of urban households had a telephone, it was only 3.8 per cent among the rural households. The *Economic Survey*, 2004-05, by the way, is unequivocal in its suggestions to improve the teledensity figures:

- maintaining vigorous pro-competition efforts in terms of public policy;
- rapidly shifting to new technologies;
- encouraging entry of new players; and
- driving prices down through competition.

Indian telecom's partnership compatibility can be explicitly appreciated when one takes into account the fact that in 1999, both mobile phones and private sector separately accounted for 5 per cent of the total number of phones. In October 2004, the private sector accounted for 44 per cent of total phones. Specifically, public sector operators (BSNL and MTNL) have lost market share in fixed telephony from 98.65 per cent to 91.39 per cent between 2001-02 and 2004-05 (till October). In the past two years, Public Sector Undertakings (PSUs) have actually seen a decline in the number of fixed lines, while such lines have grown in the private sector. At the same time, the PSUs actually gained market share in mobile telephony, going from 3.98 per cent to 20.21 per cent share of the market during the same period. Overall, the share of PSUs declined from 90 per cent to 55.6 per cent. It is not just that private and public players have ensured enforced co-existence; it is the intensification of the synergistic stance of the telecom sector that seeks a strong belief in partnerships between the public and private segments.

### **The Two-pronged Approach**

The pressure on the government to restructure the telecom industry resulted in the first liberalisation initiative in the year 1984. At the next stage, the government announced in 1991 that all services other than basic services would be opened for private investment in July 1992. In the NTP 99, one of the objectives was to "transform in a time-bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas..." PPP-based reforms in telecom. can put on the garb of either investment through Foreign Direct Investment (FDI) and/or bidding for licences from the government.

### **FDI in Telecom**

Foreign Direct Investment (FDI) upto 100 per cent has been allowed in the

telecom-manufacturing sector and services like email, voice-mail, Internet (without gateways) and Infrastructure Providers (IP-1). Foreign Direct Investment is also permitted in an investment company, set up for making investment in the telecom companies' license to operate telecom. services. Such investment is treated as part of domestic equity and is not set off against the foreign equity cap.

One thing that needs to be remembered is that though such huge investment in the telecom sector has been made through the FDI route by the private sector, this has largely been possible due to the well-built telecom infrastructural base already made available by the government.

### **Bidding for Licences**

Telecom licensing as a mechanism to bridge fiscal deficit was first implemented in the United States. It has been argued that the unit of bidding (that is, a circle) is sometimes too big to licence private operators. In India, a bid for a new licence in any circle would be based on a one-time entry fee and a percentage share of revenue as licence fee. The number of operators and the percentage share of revenue would be based on the Telecom Regulatory Authority of India's (TRAI) recommendations. For instance, in the case of cellular operators, licences were awarded to private firms first in Delhi, Mumbai, Kolkata and Chennai in 1997. However, by September 2001, this was available in over 1500 cities/towns in India.

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## **9.5 PARTNERSHIP AMONG LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES IN AGRICULTURE SECTOR**

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Innumerable resources are required to protect and sustain the life on earth. The resources are conveniently classified as natural resources, human resources, social resources etc. All these resources are adequately and proportionately balanced to bring about a system that supports and sustains the human and natural life on this planet.

In economics the resources or factors required for production are classified as land, labour, capital and organisation. There are theories from the classical school to the modern economics that provide logical explanation as how these resources are mobilised and used for production. Production or output creation is the most important process of any economy and the level of such economies mainly depends on the volume of output. Higher the level of volume of output higher will be the income and employment of that economy, As such there are economies like Japan, USA, Canada, Germany, UK etc., where there is mass production, high volume of output, income, employment and higher development whereas there are Afro-Asian under developed countries, where the volume of production, income, employment is low.

The level or volume of production depends on the level of consumption, both at home and abroad depending on the influence of market for the production. Here the part played by the consumers under a globalised economy greatly depend and also influence the sales promotion technologies used differently in the global market scenario. Usefulness and utility concepts are hardly distinguished in the process and manner in which production norms of both capital and consumer goods are produced.

## **Resource Mobilisation**

A cross sectional analysis under different institutions, socio-political set up will give us an idea as to how well that the resources are mobilised for multiple production. The gross difference between capitalistic and socialistic economy has been narrowed down due to globalisation process. The closed economies of these days are opened up now for a global competition as the sharp differences are to a greater extent resolved. However planned economies keep their relevance in the areas so concerned with the social well-being of the sections of the different nations.

Adequate resource mobilisation and allocation are very important in respect of production, income, employment, balancing of the economies, trade and other social and economic well-being. Hence an overall development and perspective progress depends on the resource mobilisation and allocation in the economy. This process of mobilisation and allocation and the priorities differ in different economies due to social, cultural and political differences.

## **Need for an Alternative Plan**

Liberalisation, Privatisation and a fully market driven economy under a perfect competitive economy is the ideal concept conceived by the 19th century economists like J.S. Mill (1806-1873) and others. Though Friedrich Gentz (1764-1832) believed in laissez-faire, he did not accept economic liberalisation in toto. The recent wave of market romanticism has raised controversies between conservatives and the reformists. Liberalisation and control are two conflicting terms and economies like India in the process of development stage have to envelope welfare orientation of contestable markets by obviously balancing the imbalances in regions, sectors and institutions in all policies and plans to achieve development.

There are revolutionary and evolutionary transitions or transformations in economies depending on the circumstances in the economy such as political, social and other connected factors. Third World Countries like India, accepting the liberalisation and globalisation in toto dictated by the West is incorrect as it is detrimental to sustainable development. The MNCs favoured liberalisation will have an impact and even benefit about 1/3 of Indians to some extent in 10 or 20 years, while, the rest, the rural poor, agriculturists and those in the unorganised sector may find themselves worse off. The only imitation of the West and the present approach to economic reforms in India is fundamentally incorrect. The present fiscal crisis in many South East Asian countries is an excellent example to show the extreme vulnerability of depending on globalisation for economic progress. Under the present circumstances and terms many of the Indian companies cannot hope to become transnational and compete with western transnationals. An alternative of pure socialism and capitalism will have to be worked out with appropriate plan.

## **Agricultural Sustainability**

In India the resources are mainly mobilised for the allocation (investment) to different sectors such as agriculture, industry, infrastructure etc. Here a special emphasis is made of agricultural sustainability and its major issues and strategies. For example, in agricultural sector sustainability depends on one or more of the following factors.

- 1) Whether or not agricultural production and income are maintained

- 2) Whether agricultural security and potential of agriculture to produce is being sustained
- 3) Whether rural communities are able to sustain, "Community", that is, satisfactory social bonds and relationships

The trends in Agriculture, its implications for sustainability and the environment among the Third World countries, especially India, show an alarming situation as its future requirements of production are more. Hence indicators of ecologically sustainable development have a number of uses. They are summarised as follows:

- 1) Early warning system of ecological collapses
- 2) Promotion of inter generational equity
- 3) Farm Planning for long-term productivity
- 4) Regional and National Planning
- 5) Heightening community awareness of environmental issues
- 6) Promotion of land care practises
- 7) Evaluation of new technologies
- 8) International monitoring obligations

There are a number of shortcomings or pitfalls in using indicators of sustainable development, especially sustainability of agricultural development. The rapid growth of agricultural productivity with the past trends does not simply mean such growth will be sustained. Agricultural crop yields in China are much higher than in India. It does not mean that India can obtain the same level of yields as for instance the natural cropland in India may differ from that in China. China can sustain such high yields per hectare may also not be certain. Natural Resources Accounting or Green Accounting is necessary to evaluate national production. Standard national accounting techniques often over value national production.

Traditional economic accounting methods do not take account of the value of goods and services freely provided by the natural environment. When such goods and services are lost, no deduction is made for this loss. If they are converted into private property and sold through market, economic gains are recorded whereas the opposite may in fact be the case. Aggregate figures for economic benefit may fail to account fully for environmental spillovers or externalities from agricultural development. "When sectoral or aggregate economic figures and environmental indicators are used, these may gloss over important regional, local and micro differences as far as sustainability is concerned. In general, it is not enough to rely just on broad indicators of sustainability."

### **Major Issues**

Though the aggregate figures of agricultural production and yield are appealing there are some sustainability problems at micro level that are apparent from village and localised studies carried out in India as well as Australia. The studies reveal that they provide experience to the villagers, as a result of introduction of new technology, enhance economic value of natural resources and also cause environmental loss. However, agricultural growth provides almost on an average 50 per cent increase in current income. The environmental or natural resource loss of villagers means less opportunity for them to

collect fire wood for fuel, collect wild sources of food and medicine, building materials and in many cases, entail reduced access to water. Thus the economic welfare of the poorer villagers has been adversely affected by environmental change.

There is an uneven share in the benefit of agricultural development. Green Revolution has little impact on dry land and upland agriculture. Tribals with their marginal agricultural land are also put in to considerable economic pressure due to impacts of industrialization, extension of mining operations, building of dams, the cutting down of forest, etc., besides the presence of growing population. Ramakrishnan (1993) emphasises that traditional agricultural systems can be surprisingly efficient and sustainable.

Land degradation due to water logging and salting of soil from irrigation, clearance of vegetation from dry land, soil erosion, use of fertilizers and pesticides, falling of underground water tables, etc. reduce agricultural productivity and land sustainability. In addition, falling genetic diversity could eventually prove to be a barrier to sustaining agricultural production. The global climatic change due to global warming, sea level rise etc., leads to severe drought and flood situations, which are also quite detrimental to production and sustainability.

### **Land use and Sustainability Strategies and Choice of Technique**

Types of agricultural technique adopted and forms of land use in agriculture are of considerable significance for the sustainability of agricultural production. Modern agricultural techniques according to Conway (1989) result in less sustainability of agricultural productivity than traditional techniques, even though the yields from the former may initially be higher than the latter. At lower price, the more sustainable traditional technique may become quite uneconomic forcing relevant users to adopt the unsustainable modern technique, eventually locking the whole industry in to their use.

“Changing land use may not only result from declines in the natural productivity of the land but from changing economic opportunities for its use and changes in knowledge about its possible use”. The FAO, in conjunction with a number of other organisations, has developed a Framework for Evolution of Sustainable Land Management (FESLM) which takes account of a range of factors likely to affect the extent to which a particular system of land management is sustained.

### **Structural Adjustments’ Strategies and Agricultural Sustainability**

The emphasis of structural adjustment policies in India is favoured by the IMF, and the World Bank. This is in conformity with the greater use of free markets and creation of a clean and efficient public sector. Studies reveal that greater use of markets reduces conservation of natural resources and endangers sustainable development. The fact is that in some cases the freeing up of markets assists nature conservation and sustainable development and in other cases it does not and may be damaging. Conservation may be assisted by elimination of subsidies on artificial fertilisers, pesticides, clearing of vegetation and use of irrigation water. But other types of free market changes can adversely affect it. Though the World Bank and the IMF have enlarged their enhanced structural adjustment facility they are unlikely to solve the basic economic problem soon. It is also not obvious that they will result in sustainable agriculture, even though some improvement may occur.

### **Institutional Support**

Sustainable development globally, regionally compell the desire against the perspective speculations of changes in population and the subsequent requirements to meet the

demands of people. It is clear that countries like India will experience a number of problems as far as sustainability of their agricultural production is concerned. Increasing globalisation, the information revolution and technology change, growing political participation, a quickly deteriorating natural environment, and fast changing demography, all pose challenges to the world especially countries in Asia. Determined and disciplined governments and mature societies are required to respond to these challenges. People today are heavily depended on agriculture for their food requirements. By 2050 the population of India expected to stabilise at 1500-1800 million and would require about 450 million tones of food grains annually at the present level of consumption. Consumption levels are further bound to go up as economy develops. The present productivity of irrigated land is about 2.5T/ha average and less than 0.5 T/ha from rain-fed lands. Assuming that these levels can go up to 3.5 T/ha and 1.00 T/ha respectively by 2050 by creation of an irrigation potential of at least 130 million hectares for food crops alone and 160 million hectares for all crops to meet the demands of the country by 2050. Rapid and sustainable agricultural growth is one of the basic thrusts of growth strategy in the Tenth Plan in India. The success of agricultural development and sustainability ultimately depends on an ideal co-ordination of all inputs with disciplined institutional support.

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## 9.6 EMPOWER VARIOUS AGENCIES

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Individual ideas and ideologies have been instrumental in influencing the course of the history of humankind from time immemorial. The main postulate is that if India has to achieve the technological strengths, a self-reliance in Indian products and Indian systems have to grow in the minds of the people. “A nation’s progress depends upon how its people think India has to think as a nation of a billion people.”

During the past several years India’s development has greatly depended on the government. It was the strength of the country and also its weakness. Many initiatives were taken by the government. But the planned and regulated nature of the economy over a period has inhibited others from taking initiative. Therefore, one important role for the government is to selectively shed its presence and to empower various agencies within itself and also take care of activities of public good like education and health.

### **A Golden Triangle Partnership**

While individual effort is crucial, another golden triangle, of industry, government and R&D institutions, really forms the base of a country’s development. They set into motion technology-based business activity, employment, demand creation through policies which will help businesses, and as a consequence, wealth creation. This golden triangle is crucial in our competing in global markets, as well as in bringing wealth and prosperity to our people.

The Public Sector Undertakings (PSUs) are technologically and managerially strong. Then there are a large number of small size state-level Public Sector Units. They fulfil very useful functions but their technological capabilities are not as much as central PSUs. There are a number of big private industry groups. Many of them are family-owned and a few of them are also sick and which have gone under. There are also a number of multinational companies (MNCs) which operate in India. They are regulated by the Indian laws. All these industries have a definite role to play. In addition to the existing ones, many more will spring up in the coming years. Some of the existing ones may also cease operations or may graduate from one class to another. We consider all of them as *partners* in the nation’s vision and progress.

### **PSUs : Inter-unit Partnership**

The managements of the PSUs and those responsible for labour affairs and many of the labour leaders have to think how they can transform themselves or get rid of their dead wood, or how they can get rid of their weaknesses and utilise their strengths to excel in order to realise a vision. They should be able to make an important contribution even if by means of a *partnership with another PSU*, another industry, or an industry in the small-scale sector or an R&D lab or MNC.

### **Big and Medium-size Industries : Project Partnership**

By and large, by the very nature of the private sector, there is a good deal of flexibility in their operations and they also have good management systems. Some of the private sector industries have also instituted good training programmes to upgrade their personnel. After the liberalisation in 1991, the private sector started playing an increasingly major role in the Indian economy. The contribution of this sector has been recognised not only in the consumer sector, but also in infrastructure and strategic industries. In the coming years it has a most crucial role if India is to realise the vision. The medium and large-size private sector industries should *each own one major project* in a sector to realise a vision for India. It could be in agriculture, it could be in agrofood processing, health, materials or chemicals or natural products or any other area which they think will make for a strong Indian presence globally.

### **Small Scale Industries: Neighbourhood Partnership**

The Small-Scale Industries (SSI) play a vital role in the growth of the country and contributes almost 40 per cent of the gross industrial value to the Indian economy. It has been estimated that an investment of 1 million rupees in fixed assets in the SSI sector produces 4.62 million rupees worth of goods or services with tremendous value addition. Over the years, the SSI sector has grown rapidly with impressive growth rates during the various Plan periods. The number of small-scale units has substantially increased from an estimated 0.87 million in 1980-81 to over 3 million in 2000. The SSI sector in India creates the largest employment opportunity for the Indian populace, next only to agriculture. It plays a major role in India's present performance contributing about 45 per cent – 50 per cent of Indian exports.

There are several schemes by governmental agencies as well as industry associations to help the small-scale sector in enhancing its technology and management capabilities. Small industries should develop *contact with* nearby academic institutions or a laboratory for technological advice and promotional activities.

### **Tiny Sectors: 'Adoption' Partnership**

In this vital area we think the role of Non-Governmental Organisations (NGO), and the governmental support, including, through its administration, is very important. Their scope should not be merely to make them survive, but also to enable them to change to newer patterns. This would require marketing of skills... This is a complex task. Government policy has to evolve in this respect. The private sector can also take initiative in adopting tiny sectors nearby and help them upgrade skills by assuring them of a market for their products.

### **Rural Development: PURA Connectivity Partnership**

Nearly 700 million people of India live in the rural areas in 600,00 villages. Connectivity

of village complexes providing economic opportunities to all segments of people is an urgent need to bridge the rural-urban divide, generate employment and enhance rural prosperity. The essential needs of the villages today are water, power, road, sanitation, and healthcare, education and employment generation. Government, NGOs and Corporate sector can be facilitators for creating the entrepreneurship scheme through the support of the banking system and the marketing system under the cooperative development model. Entrepreneurs and the corporate sector should identify the PURA complexes in their areas and adopt them right now, so that they can be developed in an integrated way. They should create an integrated plan of entrepreneurship development, skill development, product development and establishing market. These missions need not be driven only by a Government department as was done by Space and Atomic Energy. It can be done by a bright group of entrepreneurs, using modern business models.

### **Academic and R&D Labs: Committed Partnership**

The nation is proud of its scientists and scholars, though, of course, many of them would reply they doubt whether the nation cares for them at all. We appeal to these people to think big, because they are the only ones who understand the forces of technological modernisation and the new energies that can be unleashed through technologies. They also have the capability to absorb the knowledge base which is growing at an explosive rate. Therefore, even within the several constraints they face equally, they should take it up as a challenge to make India a developed country. They will have to spearhead the movement by talking about what can be done, encouraging people that we can overcome the difficulties and offer help to industries, government administrators and others that Indian science can help to smoothen the difficulties arising out of a faster pace of economic development.

### **NGOs: Proactive Partnership**

Despite the multifarious approaches, the NGOs collectively represent a large part of India. We believe NGOs' have an immense role to play, not merely as conscience-keepers but also in creating mood to think ahead and create a climate for a developed India. They can become powerful messengers of hope and a positive synergistic mechanism between the organised sectors and individual initiatives in metropolises, cities, towns and villages; in schools, colleges and universities; in fields, factories and markets. NGOs have many creative people full of enthusiasms energy. This team can participate in the movement for a developed India, concentrating on action projects to spread health and educational services as well as to create a climate to make all Indians think of themselves as one inseparable entity.

### **NRIs/PIOs: Fostering Partnership**

Now 20 million overseas Indians are living in various countries. Every NRI (Non-Resident Indian) and PIO (Person of Indian Origin) is expected to help like a 'one man NGO' in Indian nation building programmes by "direct quantifiable action." All overseas Indians may join together and launch an Overseas Indian Research Foundation with a seed capital of \$ 100 million. This foundation will be responsible for leading the research in challenging areas like prediction of earthquake. The Foundation has to identify institutions of excellence with excellent researchers and provide them the environment and resource to do the research. If it is done, overseas Indians will be remembered for this great initiative by the whole world community. (President's Address to the Conferment of the *Bharatiya Samman Awards, 2005* to prominent NRIs/PIOs, Jan. 1st 2005, Mumbai).

## Foreign Entities: Compatible Partnership

India needs foreign direct investments and foreign technologies without any time lag. In about a decade Indian technological and business strengths will grow tremendously. Indian companies may also emerge as MNCs operating in different parts of the world. They would sell technology intensive products and services as well as export technologies.

The immediate actions for MNCs and foreign entities would be for them to have their mission *compatible* with India's interests and its core strengths. To create a win-win situation, they should, of their own, initiate projects which will enhance technological capabilities and spread the effects of prosperity. Their large publicity mechanism can also attend to specific Indian concerns. In order to initiate action in this direction, they need to interact with many Indian groups to understand their concerns.

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## 9.7 EVALUATION OF SPECIAL PURPOSE AGENCY

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First and foremost, special purpose agencies allegedly confuse the local administrative scene by making the system diffused and disintegrated. Citizens have to access multiple agencies to fulfil their various requirements. Since the local government institutions are no longer the single centre of power, their authority and prestige get diminished. Secondly, it is hard to hold these agencies accountable since they enjoy considerable autonomy in their functioning. An average citizen is likely to approach the local government with his grievance, if any encountered, against these agencies which understandably would not yield the expected outcome. Representative democracy, demands, as a maxim, that all public services be accountable to a representative parliament. Anything outside of it is either private; or, arbitrary (Maheshwari, 1968). It is felt that people would lose interest in the affairs of the local government because of reduced authority. The very purpose of the 73<sup>rd</sup> and 74<sup>th</sup> amendments, which is to set up effective and accountable government at the local level would thereby, arguably though, would be defeated. This raises the pertinent and perhaps the central question of legitimacy of the special purpose agencies and also confuses the accountability of the local government institutions in crucial matters. Besides the possibility of these agencies functioning in their own 'isolated worlds', unconnected in sufficient measure with other related works, also could not be discounted. It therefore, arguably though, raises the ubiquitous concern of 'coordination' and required interconnection for the purpose of coherence of administrative functioning at the field level where most administrative tasks are concentrated (pertaining to service delivery). Hence special purpose agencies would work contrary to cohesiveness of administration at the local level (ibid).

Criticisms apart, special purpose agencies have been considered desirable and relevant in the present times when tasks have become highly sophisticated and technical and thus require specialised handing. Required technical efficiency is found lacking in the traditional government set up.

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## 9.8 CONCLUSION

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The respective partnership roles of Local Authorities (Public Sector) and Special Purpose Agencies (Private Sector) in economic development and nation building cannot be over emphasised. In order that India march towards the cherished goal of a developed nation, there is an urgent need to change the present methods of working and the mindset that has developed because of centralised power. Many existing governmental structures would

need to be drastically reduced. There should be reduction of monopolies and a greater competition in the implementation of many packages of these mega-missions. Therefore, special purpose agencies' participation would be required along with more liberal and simplified procedures. Healthy competition leads to greater efficiency and innovation.

Empowerment of implementing teams would lead to speed in action and would enhance the capability to take risks. Wherever there is a government presence, its mode of operation should be made a facilitating one and the public accountability systems should be changed accordingly.

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## 9.9 KEY CONCEPTS

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- Investment in Man** : There has been a paradigm shift in public administration from structure and process centric approach to human centric approach in that manpower is now considered the prime resource in securing organisational effectiveness. Hence human capital needs investment just as physical capital. Dr. Amartya Sen is credited with the seminal shift in recent times. Hence people are a 'resource' not a problem, as had hitherto been conceived, and investment in their individual capacity development therefore, could significantly increase production in various spheres, pushing up the cumulative Gross Domestic Product (GDP). The key to development administration is "investment in man".
- Illegitimate Isolation** : Horizontal integration in public policy making and implementation between related subject areas is being currently emphasised to get over the problem of illegitimate isolation that makes for 'disjointed' functioning of the administrative apparatus. In order that desired results be attained in specific spheres, its relatedness with other subject areas which bear upon its performance and are in turn affected by its performance, is necessary. If this not be the case, the problem of illegitimate isolation is bound to crop up. Bottlenecks are encountered primarily at the policy implementation stage since theoretical conceptualisation of an issue does not factor in the aforesaid major concern. Coordination is desired at every step, viz. the policy making, implementation and the evaluation stages for retrospective analyses and subsequent improvement.
- Divestiture** : Divestiture is a form of disinvestment. By Divestiture a company gives up control over some specific activity and assets by turning it over to a different player by way of sale which includes transfer of rights, control resources and assets.
- Value Adding Services** : A value adding service is that which adds extra worth (expressed in monetary terms as value) to the core

service. To secure 'added advantage' businesses seek to add value to existing product or service by undertaking activities suggest marketing, improvement in storage facilities change in leadership style, organisational culture etc. which are ancillary in nature but add worth to the main product or service. Value adding services secure competitive advantage for the business or the organisation in the market.

- Global Mobile Personal Communication by Satellite (GMPCS)** : “GMPCS is a personal communication system providing trans national regional or global coverage from a constellation of satellite accessible with small and easy transportable terminals GMPCS services include to way voice, fax, massaging, data and even broadband multimedia. GMPCS satellite systems provide telecommunication services to end users directly, irrespective of whether these satellites are geo stationary, non geo stationary, fixed or mobile, broadband or narrowband, global or regional” (International Telecommunication Union).
- Very Small Aperture Terminals (VSATs)** : It is an earthbound station used in satellite communication of data, voice and video signals with a relatively small dish antennae (often 2.4 meter or 3.8 meter in diameter as opposed to 10 meters for other satellite dishes).
- Public Mobile Radio Trunk Services (PMRTS)** : Radio term services offer several advantages over mobile telephone like unlimited calls for fixed sum, group calls which are not possible in mobile telephone. Despite obvious benefits the mobile segment has outpaced growth vis a vis the radio trunked service as people are largely unaware of the benefits of radio trunking and prefer the mobile phone. Portable hand sets come with a battery attached with which need to be charged regularly. Handsets are both portable and fixed; the letter kind are used as base sets, that is at the office or the headquarters of an organisation. Fixed handsets are connected directly to a power source.

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## 9.11 ACTIVITIES

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- 1) Discuss the significance of special purpose agencies.
- 2) Do a small survey in your neighbourhood and find out the role played by special purpose agencies in area of health and education.