



BLOCK 3

GOVERNANCE: EMERGING PERSPECTIVES

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UNIT 7 GOVERNANCE CHALLENGES AND CHANGING ROLE OF BUREAUCRACY*

Structure

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7.0 OBJECTIVES

After reading this Unit, you should be able to :

- Trace the emergence of the concept of governance;
- Put forth the different interpretations of the concept of governance;
- Examine the characteristics of governance;
- Comprehend the challenges of governance; and
- Analyse the various dimensions pertaining to the changing role of bureaucracy.

7.1 INTRODUCTION

The concept of ‘governance’ has a long and distinguished pedigree. From the Greek city-state to the modern nation-state, governance or the art of governing has been a constant preoccupation for rulers and political philosophers. In recent years, the idea ‘governance matters’ has become a global theme. In the 1990s, aid donors and a range of international institutions, including the multilateral development banks, the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD) and the United Nations Development Programme (UNDP), formally adopted ‘governance’ agenda.

Governance has only recently entered the standard Anglophone Social Science lexicon and become a ‘buzzword’ in various lay circles. Even now its social scientific usages

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are often ‘pre-theoretical’ and eclectic; lay usages are just as diverse and contrary. When most of the people hear the word “governance” they think of “government”, since, both have ‘govern’ as their root word. But governance is more than just government.

In this Unit, we shall orient you to various aspects pertaining to the concept of governance, bring out the emerging challenges in the arena of governance and examine the changing role of bureaucracy in the present scenario.

7.2 CONCEPT OF GOVERNANCE: GENESIS

The concept of governance is not new to India. Early discussions go back to at least 400B.C. to the *Arthashastra*, a fascinating treatise on governance attributed to Kautilya. In *Arthashastra*, Kautilya presented key pillars of the ‘art of governance’, emphasising justice, ethics, and anti-autocratic tendencies. He further detailed the duty of the king to protect the wealth of the State and its subjects; to enhance, maintain and also safeguard such wealth, as well as the interests of the subjects.

The government as an instrument of the State has always been the sole provider of goods and services. For example, Indian Airlines used to be the only agency for domestic air travel in India. Similar is the case in many areas such as telecommunications, power and so on. But since 1980s, we find the emergence and active part being played by the private sector in service delivery. Also we have civil society or people’s associations playing a key role.

For the last few decades, governance has been a prominent area in public administration. It was Harlan Cleveland who first used the word ‘governance’ as an alternative to the phrase public administration. In the mid-1970s, one of the themes in Cleveland’s particularly thoughtful and provocative speeches, papers, and books was: “What the people want is less government and more governance” (1972). Since Cleveland’s initial conception, it would be only a slight exaggeration to say that governance has become the subject formerly known as public administration. A further shift in the concept of governance was witnessed when the prefix “good” was added to it, making it a qualitatively ‘positive’ concept.

Ever since 1989, when the World Bank described the current situation in Africa as ‘crisis in governance’, the term ‘governance’ has been widely, if not exclusively associated with the politics of development in the post-colonial world. The term ‘governance’ had gained prominence with the usage of the term by the international donor agencies such as the World Bank, the United Nations Development Programme (UNDP) etc. These institutions drew attention to certain deficiencies in the governance system of the developing countries. These included non-availability of information to the people, lack of accountability, poor management of public sector, absence of appropriate legal framework and so on. It is against this background that the concept of governance emerged to ensure effective and accountable management of the affairs of a country at all levels.

Gradually the concept of ‘good governance’ was authenticated and popularised by the World Bank. Through its reports published around three decades ago, ‘Governance’ has become an acknowledged paradigm, slowly replacing the notion of ‘Government’.

We are moving from governing almost exclusively by the formal ‘government’ to ‘governance’, which is broader in nature comprising government, private sector and civil society. The distinction between public and private sectors is getting narrowed and more participative and collaborative forms of governing are in place. We have already discussed in detail about these aspects in Unit 2 of this Course.

7.3 GOVERNANCE: CONCEPTUAL FRAMEWORK

The conceptual roots of governance are located in the neo-liberal theoretical discourses. Governance like New Public Management defies simple definitions. It has become a conceptual riddle. Semantically, it refers to government-run-administration. However given its roots in the concern of the World Bank for recovering 'loans' given to the Sub-Saharan African states, it has become integrally linked with the 'neo-liberal' thrust in contemporary politics. The neo-liberal thinking gained prominence since mid-1950s which advocated free market. It gave importance to private sector, individual liberty and freedom and propagated roll back of the State. It favoured free markets and diluting the role of the Welfare State.

Governance generally means 'the act or process of governing'. Since 1980s, the shift from 'government' to 'governance' in development vocabulary was not mere semantic change. The Anglophone term 'governance' can be traced to the classical Latin and ancient Greek words for the 'steering of boats'. It originally referred mainly to the action or manner of governing, guiding or steering conduct and overlapped with 'government'. For a long time usage was mainly limited to the Constitutional and legal issues concerning the conduct of 'affairs of State'.

It has enjoyed a remarkable revival over the last few decades in many contexts, however becoming a ubiquitous 'buzzword' which can mean anything or nothing. The key factor in its revival has probably been the need to distinguish between 'governance' and 'government'. The State attempts to achieve set goals and objectives for the welfare of its citizens. The government as an instrument of the State through the plans, policies and programmes attempts to deliver essential services to the citizens. Governance would refer to the modes and manner of governing from government to other institutions and agents charged with governing including private sector, civil society and peoples' associations.

Etymologically, the word "governance" and its cognates are rooted in the Greek word "kybernan", meaning "to steer or pilot a ship" and have been common in Western usage – originating in Middle English and Old French - for centuries. To "govern" is to direct, guide, rule, or steer. The institutions for governing may be termed – "government". When one is "governing", or being governed, one is engaged in, or being subjected to, the act or process of "governance". In contemporary popular usage, governance refers to how actors – whether multinational entities, governments, public agencies, private corporations, communities, social or political groups, individuals, or combinations of these – are governed, i.e., directed or guided, in order to accomplish purposes on which they agree or have in common. By implication, governance in this generic sense might imply such descriptive characteristics or qualities as adaptability, transparency, means for resolving conflicts, structures for consultation, deliberation, and decision making, processes through which authority and influence are distributed among actors, and mechanisms for enforcing rules and agreements.

Governance refers to opening up of the arena of government to multiple actors, mobilising the collective efforts of the government, private sector and the community. It focuses on ensuring accountability, people's participation, and transparency, rule of law, effectiveness and efficiency. It fosters networking amongst several stakeholders and involves multiple actors and institutions.

In general there has been an ever-expanding, often confusing variety of meanings and applications of the term 'governance'. New definitions of governance have continued to proliferate in academic and policy discourse. These new, non-generic definitions

reflect increased scholarly and policy maker interest in how multiple sources of societal and global change – political, economic, social, demographic, technological, and legal – are affecting systems of ordered rule, especially, those, systems or arrangements serving public interests.

Beginning in the early 1990s, altogether new meanings began to be associated with the term “governance” in public administration. Governance, for example, began to mean a form of public goods provision that is “beyond government”. That is, “governance” meant, not just systems of both public and private sectors, but arrangements whereby responsibility for collective benefits has been assumed by civil society institutions such as non-profit/non-governmental organisations or other actors that are constituted, i.e., legitimised, outside the public sector. At the same time, among institutions concerned with the developing world and with newly emerging states, such as the World Bank and the International Monetary Fund, governance increasingly came to imply “good governance”, that is, government that meets specific criteria for competence, such as transparency, effectiveness, honesty, participation and inclusivity.

Over the past decades, distinct words and phrases for reforming the public sector have been in usage. The ‘3Es’ of economy, efficiency and effectiveness gave way to the ‘new public management’ and ‘entrepreneurial government’. The term *Governance* is now widely used, supplanting the commonplace ‘government’. Even the most cursory inspection reveals that ‘governance’ has several distinct meanings. The current use does not treat governance as a synonym for government. Rather it signifies a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed.

Lynn (2010) categorises the meanings and applications in the governance literature and the issues each raises for the study and practice of public administration as:

- a) governance as a generic term
- b) governance as synonymous with the state, with the public sector: “government”;
- c) governance as synonymous with “good government”
- d) governance “beyond government”
- e) governance “not government”

Rhodes (1996) puts forward six separate uses of governance as:

- a) the minimal state
- b) corporate governance
- c) good governance
- d) a socio-cybernetic system
- e) self-organizing networks.
- f) the new public management,

The notion of governance rests on three theoretical principles or premises:

- a) The existence of crisis of governability
- b) That this crisis reflects problems in traditional forms of State intervention.
- c) The emergence of a tendency or of a convergent political trend in all the ‘developed’ countries that is giving rise to a new form of governance better adapted to the context.

There are varied interpretations of governance put forth by scholars implying

- Shift from the bureaucratic State to the hollow State or to third-party government
- Market based approaches to government
- Development of social capital, civil society, and high levels of citizen participation
- Interjurisdictional cooperation and network management.

Government in the postmodern State involves multiple levels of interlocked and overlapping arenas of collective policy implementation. Governments now operate in the context of supranational, international, trans-governmental and trans-national relations in elaborate patterns of federated power sharing and interdependence.

7.4 QUALITY OF GOVERNANCE

Today the quality of governance is attracting more and more attention among the countries. The number of democratic regimes continues to rise and good governance has become an important criterion for a country's credibility and respect on the international stage. The use of the term "good governance" was initially articulated in a 1989 World Bank publication. Therein, the concept of good governance was identified as a structural necessity for market reform. In 1992, the Bank published a Report entitled, *Governance and Development*, which explored the concept further and its application to the Bank's activities. In 1997, the Bank redefined the concept and underlined the need for an effective State apparatus in association with "good governance" as a necessary precondition for development. Other international financial institutions (IFIs), such as the International Monetary Fund (IMF) and the Organisation of Economic Cooperation and Development (OECD), have also contributed to the World Bank's policy dialogue.

Since 'good' is a subjective term, it is important to be specific in its use. There are many competing views on what the term 'good governance' should mean, but most donors argue that it should include some (if not all) of these; increased public accountability and transparency; respect for and strengthening of the rule of law and anti-corruption measures; democratisation, decentralisation and local government reform; increased civil society participation; and respect for human rights and the environment.

Good governance has certain qualities to it. It promotes equity, participation, pluralism, transparency, accountability and the rule of law. And it is efficient, effective, responsive and sustainable over the long run. Governance must be rooted in these principles for greater human development through poverty eradication, environmental protection and regeneration, gender equality and sustainable livelihoods.

When we speak of the quality of a country's governance, however, we mean the degree to which its institutions and processes are transparent, accountable to the people, allowing them to participate in decisions that affect their lives. The quality pertains to structure, systems and processes of governance. We have already referred to this in Unit 3 of this Course.

The promotion of good governance has led to the proliferation of aggregate indicators that rank or assess countries for the quality of their governance. The most comprehensive set of aggregate indicators is the World Bank's Worldwide Governance Indicators (WGI) database now covering 215 countries and territories; and measuring three dimensions of governance defined as "the exercise of authority through formal and informal traditions and institutions for the common good". The three dimensions are:

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- 1) the process of selecting, monitoring, and replacing governments;
- 2) the capacity to formulate and implement sound policies and deliver public services;
- 3) the respect of citizens and the State for the institutions that govern economic and social interactions among them.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

- 1) Explain the genesis of the concept of ‘governance’.

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- 2) Discuss the conceptual dimensions of governance.

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7.5 CHALLENGES OF GOVERNANCE

There is a multitude of challenges facing ‘governance’ in the twenty-first century. This is very true for most developing nations, especially in Asia. These challenges emanate from various levels-global, national, regional and local. While many challenges have local solutions because they involve local issues (e.g., flood control, population density, urban-rural divide, urban governance and administration, or public management), others have multiple sources involved, especially regional and global ones and demand national and international solutions. This has an imperative for regional and global cooperation.

The challenge of governance in any State is not competitive populism or fulfilment of some wish lists. It is in restoring the basic values to the institutions and ensuring their sustenance through truly autonomous watch dog processes. The legislators should legislate and exercise supervision of government policies; the executive should concentrate on fair and equitable governance and efficient delivery of public services. The judiciary should focus on speedy justice for all sections of the society.

The environment of public administration in developing democracies has changed dramatically in the last few decades. The contemporary challenges of governance in India are: problems with bureaucracy, including the antiquated processes and criteria for recruitment of the nation’s higher civil service, rigidity and inefficiencies in government operations, widespread corruption, lack of accountability, lack of representativeness in

public service, unresponsiveness to citizens, and the inability of the bureaucracy to deal with the growing role of the private sector and civil society in governance. In 1991, India liberalised its markets, privatised several government-owned industries and became more open to globalisation. These reforms have created a radical change in the Indian political and economic system as well as unprecedented challenges for governance. On the one hand, liberalisation and globalisation have produced greater wealth, a larger middle class and modernisation in India; on the other hand, they have created a tremendous and urgent need for public administration reforms, infrastructure development and reduction of the widening gap between the rich and the poor. The problems of a developing democracy; a governance system that is undergoing major changes that at times appears chaotic and an administrative apparatus that suffers from much pathology. The change is slow and requires simultaneous and coordinated efforts on the part of the country's social, political and economic institutions.

Throughout the world, governance issues have become increasingly crucial in recent years in all sectors and at all organisational levels – social, economic, cultural, administrative and political. Globalisation has profoundly altered and intensified communication and dialogue on issues pertaining to the manner in which communities, societies, nations and the world are governed. The current economic situation, marked by growing economic tensions and budget austerity, renders the invention or reinvention of systems of governance much more vital – but also politically delicate.

Some of the contemporary issues and challenges of governance can be summed as:

- Political, economic and social systems have become increasingly fragmented, making global strategic initiatives even more complex;
- The range of values, attitudes and behaviours exhibited by individuals and groups has contributed to greater and more diverse demands for inclusion and participation on the part of citizens, groups and organisations;
- As the structure around the representation of interests is further broadened and differentiated, the governance system becomes more complex and progressively less intelligible, decipherable and accountable to lay persons;
- There is a growing risk that the democratic quality of our political systems will deteriorate.

Key Challenges of Governance

- **Information gap:** characterised by information asymmetries between levels of government when designing, implementing and delivering public policy.
- **Capacity gap:** arises when there is a lack of human, knowledge (skill-based and “knowhow”) or infrastructural resources available to carry out tasks, regardless of the level of government.
- **Fiscal gap:** reflects the difference between sub-central revenues and the expenditures needed to meet their responsibilities. It indicates a direct dependence on higher levels of government for funding in order to meet obligations.
- **Administrative gap:** arises when administrative borders do not correspond to functional economic areas at the sub-central level.
- **Policy gap:** results when line ministries take purely vertical approaches to cross-sectoral policy (e.g. energy, water or youth).

7.6 CHANGING ROLE OF BUREAUCRACY

The impact of globalisation on State is manifold and it is resulting in transformation in the role of bureaucracy. The State is to act as a linking pin of processes of planning, consultation, negotiation and decision-making involving diverse actors-state as well as non-state at different levels of governance. The State is the hub of activities connecting multiple partners and stakeholders from various spheres. In consonance with this, the bureaucracy's role is also undergoing change. Research Studies indicate that there are reform measures initiated globally to streamline the size and scope of bureaucracy, and make them attuned to coping with market forces and citizen's voice. According to Haque(1998), the role of bureaucracy is changing from a) developmental to managerial role b) active(leading) to supportive (facilitating) c) citizen-centred to customer-centred. The terms bureaucracy and democracy are usually thought of, in the academic literature, as antithetical approaches to providing governance for a society. On the one hand public bureaucracies are typically conceptualised as necessary for effective administration of public programmes, but as being legalistic and largely indifferent to the wishes and demands of individual citizens. Bureaucracies also tend to be associated with hierarchical and even authoritarian forms of governing, even though at least part of the logic for institutionalising the bureaucratic form of governing was to ensure equal treatment of citizens, and to provide clients with records and justifications for the decisions being made about them within the public sector.

The nature of governance has been changing with shift from a system that is focused on inputs to one that is focused on outputs. This is perhaps inevitable given that a good deal of the reform of the public sector under New Public Management has been concerned with managing the output of programmes. Performance management in particular has emphasised the need to measure what the public sector does. A part of that measurement relates to citizen satisfaction with the services provided, a form of assessment that invites public participation and can serve as one form of democratic input, though perhaps a rather passive one. This change in turn implies that accountability has become an even more central instrument for democracy. The bureaucracy thus, has become an important locus for public involvement and for democracy.

Effective and efficient institutions form the backbone of a successful governance system. The bureaucracy plays a central role in socio-economic development and nation building. In the recent times, the role of bureaucracy has undergone a massive change due to a number of factors. The changing role of the State in the contemporary context has brought about significant changes in the profile of bureaucracy. The growing impact of liberalisation, privatisation and globalisation, increased complexity in administrative problems, influx of information technology and socio-cultural upheavals are bringing in a lot of changes in the complexion of Indian bureaucracy. Consequently, there have been persistent demands for a responsive, accountable and efficient administration. The bureaucracy has to strike a balance between participation and accountability, competition and conflict, user and citizen. The bureaucracy has to ensure that there is a suitable environment in which rights of the citizens are protected, law and order is maintained, stability is provided and efficient infrastructure is put in place to tone up the welfare services to the people.

There are several governance challenges in India on political and socio-economic fronts. In addition there are regional disparities, issues pertaining to centre-state relationship and so on. The bureaucracy in India suffers from certain paradoxes. It is a combination of rigid adherence to procedures and a low resistance to varied pressures, pulls and interventions.

Bureaucracy is the backbone of Indian administrative system. Its complexion is changing with the change in the socio-cultural and economic scenario. The governance scenario around is changing under the rubric of New Public Management (NPM) and good governance reforms where more emphasis is on making bureaucracy more transparent, efficient and accountable. The responsibilities, the regulatory and service functions of bureaucracy are on increase. It is expected to play the role of knowledge manager to meet the contemporary governance challenges.

The role of bureaucracy varies at different levels. At the top level in governance structure, tasks of bureaucracy relate to policy formulation and devising appropriate implementation strategies. The bureaucracy at the middle level is to discharge tasks of supervising, coordinating, networking and communicating and overseeing the implementation and execution. It requires a blend of administrative, technical, and human skills. At the cutting edge level, the bureaucracy has to be proactive, innovative and entrepreneurial to deliver the services.

In nutshell, the shift or change in the role of bureaucracy in light of the emerging governance challenges can be understood under the following factors:

- Fast pace of globalisation
- Rapid advancement of communication technology and problems relating to cybercrime and threats due to social media
- Advances in technology and mass-scale digitisation of government operations
- New tools of governance
- Inclusive policies with a more sense of accountability and responsibility towards the excluded sections of society
- Participatory and engaged governance i.e., engaging the civil society for better governance since citizens are the most important assets in governance
- Building new skills and capacities
- Internal and external security threats

The bureaucracy's role is multifaceted being the:

- Articulator and integrator of interests of stakeholders
- Conciliator, mediator and adjudicator
- Contributor of expertise, skills and resources
- Network and strategic manager
- Responsive, accessible and promoter of multidimensional accountability

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Identify the key issues and challenges of governance.

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2) Describe the factors responsible for changing role of bureaucracy.

7.7 CONCLUSION

In the new governance context, role of bureaucracy has been changing very fast. The government is no longer seen merely as a law enforcer or a controller of national resources but as a provider of basic services and public goods. Globalisation has added different dimensions to the concept of governance. There has been a shift in orientation from being controllers to facilitators and from being providers to enablers. Bureaucrats will have to equip themselves with the new set of skills and capabilities to meet the new governance challenges. They need to master new technologies and new styles of functioning and devise strategies to deal with the emerging governance challenges. Thus, in the light of the changing governance scenario, the bureaucracy must reform itself. It must reinvent itself in the light of changing norms of governance, New Public Service and New Governance.

7.8 GLOSSARY

Entrepreneurial Government : It is philosophy that propagates government institutions to be competitive, innovative and risk taking like private enterprises.

Governance Indicators : These are the set of composite indicators covering various dimensions of governance for measuring the quality of governance within and across the nations.

Neo-liberal Thought : This is associated with economic liberalisation policies such as deregulation, privatisation, free trade, increasing the role of private sector in economy and society.

New Public Management : This refers to private sector and market driven perspective on the operations of the government. It is a combination of various methods and techniques towards modernising of government activities.

New Governance : This is a new paradigm in the governance discourse and features the changing locus of the public authority involving the expanding role of the civil society in the provision of public benefits.

New Public Service : This approach put forth by Robert B. Denhardt and Janet B. Denhardt suggests that public servants must adhere to law, community values, political norms, professional standards and citizens' interests. It considers the primary role of bureaucracy to serve the citizens.

Social Capital : It refers to networks of relationships among people in society. It encompasses factors such as interpersonal relationships, a shared sense of identity, shared understanding, shared norms, values, trust, cooperation and reciprocity.

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7.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - The term governance is derived from the Greek word *kybernan* which implies steering.
 - Shift from government to governance narrative.
 - It is more than government.
- 2) Your answer should include the following points:
 - The characteristics of good governance include:
 - a) Participation
 - b) Rule of Law
 - c) Transparency
 - d) Responsiveness
 - e) Equity
 - f) Effectiveness and efficiency
 - g) Predictability
 - h) Accountability

Check Your Progress 2

- 1) Your answer should include the following points:
 - Fragmented political, economic and social systems
 - Challenges of globalisation
 - Revolution in information technology
 - Policy gap
 - Information gap
 - Fiscal gap
 - Administrative gap
- 2) Your answer should include the following points:
 - Improving the functioning of civil service and bureaucracy.
 - Development of new capacities in view of governance challenges.
 - Engaging citizens in governance.

UNIT 8 INFORMATION AND COMMUNICATION TECHNOLOGY AND GOVERNANCE*

Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Information and Communication Technology: Conceptual Framework
- 8.3 Information and Communication Technology: Evolutionary Perspective
- 8.4 Information and Communication Technology Initiatives in India
- 8.5 Information and Communication Technology Enabled Governance
- 8.6 Information and Communication Technology in Governance: Key Challenges
- 8.7 Conclusion
- 8.8 Glossary
- 8.9 References
- 8.10 Answers to Check Your Progress Exercises

8.0 OBJECTIVES

After going through this Unit you should be able to:

- Provide a conceptual framework of Information and Communication Technology (ICT);
- Trace the evolution of ICT;
- Discuss the importance of ICT enabled governance;
- Describe the ICT initiatives in public services; and
- Analyse the implementation challenges of Information Communication Technology in Indian context.

8.1 INTRODUCTION

Information and Communication Technology (ICT) has become an indispensable part in present times. For developing countries in particular, they are seen as critical to economic, social and political development. Governance deals with the structures and dynamics of rulemaking and collective action in society. The processes of governance do not necessarily reside solely within the sphere of State action and authority. The contemporary understanding of governance springs from the recognition that governments are limited in their capacity. Such limitation should be considered in the design of public policies and in current scenario, the integration of participatory elements in decision making is vital for effective governance.

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The role of government in the society is undergoing continuous change and there is a consensus to harness the potential of information and communication technologies in the field of governance. For achieving effective citizen empowerment and participation, several challenges emerge that need to be examined and dealt with new tools. The ICT-enabled governance models and methods of monitoring, interaction, collaboration for policy making and enforcement are emerging and changing the role of the government in the Information Society. ICT promotes good governance by increasing transparency in provision of information, and ensuring accountability, by facilitating decision-making, public participation and by enhancing the efficient delivery of public goods and services.

The citizen's right to gain access to public services and documents is supported through the government's computerisation initiatives and the availability of these documents through the Internet. Many government agencies use ICT facilities to reach out to the public with their accomplishments, achievements and programmes. Information about government operations is a basic requirement in fostering transparency in governance. The use of ICT enables the government, as well as civil society and other stakeholders to make people aware of their rights and privileges.

In this Unit, we shall attempt to provide the conceptual framework of ICT, its evolutionary perspective and the policy environment. The ICT enabled governance initiatives shall be discussed and implementation challenges of ICT shall be analysed.

8.2 INFORMATION AND COMMUNICATION TECHNOLOGY: CONCEPTUAL FRAMEWORK

ICT is the use of technology in information processing and communication. It encompasses the use of computers, and computer software to gather, convert, process, store, protect, transmit, retrieve and present the information. Increasingly these activities also involve collaboration and communication. The search for smarter, efficient and effective government through efficiency, reengineering of service systems, performance management, transparency of government operations, downsizing or rightsizing of the government workforce, strong emphasis on citizen service with citizen satisfaction as a strategy are the buzz words in administration. Quick decision-making, data based planning, effective implementation through quantitative techniques seemed to clinch the issue in its favour. These changes forced the governments towards new techniques and technologies for pursuing good governance agenda. There are various ways through which citizens along with government are experimenting with information and communication technology in order to build and sustain democratic and accountable governance. The information revolution promises to change the world like never before. Information super highways are bringing about profound changes in the manner people work, learn and play, especially in the developed countries. The developing world cannot remain isolated from the changes. Currently new terminologies 'governance' 'IT & administration', 'e-government', 'e-governance' and 'e-citizen' etc., have gained prominence. The application of ICT in public administration has brought about perceptible change in public service delivery. It has been realised that ICT has resulted in remarkable improvement in quality of services rendered by the government. Technology cannot work in isolation; it has to reach out to one and all. It is vital for citizens to receive the services they need at the minimum cost. The government should be able to handle information quickly and efficiently, be it monitoring any project status or reaching out to the people.

The application of ICT to the processes of government to ensure good governance is e-governance. It aims at involvement of multi-stakeholders in decision-making and making

governments open and accountable. E-government is modernisation of processes and functions of government using ICT tools.

The advent of information technology as a highly leveraged enabling tool for delivery of services in the governance process has now been universally recognised. Through the deployment of ICT, existing government processes are re-engineered to make public services effective and efficient. These services include providing information, payment of taxes, granting licenses, paying subsidies, garnering and analysing statistics and procuring goods and services. Good governance is a part of development process which is participatory, transparent and accountable, where processes and structures guide political and socio-economic relationships, and the voices of the poorest and most vulnerable are taken cognisance of in the decision-making process.

8.3 INFORMATION AND COMMUNICATION TECHNOLOGY: EVOLUTIONARY PERSPECTIVE

The information age, made possible by the advent of computers, is characterised by the shift from traditional industry to an economy based on information digitisation. The onset of the information age is associated with the digital revolution, just as the industrial revolution marked the onset of the industrial age. The internet, synonymous with ICT, was conceived as a network that could connect computers together. Though the internet itself has existed since 1969, it was with the invention of the World Wide Web (www) in 1989 by British scientist Tim Berners-Lee and its introduction in 1991 that the internet became an easily accessible network. The modern term, Information Technology (IT), came into widespread use only in the late 1970s and is now used generally to embrace both computer and communication technologies and their common basis – microelectronic technology and all the related software technology. Until the 1970s, computer and telecommunication technologies were still regarded as quite distinct. However, powerful technology changes in microelectronics, software, optics and increasing integration of telecommunications with computer technologies have blurred this distinction to a large extent. Microelectronics technology has been the common basis both for rapid development and the convergence of computer and telecommunications technologies.

Phase I

The first phase relating to the evolution of ICT is identified with the creation of electromagnetic calculator during World War II, weighing about 5 tons. The invention of transistors in 1947 led to development of smaller but versatile computers. With the input-output technology changing from punch cards to magnetic tapes, “Computer” became a catch word.

Phase II

The second phase of ICT evolution in 1970s is associated with the development of personal computers. Development of chip technology and manufacturing magnetic discs transformed huge computers into desktops, which are called personal computers. The word processing, accounting and graphics became very accessible.

Phase III

The third phase of ICT evolution is related to development of microprocessors. It is a multipurpose, programmable device that accepts digital data as input, processes it

according to instructions stored in its memory, and provides results as output. Microprocessors reduce the cost of processing power.

Phase IV

The fourth phase of ICT evolution involves networking. Starting from connecting computers within a small geographic area for the fields of defence and education to connecting the computers worldwide resulting in internet is the landmark development in the field of ICT. This resulted in breaking the distance barriers across the geographies and world being called a global village. Social networking is a by-product of this. The introduction of broadband has accelerated this evolution.

Phase V

The fifth phase of ICT evolution is related to the development of wireless, which refers to the present phase. This phase began with the invention of the mobile phone. The initial mobile phones were large and bulky. The reduction in size has been accompanied by a greatly expanded range of functions such as, transmitting messages, pictures and music, browsing, navigating etc. Satellite phones such as HAM radio, have allowed us to get connected even in the absence of telephone and cell phones.

The shift from analogical to digital technologies in telecommunications has led to switching and transmission systems increasingly resembling computers and embedding an increasing amount of software. In addition, with the development of networking technology, communications between computers have expanded tremendously since the early 1960s, when online computer systems were first developed. The evolution of information technology, over the past fifty years, can be broadly divided into three eras, Mainframe; PC (personal computer) and LAN (local area network); and internet computing.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Explain the concept of Information and Communication Technology (ICT).

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2) Discuss the different phases in the evolution of ICT.

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8.4 INFORMATION AND COMMUNICATION TECHNOLOGY INITIATIVES IN INDIA

There were many measures taken to support the growth of ICT in India. In 1970, the Government of India (GoI) has established Department of Electronics and subsequently in 1977, GoI has taken the first major step towards implementation of e-governance by establishment of National Informatics Centre (NIC). By 1980, most of the government offices were equipped with computers but their role was confined to word processing. Within the span of time and advent of ICT, the GoI has taken a remarkable step for fostering e-governance by launching the national satellite based network (NICNET) in 1987 followed by District Information System of the National Informatics Centre (DISNIC). NICNET was the first government informatics network across the world equipped with advanced database services. India's e-governance transformation initiatives started in the 1990s. Since then the country has made considerable progress in the information and communication technology sector. To improve ICT performance and productivity, the Government of India approved the National e-Governance Plan (NeGP) on May 18, 2006 which seeks to improve delivery of government services to citizens and private sector with the vision of making all government services accessible to the citizen in his/her locality, through common service delivery outlets and ensure efficiency, transparency and reliability of such services at affordable costs to realise their basic needs. E-governance has become the basic requirement of governance at the local, regional, national or international levels. The National e-governance Plan (NeGP) comprises 27 Mission Mode Projects (MMPs) and 8 components. The MMPs are implemented by various central ministries and state governments. The major core infrastructure components include State Wide Area Networks, Common Service Centres, and Governance Service Delivery Gateway etc.

With the cost of communication and IT infrastructure going downwards and demand going upwards, the e-governance initiatives took shape in the decade of 2000s. Thus the government sponsored e-governance projects took a big leap to provide the impetus for long-term growth of e-governance within the country. Demands generated from political leadership, capacity building needs, and perceived citizen expectations have contributed to IT innovations. At the state level, many state governments started their initiatives in the same period by taking up projects to serve their people through ICT.

India has played a major role in the context of ICT for development from the early 1980s at various levels. The National Policy on Information Technology formulated in 2012 focuses on application of technology-enabled approaches to overcome developmental challenges in education, health, skill development, financial inclusion etc. The policy outlines strategies to achieve the following aims:

- Creating an ecosystem for a globally competitive IT industry
- Human Resource Development
- Promotion of innovation and Research and Development in IT sector
- Enhancing productivity and competitiveness in key sectors through ICT
- Enabling service delivery through e-governance
- Development of language technologies
- GIS based IT services

- Security of cyber space.

There have been an increasing number of ICT initiatives in India. Projects such as e-seva, FRIENDS, computerisation of land records, Bhoomi project, Lok Mitra and so on are aimed at bringing government services closer to citizens. The E-procurement project introduced in 2003, aims to streamline government activities that impinge upon business organisations. It aims at transparency in government procurement and reduction in tender cycle time.

The Akshaya Project in Kerala provides a range of e services including education through a network of 617 ICT hubs. The Akshaya centres provide e-services to the local community such as universal ICT access, e-literacy, creation of micro ICT enterprises and service delivery points along with banking and financial services.

Recent ICT Initiatives

i) Digital India Initiative

The Digital India Programme (DIP) launched by the government in 2014, a bold initiative which aims to transform India into a digitally-enabled and empowered information-driven society, and knowledge based economy, has set ambitious targets to be achieved. The strategic objective of Digital India Programme (DIP) is to ensure that government services are made available to citizens through use of ICT support and simplify governance for citizens and businesses. In other words, Digital India uses electronic means to support and stimulate good governance. The main goal of this huge transformational initiative is to radically redesign and digitise government processes and make government services available and accessible electronically to citizens, as well as to contribute towards employment generation. The vision of Digital India is centred around the following three key areas: (1) Infrastructure as a utility to every citizen; (2) Governance and services on demand; and (3) Digital empowerment of citizens.

The vision area of infrastructure as a utility initiative aims at high speed internet, digital identity, easy access to common service centres, safe and secure cyber space and so on. The vision area of governance and services on demand centres around provision of seamless integration across all departments, availability of citizens' documents on the cloud, making financial transactions electronic and cashless, leveraging Geographical Information System for decision support systems and development. The digital empowerment of citizens centres on universal digital literacy, accessible digital resources, availability of digital resources/services in Indian languages etc.

The digital India initiative aims at expansion of broadband accessibility in villages, universal phone connectivity, digital inclusion-governance and e-services. This initiative aims at revamping Mission Mode and other e-governance projects relating to transport, Pay online, National Scholarship Portal, Digi locker etc.

ii) Smart Cities

A smart city refers to a city that uses ICT to enhance the quality and performance of urban services such as energy, transportation and utilities in order to reduce consumption of resources, wastage and overall costs. The features of smart city include availability of adequate water supply, assured electricity supply, sanitation including solid waste management, robust IT connectivity and digitalisation and citizen participation. The smart city concept relies on extensive use of ICT and various physical devices connected to the networks to optimise the efficiency of city operations and services and make them effectively accessible to citizens. The Smart city technology facilitates city officials

to interact directly with both community and other stakeholders and to monitor the city governance. A Smart-city model requires the deployment and display of IT concepts to be used in development of Smart City. The model includes concepts such as Smartlighting, Smart traffic management, Smart building, Smart health, Smart parking, Wi-Fi Internet access and city surveillance, solid waste management, Smart metering, water quality, water clogging management in cities, etc.

The Smart Cities Mission was launched on June 25, 2015 by the Government of India. It is the urban renewal and retrofitting programme initiated with the view to developing 100 cities across the country making them citizen friendly and sustainable. The Union Ministry of Urban Development is responsible for implementing the mission in collaboration with respective state governments.

iii) **Internet of Things (IoT)**

The latest entrant to the digital space is the Internet of Things (IoT). It can also be defined as interplay for software, telecom and electronic hardware industry. IoT is the network of physical objects — devices, vehicles, buildings and other items embedded with electronics, software, sensors and network connectivity — that enable these objects to collect and exchange data. With the advent of the Internet of Things (IoT), fed by sensors in trillions, working with intelligent systems in the billions, and involving millions of applications, this will drive new consumer and business behaviour. It shall demand increasingly intelligent industry solutions, which, in turn, shall drive trillions of dollars in IT industry and even more for the companies that take advantage of the IoT.

The number of Internet-connected devices (12.5 billion) surpassed the number of human beings (7 billion) on the planet in 2011, and by 2020, globally Internet-connected devices are expected to number between 26 billion and 50 billion. The Government of India's plan of developing 100 smart cities in the country, could lead to a massive and quick expansion of IoT in the country. Internet of Things involves three distinct stages:

- a) The sensors which collect data (including identification and addressing the sensor/device);
- b) An application which collects and analyses this Data for further consolidation; and
- c) Decision making and the transmission of data to the decision-making server. Analytical engines, actuators and Big data may be used for the decision making process.

IoT is useful in India in many ways across industries such as utilities, manufacturing, automotive, transportation and logistics. IoT enabled smart devices are being used in day to day life for health and wellness, personal safety and so on for smart cities project.

Smart surveillance, automated transportation, smarter energy management systems, water distribution, urban security and environmental monitoring, sensor-driven networked technologies are examples of IoT applications.

8.5 INFORMATION AND COMMUNICATION TECHNOLOGY ENABLED GOVERNANCE

The essence of information and communication technology enabled governance is to impact the way work is organised in organisations. ICT offers an opportunity for improvement in public service delivery and most administrative best practices build upon the process redesign and convergence that is facilitated by ICT. It leads to

transformation in work processes and service delivery, lowers transaction costs with better transparency and accountability. It enables transformational change rather than mere technical change.

ICT enabled e-governance models and best practices as we have discussed in preceding sections enable integration of government processes and communication with access enabled across space and time on an on-line real time basis, with status tracking and status information. Integrated user group interface through ICT platforms help provide minimal public interface for time bound delivery of services with reduction in delay and corruption, improved transparency and help bridge the performance gap. The examples of best practices are the Passenger Reservation System (PRS) and the Freight Operation Information System (FOIS) of the Indian Railways.

The integration of back-end services and transformation of process design for basic service delivery linked to organisational level restructuring is at the heart of the transformation. It is also important to integrate government services with inter-operable standards with convergence across departments breaking up the duplication of processes and divisions between the technical and operational side and between field and secretariat. The architectural change of organisations is also part of this transformation. The concept of networking of organisations and information systems, with administration functioning on a networked horizontal structural base, marking a departure from hierarchical command structures is the future administrative roadmap.

Phases in the ICT Enabled Governance:

- i) **Phase-I: Web Presence:** The first phase is marked by web presence of public institutions and dissemination of information. This has been facilitated by the Right to Information Act, 2005 (RTI) and this has been developed as a basic feature of all public services where type of service and service provider details are made available in a proactive manner. This information is also being integrated for citizen access through the National and State Portals which provide basic information on government programmes and services. The web presence can range from basic and static information to access to databases, documents, policies etc., with the aid of help features and site map.
- ii) **Phase-II: Interactive Presence:** The next stage is marked by an interactive interface with stakeholders with pro-active solutions to problem solving and electronic requests for services and financial transactions. The service starts on the internet but does not always end there. Applications related to property tax, land registration, property titles and programmes like '**Bhoomi**' are now being replicated at the national level. Efforts to widen the reach of these basic services to ordinary citizens through community access in several ways – through online services in government offices, integrated service delivery through one-stop service common services centres.
- iii) **Phase-III: Transactional Presence:** This relates to completion of transactions on the internet and access to internet. This interaction in turn results in vertical and horizontal integration which changes the way a service is delivered, the effort being for completion of the transaction for the service through the internet with putting in place of back-end integration. The architectural model for this stage requires interoperability and convergence. There is electronic communication between the platform and citizen and the transaction is completed online.
- iv) **Phase- IV: Networked Presence and E-Participation:** The fourth stage is

marked by a Government to Citizen (G2C) framework based on an integrated network of public agencies, process certification and participation in basic process design and political processes. Web comment forms, upcoming events, on line polling mechanism, discussion forums and online consultation facilities are part of this stage. Integrated Portals are central to this integration. Web based political participation and institutionalisation of stakeholder participation with tools like citizen polling, mark important benchmarks in this stage. The promise of inclusion of all is an important hallmark of this stage.

8.6 INFORMATION AND COMMUNICATION TECHNOLOGY IN GOVERNANCE: KEY CHALLENGES

The developments in ICT in India have resulted in several initiatives. Despite this, there are several challenges. Lack of human resources, organisational and technological infrastructure have posed hindrances to the effective implementation of ICT in governance.

One of the biggest challenges is bridging the digital divide. The term digital divide refers to the gap between those with regular, effective access to digital and information technology, and those without this access. It encompasses both physical access to technology hardware and, more broadly, skills and resources which allow for its use. The groups often discussed in the context of a digital divide include socioeconomic or geographical (urban/rural). The term global digital divide refers to differences in technology access between countries. Essentially, this means the divide between those who have access to digital technology and those who do not. Several research studies in India indicate the core elements of digital divide relating to (i) access to computers, (ii) connectivity, (iii) content (iv) lack of proper ICT infrastructure (v) education (vi) illiteracy. The availability of information resources can bridge the gap between poverty and prosperity, particularly in developing countries. The government has taken encouraging steps to improve the lives of common people through several IT-oriented projects. Economic prosperity along with reduction in social disparities can bridge digital divide.

E-governance Programmes for Bridging Digital Divide

- i) Kisan Call Centres by Ministry of Agriculture, Government of India
- ii) Bhoomi Project in Karnataka
- iii) Gyandoot Project in Madhya Pradesh
- iv) FRIENDS Project in Kerala
- iv) Lok mitra Project in Himachal Pradesh
- v) CARD Project in Andhra Pradesh

Despite India taking significant steps towards acquiring competence in information and technology (ICT), there are disparities wherein between people who have access to technology and those who do not. Most of the Indian villages do not have electricity, phone connectivity, access to any form of technology and are below the poverty line. The other challenges include:

- Resources – human, financial and technological
- Literacy, skill and language barriers

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- Back-end computerisation
- Monitoring and evaluation
- Political will and bureaucratic commitment
- Resistance to change.

Several policy initiatives have been taken by the government to bridge the digital divide, however, still many coordinated initiatives are needed with the involvement of public and private sectors, NGOs and so on. Also the challenges can be met with a multi-pronged strategy. There is need for proper planning, well laid down priorities, ICT framework, capacity building, clear cut information policy, documentation, monitoring and evaluation. Efforts are required for a long term coherent plan for addressing the ICT concerns by public as well as private sectors. The grassroots organisations and NGOs along with other stakeholders can play an important role in creating an environment that will foster technology use and encourage national and international investment in ICT infrastructure development and creating a skilled work force.

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Bring out the components of Digital India Initiative.

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2) Discuss the features of Smart City.

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3) What are the key challenges of ICT?

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8.7 CONCLUSION

The impact of information technology on governance and its benefits to the citizens is the focal point of this Unit. There have been significant changes in the way the governments are functioning. It has been imperative for the governments to adopt new techniques and technologies for pursuing good governance agenda. The classical Weberian model, with its major emphasis on structure, hierarchy, rules, differentiation, distribution of graded authority and several functional features has been under serious threat. ICT provides tools and capacity for greater involvement of citizens in enlarging and strengthening the democratic space. ICT in governance can be sustainable when the initiatives address the concerns of citizens, create public awareness, ensure political and bureaucratic acceptability and reduce the digital divide.

8.8 GLOSSARY

Bhoomi: It is a project jointly funded by the Government of India and the Government of Karnataka to digitise the papers of land records and create a software mechanism to control changes in land registration.

Big Data: It is the term used to refer to data that is complex and of large volume that requires to be dealt with in a manner different from traditional data processing application.

Computer-aided Administration of Registration Department (CARD) System: This is an e-governance initiative of state of Andhra Pradesh which ensures computerisation of registration of records, property and land transfers resulting in significant reduction of time and procedures.

Digi Locker: It is a digital locker service operated by the GoI that enables Indian citizens to store certain documents on the cloud. The service is a part of the Digital India initiative.

Geographic Information System: It is a decision support system that can capture, store, check, integrate, analyse and display data using digital maps.

E-seva: Under this project, in the state of Andhra Pradesh, computerised common service centres have been set up to facilitate citizens pay common utility bills, register births and deaths, issuance of certificates and so on.

FRIENDS: It is an initiative of Government of Kerala, provided as a single window facility to the citizens to get access to services offered by government departments such as civil supplies, electricity, revenue and so on. It is Fast Reliable Efficient Network for Disbursement of Services (FRIENDS) and under this project Jan Sevana Kendrams have been set up to provide the required services.

Gyandoot Project: It was initiated in 2000 in drought prone rural Dhar district in the state of Madhya Pradesh. The objective of this was to enhance participation by citizens and government in community affairs through creative use of ICT. A wide range of services are offered such as information about agricultural prices, online registration of applications for loans, certificates and so on. Village internet kiosks or e-choupals are run in villages by local entrepreneurs to provide price information to farmers in local language.

Ham Radio: It is the amateur radio service operated to convey messages using a variety of technologies under a license.

Information Society: It refers to a society that generates, shares and makes available to all members of the society the knowledge that may be used to improve human condition.

Local Area Network (LAN): It is a group of computers and associated devices that share a common communications line or wireless link to services. The LAN encompasses computers and peripherals connected to a server within a distinct geographic area such as an office or commercial establishment.

Lok mitra Project: This was initiated in the state of Himachal Pradesh with grants from National Bank for Agriculture and Rural development (NABARD) to provide to the public especially those living in distant rural areas easy access to government information and facilities of e-governance to their door step. Also Lok mitra 'Soochanalaya Kendras' (Information centres) have been set up in certain panchayats managed by unemployed youth.

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8.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - Information and Communication Technology (ICT) is the use of technology in information processing and communication.
 - It encompasses use of computers and computer software to gather, convert, process, store, protect, transmit, retrieve and present the information.
- 2) Your answer should include the following points:
 - There are four phases in the evolution of ICT.
 - Phase I is identified with the creation of electromagnetic calculator during World War II.
 - Phase II is associated with the development of personal computers.
 - The third phase involves the development of micro processors.
 - The fourth phase is related to networking.
 - The fifth phase is related to development of wireless.

Check Your Progress 2

- 1) Your answer should include the following points:
 - Digital India Initiative launched in 2014 aims to transform India into a digitally-enabled and empowered information driven society and knowledge economy.
 - Its objective is to ensure the availability of government services to the citizens through ICT.
 - Infrastructure as utility to every citizen.
 - Governance and services on demand.
 - Empowerment of citizens.
 - High speed internet, expansion of broadband accessibility in villages, universal phone connectivity etc.
- 2) Your answer should include the following points:
 - Smart city refers to a city that uses ICT to enhance the quality and performance of urban services such as energy, transportation and utilities to reduce consumption, wastage and overall costs.
 - The features of Smart Cities include availability of adequate water supply, assured electricity supply, sanitation, solid waste management, robust IT connectivity and digitalisation.
 - Extensive use of ICT and various physical devices connected to the networks to optimise the efficiency of city operation.

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- 3) Your answer should include the following points:
- Digital divide
 - Resources-human, financial and technological
 - Literacy, skill and language barriers
 - Back-end computerisation
 - Monitoring and evaluation
 - Political will and bureaucratic commitment
 - Resistance to change



UNIT 9 ROLE OF MEDIA*

Structure

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Media: Meaning and Characteristics
- 9.3 Types of Media
- 9.4 Media and Governance
 - 9.4.1 Media and Democracy
 - 9.4.2 Media and People's Participation
 - 9.4.3 Media and Public Opinion
 - 9.4.4 Media and Accountability
 - 9.4.5 Media and Change
 - 9.4.6 Media and Human Rights
 - 9.4.7 Media and Rule of Law
- 9.5 Challenges for Media
- 9.6 Conclusion
- 9.7 Glossary
- 9.8 References
- 9.9 Answers to Check Your Progress Exercises

9.0 OBJECTIVES

After reading this Unit, you should be able to:

- Explain the meaning of media;
- Discuss the different types of media and its importance;
- Comprehend the role of media in good governance;
- Analyse the importance of media in securing people's participation, public opinion, human rights and social change; and
- Throw light on the challenges faced by media.

9.1 INTRODUCTION

Governance is the process of decision-making and the manner in which decisions are implemented. It describes how various public institutions conduct public affairs and manage public resources. So it is not limited to the three branches of government i.e., executive, legislature and judiciary but it needs effective participation from market, civil society, media, and non-government organisations and masses as well. In today's knowledge society with unprecedented developments in information and communication technology (ICT), media plays a seminal role in ensuring good governance. In fact, media is considered as the fourth pillar of democracy. There are some essential features of good governance such as legitimacy, participation, accountability and transparency about which we have already discussed in Unit 2 of this Course.

* Contributed by Ms. Daisy Sharma, Assistant Professor, University of Rajasthan, Jaipur

In today's world, media becomes an essential part of our daily life. It may not have a direct role in the governance of the country. But it shapes the public opinion; gives voice to the citizens, provides information to the public institutions, market and civil society. Today media has immense responsibility in creating and shaping public opinion and strengthening the society. So it becomes important to understand the role of media and channelise it to achieve the goals of good governance. In this Unit we shall focus on these aspects.

9.2 MEDIA: MEANING AND CHARACTERISTICS

The word 'media' is derived from the word *medium*, signifying mode or carrier. Media is used to reach and address a large target group or audience. It is generally defined as impersonal means of communication which may be written, visual or auditory or sometimes a combination of these. Through this, messages, information and ideas are transmitted directly to the audience. In simpler terms, the word 'media' denotes the means of communication with a large number of people through written or printed words or sound and voice or visual images or a combination of these. In simplest terms, we can say that the term media refers to the groups that communicate information and news to people. Television, radio, newspapers, magazines, audios and videos as well as movies are examples of media.

By the definition itself, we understand that media is an organised means of sharing information. Through it we can reach a large number of people, quickly, timely, effectively and efficiently. The main characteristics of media are:

- i) It can reach millions of people in short time; even instantaneously.
- ii) Audio media is very useful for illiterate and visually challenged.
- iii) Visual media can be effective in a multilingual society with illiteracy to a large extent.
- iv) It is cost-effective and user-friendly.
- iv) Generally, media provides one way communication to the recipients. Though these days opinion polls, letters to editors or open columns are some methods of making it interactive, but still they are limited.

9.3 TYPES OF MEDIA

Media has become an important part of our life. It has a crucial function to perform to generate awareness and promote vigilance towards the rule of law and making information accessible to the citizens, be it legislative or administrative proceedings or documents. Most people get information about government, happenings around, current affairs and so on from the media. It contributes towards creating an informed, aware and an accountable society. There are three main types of news media: print media, broadcast media, and the internet.

Print Media

This is the oldest media form. Newspapers, magazines, journals, brochures, newsletters, books, leaflets and pamphlets and other publications are collectively known as the print media. Most of us start the day by reading a newspaper on a regular basis. Therefore print media is very significant. The regular readers of print media tend to be more likely to be aware and active about several issues.

The print media is responsible for exhaustive reporting than other news sources. Many

news reports on television, for example, are merely follow-up stories about news that first appear in newspapers. Although it is said that the electronic or new media have replaced the print media, a majority of audience prefer the print media for various communication purposes.

Broadcast Media

This mass media includes television and radio as well as electronic media like movies, CDs and DVDs, as well as the new gadgets. Prior to the advent of television in the 1950s, reliance for news was on radio broadcasts. With the emergence of television, fewer people rely on radio as their primary news source. Local news stations have a particularly large audience because they can report on local weather, traffic and other events. In India, radio is still a very important medium of communication. Especially in rural areas we see that in disaster situations, in giving warnings about weather, this medium is very useful. Similarly television too has impact due to the presentation and catchy visuals through which information is disseminated.

Internet

With the advent of new technologies such as the internet, we are now enjoying the benefits of high-technology mass media, which is faster and has a widespread range. The internet has the advantage of audio as well as visual components. Mobile phones, computers and the internet are often referred to as the new-age media. The internet has opened up several new opportunities for mass communication, including e-mail and web blogs. It is slowly transforming the news media because more people are relying on online sources of news instead of traditional print and broadcast media. The web also allows for a more interactive approach by allowing people to personally tailor the news they receive through personalised web portals, news groups, podcasts, and feeds. It makes it more interactive, with audience leaving their comments and having discussions online. We have dealt this in detail in Unit 8 of this Course.

Check Your Progress 1

- Note:** i) Use the space given below for your answers.
- ii) Check your answers with those given at the end of the Unit.

1) What do you understand by media?

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2) List the features of media.

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9.4 MEDIA AND GOVERNANCE

Good governance encompasses participation by market and civil society along with the government in governing, adhering to rule of law, promoting transparency, accountability and human rights. It includes accountable, transparent, responsive, equitable and inclusive administration. Media as a fourth pillar of democracy plays a vital role in ensuring that all these criteria are met. It is not the investigation and criticism of media which ensures that good governance takes hold, but its role to act as a beacon of change for masses and as a tool for the “good” and betterment of masses and not in its own interest. Media’s role in promotion of good governance can be understood with the help of its contribution in protecting human rights, curbing corruption, promoting rule of law, bringing change and ensuring people’s participation in decision making. It ensures a check on government actions and brings out in open public concerns and voices.

In contemporary times media has an important role in governance as it

- Creates a platform for freedom of expression
- Focuses on responsiveness of State to citizens and improve State-citizen relations
- Fosters debates and dialogues by making available balanced and reliable information.

9.4.1 Media and Democracy

Democracy is the primary requirement for any good governance. And it is rightly said that democracy without media is like a vehicle without wheels. Media’s role in democracy is clear when Thomas Jefferson says “If it were left on me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter”. Media is being considered as the fourth pillar of democracy. Media brings about awareness among the people and acts as one of the major instruments of social change. In a democratic set up, it is media which strengthens the democratic norms and values and also accelerates the pace of development.

According to Norris (2006), media has three key roles in contributing to democratisation and good governance. The very vital function of media is to act as a watch dog over the powerful, promoting accountability, transparency and public scrutiny. The second important role of media is to function as a civic forum for political debates, facilitating informed electoral choice and actions; and the third function is to act as an agenda setter for policy makers, strengthening government responsiveness for instance to social problems and to exclusion.

Democracy requires the active participation of citizens. Media keeps citizens engaged in governance by informing, educating and mobilising them. Democracy can work properly only if it is able to secure maximum participation of the people. They, when informed have the knowledge of what is going on and are aware of various social, political and economic issues. This information about the plans, programmes, policies, actions and intentions of the government is given to the masses by media. With the information people get through media, they are able to appreciate or criticise, support or oppose the government policies. Media also acts as a channel of communication by which masses raise their voice, concerns and grievances. Many a time, it has been seen that it is the pressure created by the public opinion which has made governments of the day to take any particular decision or change their decisions. In this way, media ensures a democratic base of the good governance. For example in India, the movement of Anna Hazare for Lokpal Bill was given wide coverage in media. It resulted in mobilisation

of entire nation against the corruption and government was pressurised to bring Lokpal Bill in parliament. Recently when Goods and Services Tax (GST) was imposed on sanitary napkins, womens organisations particularly and women in general registered their opposition through media particularly social media. We are witnessing many instances regularly where mobilisation of masses on various issues is taking place. Since media’s outreach is vast it has a responsible role to play.

It is media which gives the voice to every common citizen in the decision making and enables an environment for this. The media also exposes the loopholes in the democratic system and helps the government to fill these and makes the system more accountable, responsive and citizen-friendly. Thus, media plays a crucial role in shaping a healthy democracy.

Media has an educative role by not just giving the news but through debates, comments provide political education and strengthen democratic culture. This is the reason political scientist, Karl Deutsch, has called that the system of communication proves a “nerve of the polity”, and any breakdown of the nerve may cause dysfunctional impact in the performance of the polity causing governance decay. Educating the ignorant masses on a large scale is a tough task. Only media can achieve this goal. It generates discussion on issues amongst masses and initiates debates in public sphere and capacitates people in making informed choice. Aware and informed citizens participate more actively in the decision making.

9.4.2 Media and People’s Participation

One of the characteristics of good governance is participation. Peoples’ participation means that citizens and their institutions have the opportunity to be involved in a meaningful ways in making decisions that affect them or in which they have an interest. Media increases people’s involvement in the governance .It provides them with the information and skills needed to participate in political system. It makes citizens feel that they have the right, the opportunity and a mechanism through which they can make their voices heard. Through media people can influence the decisions that affect their life. Media increases access to political information. It provides for creation of a public sphere or space where people can participate over a wide range of debates and gives opportunity for presentation of different viewpoints. It creates democratic legitimacy over issues.

Check Your Progress 2

- Note:** i) Use the space given below for your answers.
 ii) Check your answers with those given at the end of the Unit.

1) How does media promote democracy?

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2) What role does the media play in securing people’s participation?

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9.4.3 Media and Public Opinion

Public opinion is citizens’ cumulative views on politics, government actions, social issues, and so on. It is very important for any governance or democratic system to understand and accept public opinion because citizens’ political actions are driven by their opinions. It helps political and administrative system to understand citizens’ expectations. Public opinion sheds light on the reasons for specific policy outcomes. It also serves as the feedback to the government, its policies and actions. Therefore in democratic governance, authorities come to know about the aspirations, wishes, needs and grievances of people by gauging public opinion.

Media shapes opinions by providing the information on different issues not only to public but also to policy makers. Media, first, draws attention to issues. Then it provides facts, information, and expert opinion. This enables citizens to voice diverse opinions on governance and reform and help build public consensus to bring about change. Finally, media provides this information to public policy makers, so that they can develop an informed decision and move forward with a proper solution to the issue. It reveals the shortcomings in government policies and actions, so in a way, it constitutes a mechanism of checks and balances on government.

The media plays another important role by bringing into open public opinion on key issues. In this way it makes it possible for public opinion to encompass large numbers of individuals. It also builds grassroots support on key issues to gain importance.

Media not only disseminates information but also plays a vital part in mobilisation of public opinion. It facilitates interpretation and systematisation of information into firm viewpoints and allows people mobilise their opinions. This is visible during the conduct of elections in the country.

Media also helps in raising awareness of the people through disseminating legislative debates, speeches of eminent personalities, public grievances and current issues. Such news and views help people to augment their political and social awareness which in turn, helps in the formation of public opinion. We all are aware about media’s role before and during elections in our country that contributes to forming public opinion on issues.

9.4.4 Media and Accountability

Media acts as watchdog against the misuse of administrative authority. Its continuous watch on government policies and actions ensures accountability of government to the citizens that helps in improving service delivery and governance. The media reports act as a check on the arbitrary use of powers by the government authorities and institutions and ensure that transparency and accountability are adhered in governance.

The World Bank has opined that media by raising corruption as an important governance issue creates space for discussion about it and also a public consensus to fight against it. Presently, with multi fold increase in the functions and powers of bureaucracy, there is a need for check on its arbitrary and misuse. Transparency in governance allows for

checks on the possible conflict of interest and ensures greater legitimacy for the government. Media with its investigative reports is able to shed light on this possible conflict of interest. It ensures that clarity is maintained in the execution of all the government policies and government is taking care of the interests of the masses but not of one particular group or section of the society.

9.4.5 Media and Change

Media has the potential of being a change agent. Due to its wide outreach, media has played a huge role in the development of the country. It implies positive change where old practices and structures are changed towards a better system and processes. Media plays a pivotal role in conceptualising, communicating and bringing about this change. As the Food and Agriculture Organisation (FAO) report has aptly put it, “development and communication are out of gear. On the one hand, we have the media used without a developmental purpose. On the other, we have developmental action without media or communication support. Yet, in an ideal world, the two would work hand in hand”.

Media has an influencing role in changing the mind-set of people and moulds their perception. It raises various social issues and influences the public opinion. It makes people aware of their rights as well as duties. Especially in a country like India with widespread poverty and ignorance, media plays a key role in changing people’s attitudes. We have several examples where media has played a crucial role in creating awareness on various social evils and bringing the desired change. For example we are aware of the success stories of pulse polio campaign. “Do Boond Zindagi Ki” this tagline was displayed again and again on TV and radio. It was due to this awareness created by media that India has achieved the rank of a polio-free country. In the case of information dissemination on HIV/AIDS also, media played a key role. From time to time media covers women’s issues and raises voice against the cases of domestic violence, dowry, sexual harassment and makes vociferous demand for a dignified respectable place for women in the society. We all are aware that the issue relating to organ donation is being given wide publicity by media. And its gaining momentum and a slow change in public perception is visible. It indicates the progressive role media has in ushering in social change.

Media gives information about the government’s plans and programmes relating to poverty eradication, women empowerment, literacy, employment etc. It generates awareness among the people on various social, economic, environmental issues. When people become aware of the government schemes and programmes and their benefits, they are able to avail them. This ensures the success of the government plans and policies. Media not only highlights the achievements of the government in terms of its programmes and policies aimed at bringing social change, but it also gives wide coverage to their loopholes and shortcomings. This makes government committed to the agenda of development and change.

Media plays an important role in dissemination of new ideas and practices. Especially television and radio play a pivotal role in taking the development plans and programmes to the masses of rural areas.

9.4.6 Media and Human Rights

The Universal Declaration of Human Rights states that all human beings have certain basic inherent, inalienable and unassailable rights to which they are entitled by birth. Providing these rights to citizens and protecting the same is the foundation stone of democracy and good governance. Media has a very important role in securing, protecting and

promoting human rights. It can create awareness about the concept of human rights and a congenial environment for their protection. Certain human rights which are basic to human development like right to equality, freedom of speech, right to peace, right to a dignified life, should be the common agenda of media and given topmost priority in coverage. Media should build a culture of human rights through all segments of society.

Media in particular should pay special attention to the cases of violation of human rights. It should investigate and report on cases of human rights violation. Along with bringing out the shortages and challenges in the protection of human rights, it should also cover the success stories of individuals and organisations striving hard for securing and protecting human rights. Media can act as a check on arbitrary use of power that affects human rights. Since media plays the role of communication between the State and the public, it can also play an effective role in making the authorities aware of their duties. Media has a role in generating awareness among citizens about the rights and also become a reliable source of information to the public authorities and civil society organisations working towards protection of human rights.

9.4.7 Media and Rule of Law

Rule of law is essential for the smooth functioning of democracy. According to the United Nations “The term rule of law refers to a principle of governance in which all persons, institutions and entities, public and private, including the State itself, are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated, and which are consistent with international human rights norms and standards. It requires, as well, measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness and procedural and legal transparency”.

Rule of law is one of the key pillars of good governance. When rule of law is ensured, it builds confidence in the democratic process of the country. When it is not respected, arbitrariness and impunity dominate the governance.

By the term rule of law, we simply mean that everyone is equal before the law and same rule applies equally to everyone. Media plays a crucial role by promoting vigilance over maintenance of upholding rule of law. It gives wide coverage to any deviations in use of rule of law and this creates awareness among the masses and pressurises the government to take suitable action. Media promotes vigilance towards the rule of law, especially through fostering investigative journalism, ensures the openness of court, legislative and administrative proceedings and access to official and public documents.

For rule of law, freedom of speech and independent media are very important. Whenever government violates the letter and spirit of law, people must be free to and be able to criticise the actions of government. In this way, media plays an essential role in upholding the rule of law.

No rule of law can work successfully unless people have faith in it. They need to be assured that there is some system to raise their voice when law is surpassed and supremacy of law is threatened, and every case of violation of rule of law will be treated in a fair and just manner. This instils their faith in governance. In particular, rule of law can be protected in the presence of independent and honest judiciary. It gives wide coverage to public interest litigation in which concerned actors-citizens and other voluntary organisations can bring to the notice of the Supreme Court or the high courts of states, any issues which need immediate attention and redressal of the affected parties. This also acts as a great shield for the protection and promotion of rule of law in the country.

Media is an important factor in promoting democracy and the rule of law only if it is given the opportunity to function without being oppressed or intimidated by the political and administrative authorities. The independence of media is threatened if their sources of information are not protected, and they themselves are open to legal action which prevents them from reporting in the public interest.

Check Your Progress 1

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1) What is the impact of media on public opinion?

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2) Explain the role of media in promoting accountable governance.

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3) How does media promote rule of law?

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9.5 CHALLENGES FOR MEDIA

Media acts as a catalyst for good governance by promoting its key indicators. It creates the environment for good governance, nurtures, protects and promotes it. But to achieve this task, media needs to be honest, impartial and independent. But if media is biased, corrupt and favours only a particular party or few individuals, it can prove to be very dangerous for the smooth functioning of democracy. On the contrary when media is monopolised by a particular party or a corporate house, its credibility is at stake. Paid news is a threat to free and fair media that needs to be curbed for promoting healthy democracy and good governance.

In present scenario, media is facing enormous challenges.

- The nexus between political parties, media and corporate houses is proving fatal for good governance. Many a times it is observed that media is not representing the voice of people but vested interests of its stakeholders. It derails the process of healthy participation of people. It undermines the accountability of government and paves the way for another form of corruption. It turns the democracy into aristocracy. So it is very important that media should be free and neutral so that it can work without any fear or pressure.
- Equally important is the fact that media's powers should have some reasonable restrictions. We have seen large scale misuse of media's powers. It must not cross its boundaries and encroach the area of other three branches of government. Only then it can serve as a true vehicle of good governance.
- Media needs to be sensitive to explain and generate discussions on those issues that bring about development.
- Use of ICT and responsible social media also plays an important role in developing informed citizens.
- Building professionalism, ethical standards of media through independence, building capacity, enhancing their accountability, free from intervention by the State and the media owners and democratising media access.

Media independence is to be ensured and its potential in promotion of effective governance is to be sustained.

9.6 CONCLUSION

The role of media including social media is getting recognised. It needs to make people information rich and make them active participants in governance process. As we have discussed in the Unit, media has a multifaceted role to discharge. A sensitive, accountable, responsible and professional media can contribute immensely in effective governance.

9.7 GLOSSARY

Paid News: It refers to media outlets publishing articles in newspapers, magazines and news coverage in electronic media in exchange for money.

Public Interest Litigation: It refers to a suit filed by an individual or group of individuals in the Supreme Court or High Courts of the states. This is filed generally on matters of public interest such as violation of fundamental rights, education, health, environment and so on.

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9.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - Media is generally defined as impersonal means of communication which can be written, visual or auditory or sometimes a combination of these.
 - It also refers to the groups that communicate information and news to people.
- 2) Your answer should include the following points:
 - Its reach to people in short time.
 - Audio media is very useful to illiterate and visually challenged.
 - Visual media can be effective in a multilingual society and with illiteracy to a large extent.
 - Cost-effective and user friendly.
 - Generally it is one way communication but of late it is becoming interactive.

Check Your Progress 2

- 1) Your answer should include the following points:
 - Media acts as a watchdog over the powerful, promoting accountability, transparency and public scrutiny.
 - Civic forum for political debate, facilitating informed electoral choices and actions.

- Agenda setter for policy makers, and strengthening responsiveness for citizens and government.
- 2) Your answer should include the following points:
- Media provides people information and skills needed to enable them participate in political system.
 - It gives people the opportunity to influence the decisions that affect their life.
 - It makes the voice of citizens heard.

Check Your Progress 3

- 1) Your answer should include the following points:
- Media shapes public opinion by providing information on different issues not only to the public but also to policy makers.
 - Reinforces the latent attitudes of public and activates them to take action accordingly.
 - Builds grassroots support on key issues to gain importance.
 - Helps in raising awareness of people which in turn helps in formation of public opinion.
- 2) Your answer should include the following points:
- Media acts as watchdog against misuse of administrative authority.
 - It acts as a check on the arbitrary use of powers by government authorities.
 - It creates a space for discussion and public consensus.
 - It checks possible conflict of interest in government and ensures legitimacy for the government.
- 3) Your answer should include the following points:
- Media promotes exercise of vigilance in maintaining rule of law.
 - It ensures openness in judicial, legislative and administrative proceedings and access to official and public documents.
 - It instils faith amongst people over rule of law.
 - It creates awareness on the importance of public interest litigation.

UNIT 10 CORPORATE GOVERNANCE*

Structure

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Corporate Governance: Meaning and Significance
 - 10.2.1 Meaning of Corporate Governance
 - 10.2.2 Significance of Corporate Governance
- 10.3 Principles of Corporate Governance
- 10.4 Models of Corporate Governance
- 10.5 A Trajectory of the Growth of Corporate Governance: International and National Scenario
 - 10.5.1 International Scenario
 - 10.5.2 Indian Scenario
- 10.6 Challenges of Corporate Governance
- 10.7 Conclusion
- 10.8 Glossary
- 10.9 References
- 10.10 Answers to Check Your Progress Exercises

10.0 OBJECTIVES

After reading this Unit, you should be able to:

- Elaborate the meaning and significance of corporate governance;
- Enumerate the principles of corporate governance;
- Describe the models of corporate governance;
- Trace the growth of corporate governance;
- Discuss the International and Indian experiences in the growth of corporate governance; and
- Analyse the challenges of corporate governance.

10.1 INTRODUCTION

The notion of corporate governance has gained more prominence in recent years though concern for the effective functioning of the corporate organisations in a proper framework has been there for a long time. There has always been differentiation between public administration and the private administration. While the former is concerned about the public or governmental domain, which entails public policy implementation and functions through the legislature, executive and judiciary, the latter is concerned about the corporate entity that works for the profitability of the organisation. In such a context, with the

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coexistence of public and corporate sectors, the need for corporate governance was felt in recent years, with some corporates resorting to unethical means to earn huge profits. In particular, in the era of globalisation, where there is increasing corporate scandals, inflated revenues, financial crisis and the mismanagement by the board of directors, the need for a strong governance framework has been felt in ensuring efficient, and effective functioning of the enterprises.

In crux, effective corporate governance is essential for the growth, profitability, and stability of the business vis-à-vis economy and for welfare of the society at large. Good corporate governance promotes economic development, strong financial systems and the sustainability of the business. In this Unit, you shall be introduced to the concept of corporate governance, its meaning and significance. In addition, an analysis of the principles and models of corporate governance shall be done. The Unit shall give a trajectory of growth of corporate governance. It will also discuss the initiatives taken at the global and national level in the domain of corporate governance.

10.2 CORPORATE GOVERNANCE: MEANING AND SIGNIFICANCE

10.2.1 Meaning of Corporate Governance

The concept of corporate governance gained momentum in the late 1980s with the basic purpose of promoting balance in corporate enterprise and ensuring accountability. The term ‘corporate’ is derived from the Latin word ‘corpus’, which means a ‘body’. The Cadbury Committee (1992) that coined the term corporate governance defines it as “the system by which companies are directed and controlled”. Before we actually get into the other definitions of corporate governance, it is important to understand the basic structure and the stakeholders involved in a corporate entity. There are three key players in the corporate governance sector, i.e., (i) Shareholders – who have invested their money in the corporation; (ii) Executive Management – who runs the business and is responsible to the board of directors; and (iii) Board of Directors – who is elected by the shareholders and is accountable to them (Murthy, 2004).

The Board of Directors of the corporate entity is responsible for the governance of the company. The shareholder’s role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The Board’s actions are subject to laws, regulations and shareholders in general body meeting (Kumara Mangalam Birla Committee, 1999).

Thus, corporate governance is about the way the business is directed, monitored and controlled to attain its goals and objectives. It is guided by a set of principles, ethics, values, morals, laws, rules and regulations. The major objective of the corporate governance is to maximise the shareholder value in a company and also to ensure the transparency and earn the trust and confidence of the investors, customers, employers, the government and the people. This is possible when there is transparency, openness, boldness, fairness and justice (Murthy, *op.cit.*).

According to Adrian Cadbury (1992), “Corporate governance is concerned with holding the balance between economic and social goals, and between individual and communal goals. The governance framework is there to encourage efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to

align nearly as possible the interest of individuals, corporations and society. The incentive to corporations is to achieve their corporate aims and to attract investment. The incentive for the state is to strengthen their economies and discourage fraud and mismanagement”.

The definitions of corporate governance vary as per context and cultural situations (Armstrong & Sweeney, 2002). There are some scholars who are of the view that the companies should run in the interest of the shareholders, while there are others who insist that companies should take account of interests of various stakeholders in the society. The definitions thus vary as per the views taken up, which are either narrow or broad. The narrow view of corporate governance looks at the set of rules, regulations, laws, institutionalised procedures and norms (Alawattage & Wickramasinghe, 2004). The broader view of corporate governance goes beyond board processes and procedures, and considers the relationships between management, boards, shareholders and other stakeholders such as employees and the community (Bain & Band, 1996).

As put forward by Claessens (2006), the definitions of corporate governance fall into two categories. The first set of definitions is concerned with a set of behavioural patterns – the actual behaviour of corporations, in terms of such measures as performance, efficiency, growth, financial structure, and treatment of shareholders and other stakeholders. The second set is concerned with the normative framework – the rules under which firms are operating, with the rules coming from such sources as the legal system, the judicial system, financial markets, and labour markets.

In the Indian context, corporate governance is defined in the following ways:

According to Securities Exchange Board of India (SEBI) “corporate governance is all about recognition by management about their role as corporate trustees and immutable rights of shareholders as they are the real owners of the company. It is all about dedication to carry out good business performance through proper ethics and values by differentiating corporate and personal resources in the process of company management”.

The Institute of Company Secretaries of India (ICSI, 2003) defines corporate governance as “a blend of rules, regulations, laws and voluntary practices that enable companies to attract financial and human capital, perform efficiently and thereby maximise long term value for the shareholders besides respecting the aspirations of multiple stakeholders including that of the society”.

10.2.2 Significance of Corporate Governance

The Committee on Corporate Governance that was constituted in India in 2003 under the chairmanship of Narayana Murthy in its report states that “if management is about running businesses, governance is about ensuring that it is run properly.” It is important that the companies are properly governed and managed as it is of great significance in recent times, not only to the business entity but also to the government, the various stakeholders and the society at large. Corporate governance is necessary to:

- Bring clarity to the respective responsibilities of directors, company managers, shareholders and auditors and enhance the accountability so as to strengthen trust in the corporate system vis-a-vis capital market.
- Attract investors – both local and foreign – and assure them that their investments will be secure and efficiently managed, and in a transparent and accountable process (i.e. strengthening capital market).
- Prevent fraud and malpractices or unethical behaviour by companies.
- Create competitive and efficient companies and business enterprises.

- Enhance the performance of those entrusted to manage corporations.
- Promote efficient and effective use of limited resources.
- Ensure long-term value creation, performance, and sustainability of the company which will be in the interests of large stakeholders.
- Build public confidence in the corporation.

In addition, Medury (2003) observes that an effective corporate governance framework is needed, which will facilitate the enterprise to:

- Strive towards efficient use of resources, which in turn promotes economic development.
- Ensure compliance of the needed regulatory requirements, laws and regulations.
- Create confidence among the stakeholders.
- Promote shareholder activism. The investor has a key role in the present governance system. The faith and trust of the investor can be secured through information dissemination, participation and transparency in activities of enterprise; and
- Establish board of management's accountability to the enterprise, stakeholders and society at large.

The corporate frauds and governance failure occurring globally, make it necessary for institutionalising proper norms and laws with international requirements for governing a company.

10.3 PRINCIPLES OF CORPORATE GOVERNANCE

There are no globally accepted set of principles that can be applied to corporates. However, across the world many of the corporates, governments, practitioners and academicians have laid down certain basic principles for corporate governance. In other words, they are the guidelines based upon the ethics and values of the society for good corporate governance. In particular, the OECD Principles of Corporate Governance (2004) is the benchmark for policy makers, investors, corporations and other stockholders. The following are the major principles of corporate governance, put forward by the OECD Report:

- 1) ***Ensuring the Basis for an Effective Corporate Governance Framework*** : The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.
- 2) ***The Rights of Shareholders and Key Ownership Functions*** :The corporate governance framework should protect and facilitate the exercise of shareholders' rights. The basic rights of the shareholders are secure methods of ownership registration; transfer shares; obtain relevant and material information on the corporation on timely and regular basis; participate and vote in general shareholders' meetings; elect and remove members of the board; and share in the profits of the corporation.
- 3) ***The Equitable Treatment of Shareholders*** : The framework should ensure equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.

- 4) **The Role of Stakeholders in Corporate Governance** : The framework should recognise the rights of stakeholders established by law or through mutual agreements and encourage active cooperation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises.
- 5) **Disclosure and Transparency** : The framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.
- 6) **The Responsibilities of the Board** : The framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board’s accountability to the company and the shareholders.

The aim and objectives of these principles are to standardise and professionalise the management of enterprise, so as to promote inclusion of independent directors; enhance the board performance; and ensure transparency and accountability to the shareholders.

In addition the principles ensure:

- Effectiveness of audit committee and role of independent director. The audit committee has an important role to play in reviewing the operations of company relating to financial and other aspects.
- Independent leadership: This is necessary to oversee and guide the management to function in the best interests of the company and stakeholders.
- Building consensus among stakeholders.
- Accountability: The enterprises need to ensure proper accountability to all those stakeholders who are likely to be affected by the decisions of the management including social as well as environmental responsibility.
- Adherence to rule of law by functioning within the legal frameworks that are formulated by the authorities.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Explain the concept and significance of corporate governance.

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2) Discuss the principles of corporate governance.

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10.4 MODELS OF CORPORATE GOVERNANCE

The corporate governance pattern may differ from corporation to corporation. The nature of the corporate is determined by outlining the rights and responsibilities of all the stakeholders with the suitable legal and regulatory framework and the *de facto* realities of the corporate existence. The above mentioned factors differ from country to country. The practitioners and the researchers have identified three types of models such as the Anglo Saxon, Continental and Japanese. Each model is differentiated based on certain factors of the company which includes: major stakeholders in the company, share ownership pattern, composition of board of directors, regulatory framework, disclosure requirements of publicly-listed stock corporations and the interaction between the stakeholders. Let us discuss these models:

Anglo Saxon Model (The Anglo US Model)

Generally the Anglo US model is described as the outside shareholders or ‘outsiders’ control model. This model is prevalent in UK and USA. The key players in this model are management, board of directors and shareholders. Here the capital is raised through equity financing. It can be noticed that the New York Stock Exchange and the London Stock Exchange are placed in top positions across the world. In this model, the shareholders get powers to appoint and dismiss the directors, but they do not exercise direct control on the management of the enterprise. The boards of directors carry out the corporate activities with the help of various committees and the chief executive officer. The monitoring and supervisory control over the management is exercised by the board. The board dominates the company and controls the functioning of the management at arm’s length. It is for this reason the model is called as outsider model.

Japanese Model

The Japanese model consists of a network of suppliers and buyer companies (“Keiretsu”). The Japanese model of corporate governance is concerned with the code and conduct of the board of directors who are selected on behalf of the investors. Here the boards of directors of the corporations consist of fully insiders. They are the heads of the central administrative body. The board of directors is responsible for monitoring and controlling the activities of organisation so as to enable its effective management and protect the rights of investors. The Japanese model basically represents the interests of companies and employees rather than shareholders. The Japanese boards are larger than the boards of UK, USA and Germany. The approximate number of members of the board is fifty.

Continental Model (Franco German Model)

The German model is different from the UK, USA and Japan models. However, some of the factors are similar to the model of Japan. For instance, in Germany, the long-term stakes of the corporations are held by the bank, which is similar to the Japanese model too, where the bank officials represent the stakes of Japanese corporations. Similarly, both the models have a two-tier system in managing their functioning. In Japan, the model consists of the general committee and the board of directors, whereas in Germany, the corporation consists of the management board and the supervisory board. As far as financial transactions are concerned, the German corporations prefer bank transaction instead of equity financing. Another significant feature of the continental model is that, a

major role is given to the auditors' committee which represents the stockholders and the labour.

From the Anglo-Saxon, Japanese and Continental models, it can be observed that models are different from one country to the other and sometimes, even within the same country, the models are different from one corporation to the other. However, irrespective of the changes that are there in various models of corporate governance, there are some set of features that are followed in almost all models with minor variations. Some of the key components, as highlighted by Medury (2003) include the following:

- Shareholders elect directors who represent them;
- Directors vote on key matters and adopt the majority decisions;
- Decisions are made in a transparent manner so that shareholders and others can hold directors accountable;
- The company adopts accounting standards to generate the information necessary for directors, investors and other stakeholders to make decisions;
- The company's policies and practices adhere to applicable national, state and local laws.

10.5 A TRAJECTORY OF THE GROWTH OF CORPORATE GOVERNANCE: INTERNATIONAL AND NATIONAL SCENARIO

10.5.1 International Scenario

At the global level, the late 1980s, 1990s and the early 2000 had witnessed a major eruption of financial scandals by big corporates such as Enron, WorldCom, and Arthur Anderson in US and Maxwell and Poly Peck, among others in UK. This had mooted the debates on the importance of corporate governance in general and the roles of board of directors (BOD) in particular. It further led to the enactment of the Accounting Industry Reform Act (Sarbanes-Oxley Act) of 2002 and the Code of Best Practices (Cadbury Code) of 1992 in US and UK respectively. The Sarbanes-Oxley Act had made a significant contribution in monitoring the operations of banks and other corporations more effectively in the US. After this Act, the corporations were brought under intense public scrutiny and the focus was laid more on the quality of corporate governance standards. It also led to the introduction of a Cadbury Code. The Cadbury Code, not only made all UK companies listed on the London Stock Exchange (LSE) to follow this Code, but also made them to give declaration statement of whether the Cadbury Code is followed or not in their annual reports. If certain code was not followed, they were also asked to explain the reasons for not complying with the same. This 'comply or explain' format of self-regulation served as standards for investors to understand the facts about corporates listed in stock exchange.

The Cadbury Report was followed by the Greenbury Report of 1995 (on executive pay package), the Hampel Report of 1998 (reviewed implementation of the Cadbury and Greenbury recommendations) which together became the Combined Code in 1998. Later, the Higgs Report of 2003 (on the role and effectiveness of non-executive directors), and the Smith Report of 2003 (on the role and effectiveness of audit committees) were incorporated into the updated and revised Combined Code of the LSE in 2003.

The Cadbury Report of 1992 had thus contributed to the development and adoption of

corporate governance. The report was also instrumental for the adoption of corporate governance framework, best practices in corporate governance, or even the codes that were adopted across different parts of the world including India (<http://cadbury.cjbs.archios.info/report/further-reports>).

10.5.2 Indian Scenario

In India, the evolution of corporate law has lineage to the colonial era where several previous company legislations were structured based on parallel English legislations. However, after independence, the Government appointed a Committee under the chairmanship of H.C. Bhaba in the year 1950 to revise the Indian Companies Act of 1913. Based on the recommendations of this Committee and the provisions of the English Companies Acts, the landmark Companies Act 1956 was introduced in the parliament. The Companies Act 1956 came into force on 1st April 1956. It is the principal legal instrument which contains provisions regarding the role and functioning of the board of directors and the governance of the companies. Since its formulation, this Act has undergone several amendments, based on the requirements.

However, after deregulation, privatisation, marketisation, and globalisation in 1991, India has renewed its interest and realised the need for corporate governance in the country's corporate sector. Over the years, government has come up with elaborate governance reforms for Indian Companies based on the recommendations of series of committees - the Kumara Mangalam Birla Committee (1999), the Naresh Chandra Committee (2002), the Narayana Murthy Committee (2003), and the Adi Godrej Committee (2012). The present corporate governance norms, enshrined in the Companies Act, SEBI listing agreement and Clause 49 of the listing agreement are the result of deliberations by these committees. Yet another committee — the Uday Kotak committee formed in June 2017 has submitted its report in October 2017. This report has recommended major overhaul of corporate governance norms for listed companies.

The Ministry of Corporate Affairs, Confederation of Indian Industries (CII), the Securities and Exchange Board of India (SEBI), the Associated Chambers of Commerce and Industry (ASSOCHAM), Chartered Accountants, of India and Institute of Company Secretaries of India are the few organisations which are continuously playing a vital role in the development and implementation of corporate governance in India. Understanding the dynamic nature of market environment (national and international), investors' behaviour and company's characteristics, changing context and times, the above said organisations have been constituting various committees to recommend rules, regulations and policies in the form of reports for good corporate governance practices. The reports of various committees helped a lot in streamlining the corporate governance in India. Some of the key contributions made by the committees in the direction of corporate governance are tabulated as below

YEAR	CHAIRMAN/ COMMITTEE NAME	Constituted by	Key Contributions
1998	Rahul Bajaj	Confederation of Indian Industry (CII)	“Desirable Corporate Governance: A Code” was introduced with 17 recommendations.
1999	Kumara Mangalam Birla	Securities Exchange Board of India (SEBI)	Aimed “to promote and raise the standard of good corporate governance”. It has attempted to evolve a Code of Corporate Governance based on Indian business environment.

2000	Standing Committee on International Financial Standards and Codes	Reserve Bank of India	It compared the status of corporate governance in India vis-à-vis internationally recognised best practices and standards and listed out suggestions to improve corporate governance standards in India.
2001	Consultative Group of Directors of Banks and Financial Institutions	Reserve Bank of India	It reviewed the supervisory role of Boards of Banks and Financial Institutions vis-à-vis compliance, transparency, disclosures, audit committee, etc., and made recommendations for making the role of board of directors more effective.
2002	High-Level Committee to examine various Corporate Governance under the Chairmanship of Shri Naresh Chandra.	Department of Company Affairs (DCA) under the Ministry of Finance, Department of Company Affairs, Government of India.	The committee analysed and recommended changes in the areas of governance and audit.
2003	Committee on Corporate Governance under the Chairmanship of Shri N.R. Narayana Murthy	SEBI	Reviewed the performance of corporate governance and determined the role of companies in responding to rumours and other price-sensitive information circulating in the market, in order to enhance the transparency and integrity of the market.
2003	The Committee on Regulation of Private Companies and Partnerships under the Chairmanship of Shri Naresh Chandra (Naresh Chandra Committee II)	Ministry of Finance, Department of Company Affairs, Government of India.	Aimed to ensure a scientific and rational regulatory environment. The main focus of this report was on (a) The Companies Act, 1956 & (b) The Indian Partnership Act, 1932.
2004	Expert Committee on Company Law under the Chairmanship of Dr. J.J. Irani	Ministry of Corporate Affairs	The Ministry of Corporate Affairs has proposed an overhaul of the existing Companies Act, 1956 and introduced governance reforms through the proposed company law viz. the Companies Bill, 2011.
2009	Voluntary Guidelines on Corporate Governance 2009	Ministry of Corporate Affairs (MoCA)	MoCA came out with “Voluntary Guidelines on Corporate Governance 2009” to encourage the Indian Corporates to voluntarily adopt the best corporate governance practices in their companies.
2012	Adi Godrej Committee	Ministry of Corporate Affairs	The aim was to formulate comprehensive policy framework to enable corporate governance of the highest quality in all classes of companies without impinging on their internal autonomy to order their affairs in their best judgement.

2013	The Companies Act, 2013	Ministry of Corporate Affairs	<ul style="list-style-type: none"> • It replaced the regulations of Companies Act, 1956. • Introduced 'one person company'. • Mandatory transfer of 2 per cent of average net profit of preceding three years for Corporate Social Responsibility. • Compulsory Internal Audit. • Maximum members for private company increased 200 from 50. • Appointment of at least one woman director in the company. • Prohibition of insider trading of securities.
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Source: Compiled from various documents.

The above committees have broadly recommended various corporate governance measures such as size of board of management, its composition, members' qualifications, their remuneration ; roles and responsibilities of board members; meeting procedure; role of chairman; functions, roles and responsibilities of executive management; content of company's annual report to be submitted to board members and other stakeholders; roles, responsibilities and rights of shareholders; formation of remuneration committee; constitution of audit committee, auditor qualifications, content of company documents submitted for audit purpose, its independence and its assisting role in board of management; shareholder information; voluntary disclosure and transparency of information flow among all stakeholders; company performance; company's compliance with rules, regulations, laws and more importantly moral, ethical and environmental compliance; risk management, independence of the board of management etc.

Thus, based on the major recommendations of some of these committees, there was a major overhaul of corporate governance in India and many new modifications were made in the governance of corporate affairs in India at different point of time.

The efforts towards ensuring better corporate governance aim at promoting independence of the board, its accountability to stakeholders, transparency in its activities that lends credibility to the enterprise.

10.6 CHALLENGES OF CORPORATE GOVERNANCE

Ensuring effective corporate governance is not an easy task. Despite having corporate governance codes, there are certain challenges that the enterprises are confronted with and these encompass:

- An effective enforcement mechanism to ensure that the codes of governance are adhered to and governance standards are maintained.
- The conflict of interest of any board member that could influence the decisions taken by the company.
- Balanced composition of the board to ensure proper mix of skills and perspectives in board room decisions.
- Ensuring accountability to all the stakeholders.

- Monitoring of the functioning of the company especially of the board of directors and management by the shareholders.
- Effectiveness of audit committee and independent director.

There are efforts being made globally towards improving the functioning of corporate boards. There are challenges in the process. What is required is a professional board, committed to ensuring transparency and accountability in operations and commitment to stakeholders and working toward the sustainability of the enterprise.

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Discuss the models of corporate governance.

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2) Trace the growth of corporate governance in Indian scenario.

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10.7 CONCLUSION

As discussed in this unit, corporate governance occupies a place of prominence in the era of globalisation, wherein scandals of the corporate entities were brought to light in recent times. It was felt necessary that a strong corporate governance framework is essential not only to monitor the functions and activities of the companies, but also to ensure transparency and accountability, thereby protecting the rights of shareholders, stakeholders and the society at large. In this Unit, you were introduced to some of the principles of corporate governance that were put forward by OECD and also the various models of corporate governance followed in US, UK, Japan and Germany. The Unit also brought insights from the various countries and India in particular on the measures taken and challenges of corporate governance.

10.8 GLOSSARY

Keiretsu : Keiretsu is a Japanese term describing a group of affiliated corporations with broad power and reach. Keiretsu Forum is described as a conglomeration of individuals or small companies that are organised around private equity funding for mutual benefit. Keiretsu Forum believes that through a holistic approach that includes

interlocking relationships with partners and key resources, they can offer an association that produces the highest quality deal-flow and investment opportunities (<http://www.keiretsuforum.com>).

Shareholder: It is referred to as a stockholder, any person, company, or institution who/ that owns at least one share of a company's stock.

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10.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - Corporate governance is about the way the business is directed, monitored and controlled to attain its goals and objectives.
 - Various definitions.
 - Significance of corporate governance.
- 2) Your answer should include the following points:
 - Ensuring the basis for an effective corporate governance framework.
 - The rights of shareholders and key ownership functions.
 - The equitable treatment of shareholders.
 - The role of stakeholders in corporate governance.
 - Disclosure and transparency.
 - The responsibilities of the board.

Check Your Progress 2

- 1) Your answer should include the following points:
 - Anglo Saxon Model (The Anglo US Model)
 - Japanese Model
 - Continental Model (Franco German Model)
- 2) Your answer should include the following Points:
 - Kumara Mangalam Birla Committee
 - Committee on Corporate Governance under the Chairmanship of Shri N.R. Narayana Murthy.
 - The Companies Act, 2013.

UNIT 11 SUSTAINABLE HUMAN DEVELOPMENT*

Structure

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Sustainable Development: Conceptual Framework
- 11.3 Understanding Human Development
- 11.4 Sustainable Human Development: An Overview
- 11.5 Conclusion
- 11.6 Glossary
- 11.7 References
- 11.8 Answers to Check Your Progress Exercises

11.0 OBJECTIVES

After reading this Unit, you should be able to:

- Provide a conceptual framework of sustainable development;
- Explain the concept of human development; and
- Give an overview of sustainable human development.

11.1 INTRODUCTION

Sustainable human development is a combination of two components – sustainable development and human development. It is a desirable objective that aims to be socially inclusive, bring about socio-economic prosperity, and inter-generational equity. A working definition of sustainable human development (SHD) refers to “equitable human and social development, maintaining environmental integrity, and ensuring that these conditions also be attainable for future generations” (Rucki, 2014). At the Advanced Consortium on Cooperation, Conflict, and Complexity (AC4), Columbia University, four propositions have been presented to identify the purpose of SHD. According to this, SHD involves the prevention of deprivation of basic human needs, the promotion of individual development, equity, and the opportunity for people to define and pursue individual values alone and within social groupings and organisations of varying size and scope, the safeguarding of public, social, and environmental goods over time and across locations, and resolving conflicts between competing interests and needs through the creation of cooperative social, political, economic, and environmental institutions (*ibid.*).

Theoretically, it is possible to combine sustainable development and human development. In reality, there remains a wide chasm between environmental sustainability and human development. There have been past attempts to reconcile the two concepts. For example, indices for environmental sustainability such as Environmental Performance Index,

* Contributed by Sanghamitra Nath, Assistant Professor, Bajkul Milani Mahavidyalaya, Vidyasagar University(WB)

Environmental Vulnerability Index, and the Environmental Sustainability Index which evaluate the socio-economic and ecological aspects of sustainability. The indices for human development such as Human Development Index, the Global Peace Index, and the World Happiness Report assess the various aspects of human well-being. However, the absence of a unified theoretical framework precluded fool-proof development of the concept of SHD. Beaglehole (2015) noted that fundamental challenges to SHD were mainly inequitable distribution of global wealth, population growth, and environmental depletion. While the Millennium Development Goals and Sustainable Development Goals provided 'what' needed to be achieved, they did not tell 'how' to achieve those goals for the realisation of SHD.

In this Unit, we shall attempt to provide a conceptual framework of development and explain the concept of human development and present a comprehensive framework of sustainable human development.

11.2 SUSTAINABLE DEVELOPMENT: CONCEPTUAL FRAMEWORK

The concept of 'sustainable development' is a combination of two separate terms, 'sustainable' and 'development'. Clubbing the two words, it transforms into a powerful concept which promises development that is sensitive to the state of environment as well as its impact on present and future generations and contributing to its sustenance in the long-run. Prior to the concept of 'sustainable development', environmental concerns were viewed in terms of 'limits to growth' at the United Nations Conference on Environment and Development held in Stockholm in 1972. The shift from 'limits to growth' to 'sustainable development' came after a period of 20 years at the United Nations Conference on Environment and Development (UNCED) or the Earth Summit hosted in Rio de Janeiro (Brazil) in 1992. However, the World Commission on Environment and Development (WCED) had already presented their definition of sustainable development in their report, *Our Common Future*, in 1987. Also known as the Brundtland Report, it spelt out sustainable development as development which meets the needs of the present without compromising the ability of future generations to meet their own needs. As a result, it gave weightage to environmental, economic, and societal dimensions of sustainable development. Furthermore, the Brundtland Report proposed eight objectives of sustainable development: reviving growth; changing the quality of growth; meeting essential needs for jobs, food, energy, water, and sanitation; ensuring a sustainable level of population; conserving and enhancing resource base; reorienting technology and managing risk; merging environment and economics in decision making; and reorienting international economic relations. The actual process of simultaneous realisation of the broad goals proved complicated as well as balancing objectives and judging success or failure proved arduous. Sustainable development attempts at harmonising three inter-connected realities-economic activities, social development and the environmental mechanisms. It is development that satisfies the needs of the present without compromising the capacity of future generations, guaranteeing the balance between economic growth, concern for the environment and social well being.

Sustainable development is enmeshed in the tension between advocating economic growth on one hand, and equitable provision of basic needs, conservation of natural capital, maintenance of integrity of ecosystems and diversity of species on the other hand. Still, sustainable development primarily emphasised upon satisfaction of basic human needs particularly of the poor, of the present and future generations. Since satisfaction of basic human needs relied upon economic growth, it explained revival of growth being the first objective while conservation of environment being the fifth objective

of the Brundtland Report. Globally, since 1992, sustained efforts were on to focus on sustainable development and embark upon suitable national strategies. The UN Summit on sustainable development, formulation of Millennium development goals, later the Sustainable Development Goals (SDGs) are measures in this direction.

The SDGs laid down by United Nations General Assembly in 2016 considered as global goals, are a universal call for action to end poverty, protect the planet and ensure that people enjoy peace and prosperity. These are 17 goals, about which we have discussed in detail in Unit 5 of this Course. The SDGs, built on the successes of Millennium Development goals (MDGS) include new social and economic development areas such as health, education, water, sanitation, climate change, economic inequality, innovation, peace, social justice and so on.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Explain the concept of sustainable development.

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2) What are sustainable development goals?

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11.3 UNDERSTANDING HUMAN DEVELOPMENT

The concept of human development is based on the idea that expansion of a person’s capability consequently expands his/her choices. While income is considered to be an important component, it is also recognised that development means more than accumulation of income and wealth. Alternatively, realisation of goals of human development requires good governance to provide an enabling environment (Baru, 1998). The United Nations Development Programme (UNDP) brings out Human Development Reports that indicate the parameters of human well-being examined from various perspectives in different countries of the world. In the first Human Development Report, published in 1990, the novel Human Development approach was introduced which emphasised on enrichment of human life instead of enrichment of economy. Its basic premise was “People are wealth of a nation” The Human Development Report Office (HDRO), UNDP, defines Human Development as “expanding the richness of human life, rather than simply the richness of the economy in which human beings live.

It makes the case for a human development approach where people are able to enjoy greater freedom, opportunities and choices. In other words, this approach promotes people-centric rather than growth-centric ideas along with the creation of an environment of equitable opportunities and choices for everyone “to develop to their full potential and to have a reasonable chance of leading productive and creative lives that they value later”.

During the later half of the 20th century, a perception emerged that Gross Domestic Product or GDP was not the suitable indicator of human well-being. While the 1960s witnessed demand to divest GDP as a measure of well-being, 1970s and 1980s were characterised by arguments for an alternative approach that transcended GDP to include parameters such as fulfilment of basic needs, redistribution with growth and employment. Today, human development approach consists of *two* dimensions:

- 1) Directly enhancing human abilities. This includes:
 - Long and healthy life;
 - Knowledge; and
 - Decent standard of living.
- 2) Creating conditions for human development. This encompasses:
 - Participation in political and community life;
 - Environmental sustainability;
 - Human security and rights; and
 - Gender equality.

The above analysis of human development approach underscored whether people can “be” and “do” things desired in a lifetime.

The practical aspect of the human development approach is expressed as Human Development Index (HDI). HDI evaluates a country’s development based on the criteria of human capabilities instead of economic growth per se. It does so by assessing overall performance of core aspects of human development: a long and healthy life, being knowledgeable and enjoying a decent standard of living. For example, a long and healthy life is measured by life expectancy at birth; education criteria is measured by mean of years of schooling for adults aged 25 years and more, and expected years of schooling for children of school entering age; and standard of living criteria is measured by gross national income per capita. The HDI is tabulated as the geometric mean of normalised indices for each of the three core aspects of human development.

The concept of human development was pioneered by intellectuals, such as Mahbub Ul Haq and Amartya Sen. According to this, human development is considered as development of the richness of human life and not the wealth of the economy. Mahbub Ul Haq appointed as the special advisor to the UNDP in 1989 initiated the publishing of annual reports by the Human Development Report Office (HDRO), which subsequently published the annual reports. Within less than 50 years of its genesis, it transformed into a powerful agency mobilising governments and non-governmental organisations (NGOs) as well as triggering innovative thinking in development economics. It steered focus to the ‘human’ aspect of development policy of governments because it recognised “People [as] the real wealth of a nation” and “Human development is the end - economic growth a means”. Particularly, the first human development report stressed upon (1) formation

of human capabilities, for example improved health, knowledge and skills, and (2) use of acquired capabilities, for example leisurely activities, productive purposes, cultural, social and political pursuits.

Human development is considered as a process of expanding the real freedom that people enjoy. It aims at providing better opportunities to people with a view to achieving long and healthy life, access to knowledge and acceptable living standards. It encompasses political, economic and social freedom, creativity, respect for human rights, etc.

Comparing human development between global North and South, wide disparities were observed in the spheres of education, technology and information systems. Haq (1992-2007) found tertiary enrolment rate in the South to be only one-fifth of the North, research and development expenditure to be only 4 per cent, and expenditure on scientific and technical personnel to be only one-ninth. He surmised that the huge gaps in technological progress and limited market opportunities would acutely disturb attainment of human development. Haq believed that strong recommendations forwarded in the 1992 Human Development Report would ensure that “no single human being is ever condemned by the sheer accident of birth but has equitable access to the entire range of national and global opportunities to develop his or her full human potential. This alone will transform the notion of one planet into one humanity and will create a new human order”.

UNDP’s Human Development Reports have relied on Amartya Sen’s capability approach as a conceptual tool to analyse existing developmental challenges. The capability approach defined human development as a process that encompassed not only people’s performance but also capabilities to perform and the scope to do and to be in this life. Simply put, the capability approach articulated human development in terms of enlarging choices. Along with Prof. Sudhir Anand from Oxford University, Amartya Sen developed the methodology to evaluate human development, particularly Human Development Index (HDI) followed by Gender-Related Development Index, Gender Empowerment Measure and Human Poverty Index (HPI).

11.4 SUSTAINABLE HUMAN DEVELOPMENT: AN OVERVIEW

The goal of Sustainable Human Development (SHD) emerged decisively at the 1995 World Summit for Social Development held in Copenhagen. Also known as the Copenhagen Declaration, it promised to make development people-centric. This idea of SHD appeared in the Human Development Reports too as a firm alternative to the current development paradigm. The UNDP (1990-1997) framed it in terms of processes that enlarged people’s capabilities and choices to facilitate fulfilment of their needs. Unlike the development paradigm, it aimed at equitable distribution rather than economic growth only, regeneration of the environment, and promoting empowerment and participation of people especially prioritising the poor. It gave importance to people’s welfare and security instead of income, consumption or productivity only, so that people were both the ‘means’ and ‘ends’ of development. The attainment of the objectives of SHD rested upon sound governance, equity, sincere North-South partnerships, and active involvement and empowerment of the downtrodden (Nicholls, 1996).

The 1990s witnessed immense economic growth as well as increasing disparity between the ‘haves’ and ‘have nots’. The period was marked by persistent poverty, rising marginalisation, and disappointment with Keynesian principles of central planning and neo-liberal models of market-led growth. After World War II, it was assumed that

poverty could be eradicated in developing countries by pursuing robust economic growth because the fruits of fiscal development would trickle down to the lowest sections of society helping the poor to live to the fullest. However, the trickle-down theory proved to be inadequate because poverty not only persisted but also increased the rich-poor divide marginalising particularly the women. A world-wide perception, therefore, emerged that development ought to be sustainable and human. The support for the convergence of human development and sustainable development rendered creation of the new paradigm called Sustainable Human Development (SHD). This paradigm puts more emphasis on multidimensional aspects of life, changes in economic spheres, political culture, institutional frameworks, and social relationships along with gender relations, and such other conditions which contribute to expansion of capacities and choices for human lives to flourish (Plewis, *et al.*, 1996). The Human Development Report 1994 concluded SHD to be “pro-people, pro-job, pro-nature which gives the highest priority to poverty reduction, productive employment, social integration and environmental regeneration”.

Amartya Sen opined that SHD could be a model for preserving environment, promoting economic and social justice and improving human well-being through strengthening essential freedom to augment human capacities. Sen’s capability approach refuted his earlier conception of well-being as consumption-generated utility. Instead it dwelt upon personal situation viewed with sympathy or concern, that is, a person’s standard of living manifested by the ability to achieve all the objectives that he/she had reasons to choose. Sustainable human development encompasses key concerns such as poverty, security, human rights, gender empowerment, climate change, ecosystem preservation etc. It requires policy measures promoting inclusive growth, expansion of productive employment, microfinance, financial inclusion and pro-poor economic policies. In India, the Mahatma Gandhi National Rural Employment Guarantee Act is in this direction. Globally many schemes have been initiated to promote SHD.

While ‘development’ is not new to humanity, it started garnering attention only in the 1990s marked by the end of the Cold War accompanied by the dismal performance of structural adjustment and stabilisation programmes, and re-search for a holistic definition of development that went beyond economic growth. Inclusion of human rights was one of the means to redefine development. While opinions prevailed that human rights should be mainstreamed into development, there was little clarity on the methods to achieve the same. Initially, the role of rights in the development discourse was perceived in the form of ‘right to development’. The idea was floated in 1972 in the backdrop of debates on the New International Economic Order. The right to development encapsulated both political legitimacy and ethical authority assisting third world countries to justify their combined demand for equitable resource distribution and political and civil human rights. It also became the pivot in the third world countries’ struggle to make the United Nations General Assembly (UNGA) adopt ‘right to development’. When it was finally adopted in 1986, the UNGA resolution read as, “The right to development is an inalienable human right by virtue of which every human person and all people are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realised”.

With time, the ‘right to development’ paradigm evolved into ‘rights-based development’ where rights were viewed as “fixed properties or legal certainties...because...its use lies in two things that are both important for development specialists: one about claims, and one about processes – in other words, one about ends and one about means”. This approach constructed the objectives of development in terms of claims, duties, and mechanisms that facilitated awareness about rights and arbitration on violation of rights.

In other words, the rights-based approach made a claim on the State through interrogating State policy and discrimination and emphasising on accountability against violation of claims. However, human-rights claims tend to be inherently political, with its issues constantly shifting over time. It also questions the developmental processes which bypass adherence to the principles of human rights.

Check Your Progress 2

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1) What do you understand by human development?

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2) Explain the concept of sustainable human development.

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11.5 CONCLUSION

The concept of sustainable development, as we have discussed in this Unit, expanded its ambit from environmental protection to harmonisation of economic activities, and social development. As explained, human development is very broad encompassing human security, individual freedom and rights to enable people lead a better life. Sustainable human development relies upon ethics and cooperation between government and citizens to resolve persistent problems, particularly relating to poverty and human insecurity. It provides a framework to receive development assistance as well as initiates global endeavours to ensure a decent standard of life to everyone in the present and the future.

Sustainable human development requires active participation of the civil society to ensure government accountability in public interest. Civil society can provide conditions and roadmap for the State and the market. It was felt that poor and marginalised groups might not be able to actively contribute so that power inequalities bedeviled civil societies. Thus, measures should be adopted to enable their participation in decision-making and make their voices heard in public domain. Moreover, establishing linkages with voluntary sector (NGOs), corporate sector, United Nations and the Bretton woods institutions would not only improve accountability and transparency but also streamline objectives within the framework of SHD that would culminate in translation of policies into strategies.

11.6 GLOSSARY

Bretton Woods Institutions: These are the World Bank and International Monetary Fund which were set up at a meeting of 43 countries in Bretton Woods, New Hampshire, USA in July 1944. The objective of this was to help rebuild the shattered post war economy and to promote international economic cooperation.

Gender-related Development Index (GDI): It is an index designed to measure gender equality. The aim of this is to add a gender-sensitive dimension to the Human Development Index (HDI). This index along with Gender Empowerment Measure was introduced in 1995 in the Human Development Report by the United Nations.

Gross Domestic Product: It is the monetary measure of the market value of all the final goods and services produced in a period of time, often annually or quarterly. Nominal GDP estimates are commonly used to determine the economic performance of a whole country or region and to make international comparison.

Human Development Index (HDI): It is a statistical index of life expectancy, education and per capita income indicators, which are used to rank countries into four tiers of human development. This was created to emphasise that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth. It was developed by Indian Nobel prize winner Amartya Sen.

Human Poverty Index (HPI): It is an indication of the standard of living in a country developed by the United Nations to complement the HDI. It concentrates on the deprivation in the three essential elements of human life already reflected in the HDI: longevity, knowledge and a decent standard of living.

Millennium Development Goals (MDGs): These were the eight international development goals for the year 2015 that had been established following the millennium summit of the unions in 2000 with the adoption of UN Millennium Declaration. All 191 United Nations Member states at that time and around 12 international organisations committed to help achieve MDGs by 2015. These goals are to eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop global partnership for development.

New International Economic Order: It refers to a set of proposals put forth during 1970s by some developing countries through the United Nations Conference on Trade and Development to promote their interests by improving their terms of trade, increasing development assistance, developed country tariff reductions etc. It was meant to be a revision of the international economic system in favour of third world countries.

Structural Adjustment and Stabilisation Programme: This refers to a package of reform measures promoted by Bretton woods Institutions, US Congress Treasury and several think tanks during the 1980s, which aimed to address the economic crisis, especially of Latin American countries. The programme emphasised the need for sound macro-economic and financial policies, trade and financial liberalisation, privatisation and deregulation of domestic markets. It promoted minimal State that refrains from economic intervention and focuses on sound monetary policy by letting the markets work, getting the prices right, privatising etc.

World Happiness Report: It is a landmark survey of global happiness. It is an annual publication of United Nations Sustainable Development Solutions Network which contains rankings of national happiness and analysis of data from various perspectives.

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11.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - Sustainable development is development that satisfies the needs of the present without compromising the capacity of future generations.
 - It attempts to maintain the balance between economic growth, social development and environmental concerns.

- Sustainable development is holistic, which aims at reviving growth, meeting essential needs for food, water, sanitation, conserving and enhancing resource base, reorienting technology and managing risk and so on.

2) Your answer should include the following points:

- Sustainable development goals have been laid down in 2016 by the United Nations General Assembly.
- There are 17 global goals, the realisation of which calls for action on part of all nations to end poverty, protect the planet and ensure that people enjoy peace and prosperity.
- They include social and economic development areas such as health, education, water, sanitation, climate change, people, social justice and so on.

Check Your Progress 2

1) Your answer should include the following points:

- Human development approach emphasises on enrichment of human life instead of environment of economy.
- Human development approach makes a case for people to enjoy greater freedom, opportunities and choices.
- It is people-centric than growth-centric.
- This approach consists of two dimensions: i) directly enhancing human abilities through long and healthy life, knowledge and decent standard of living ii) creation of conditions for human-development through social and political participation, environmental sustainability, human security and rights and gender equality.

2) Your answer should include the following points:

- The concept of sustainable human development (SHD) involves actions and processes that enlarge people's capabilities, and choices to facilitate fulfillment of their needs (SHD), emphasises on development being sustainable and human.
- It is pro-people, pro-nature giving priority to poverty reduction, productive employment, social integration and environmental regeneration.
- Amartya Sen considered SHD as a model for preserving environment, aim-economic and social justice and improving human well-being through strengthening essential freedom to augment human capacities.

UNIT 12 TRANSPARENCY AND ACCOUNTABILITY*

Structure

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Transparency: Conceptual Framework
- 12.3 Meaning of Accountability
- 12.4 Need for Transparency and Accountability
- 12.5 Mechanisms of Transparency and Accountability
- 12.6 Operationalisation of Transparency and Accountability
- 12.7 Conclusion
- 12.8 Glossary
- 12.9 References
- 12.10 Answers to Check Your Progress Exercises

12.0 OBJECTIVES

After reading this Unit, you should be able to:

- Explain the concept of transparency and accountability;
- Discuss the need for transparency and accountability;
- Highlight the various mechanisms of transparency and accountability; and
- Make an appraisal of transparency and accountability in practice.

12.1 INTRODUCTION

The changing scenario of the globalised world has increased the expectations of people for better quality and standard goods and services from the service providers. The corporate giants and dwarfs moulded themselves according to the changing needs of the people and attempted to meet the customers' expectations through better service delivery. Public agencies too felt the impact of globalisation as also the need for reforms in the administrative processes and practices. Transformation was visible in the governance process. The main idea behind such reforms was providing better quality goods and services to the citizens. Concepts such as accountability, transparency and participation started gaining ground in the governance.

In the wake of rising corruption and corrupt practices as also the distrust of the citizens towards the government and the governance process, the issues of transparency and accountability became all the more important. Transparency and accountability have become globally relevant and vital for good and effective performance and responsible governance. The two major pillars in the architecture of good governance are strengthening the relationships between the electorate and their representatives.

* Contributed by Dr. Sweta Mishra, Senior Assistant Professor, Department of Political Science, Gargi College, University of Delhi

In this Unit we shall explain the concepts of transparency and accountability, examine the need, and its mechanisms.

12.2 TRANSPARENCY: CONCEPTUAL FRAMEWORK

Transparency has become one of the key concepts of contemporary times. It refers to openness in government policies and decisions. It means that the decisions taken and their enforcement are done in a manner that follows rules and regulations. It implies that the information is freely available and directly accessible to those who will be affected by such decisions and their enforcement.

Transparency International defines transparency as a principle that allows those affected by administrative decisions, business transactions or charitable work to know not only the basic facts and figures but also the mechanisms and processes (Rai, 2011). It is based on the premise of the free flow of information and its accessibility and availability to those who are affected by the decisions, which are taken in the process of governance. The information provided has to be understandable and of relevance to the concerned.

It refers to a situation in which the business and activities of the government are done in an open manner without any secrecy so that people can trust that their elected representatives are fair and honest. It means that all the government actions should be scrupulous enough to bear public scrutiny. It also means that enough information is provided and that it is in an easily communicable form and medium. A vigilant citizenry is vital for the functioning of democracy. It facilitates accountable administration, prevents arbitrariness in administration and makes it responsive to citizens.

In political and administrative sense, it corresponds to openness in governance about all the decisions and actions. It includes freedom of information as a civil right, open meetings, financial disclosure, budgetary review and audit and so on.

12.3 MEANING OF ACCOUNTABILITY

Accountability is the key component of good governance. It is the obligation of an individual or organisation to account for its activities, accept responsibility for them and to disclose the results in a transparent manner. It is explaining and justifying what has been done, what is being done currently and what is being planned. It is about giving information on the available resources and regular evaluation to determine if the goals are being met. It is the process of carrying out the representatives' assigned mandate, and the willingness to face the consequences of their official actions, which would be published through the acts of periodic reporting (Vijaylakshmi, 2006). In simple terms, accountability is answerability for one's actions or behaviour. In the concept of governance, it is the mechanism or methodology through which a public agency or public official fulfils assigned duties and obligations.

Accountability is also defined as answerability for performance or the obligation to report to others. It is a process of being called to account to some authority for one's actions, or of giving an account (Mulgan, 2000). It means to explain, justify and answer questions about how resources have been used and to what extent. It is a form of introspection by institutions to examine their operations and at the same time have a critical review from outside.

Accountability can be described as a force on external behaviour to ensure that there is firm compliance with specific policies and directives. It can be seen as a constraint on

arbitrary use of powers. It is a mechanism of making governance effective through bettering or improving service delivery and governmental answerability.

Accountability, thus, entails an element of control by bringing within its ambit not only bureaucracy, but legislature, executive and judiciary as well. It has to ensure answerability as well as proper enforcement for violating certain laid down norms. It involves making politicians, administrators, governmental, non-governmental and private sector organisations, accountable for their activities. It is a necessity for ensuring public officials' answerability to citizens through political executives.

In general, accountability is ensured through adherence to organisational rules and regulations, complying with laws, following professional code of conduct and being responsive to all key stakeholders. In the present globalisation scenario there are several stakeholders including market, civil society, citizens, media and involvement of all in the governance process makes accountability complex.

12.4 NEED FOR TRANSPARENCY AND ACCOUNTABILITY

In a democracy, people elect their representatives and give them the power to rule and govern on their behalf. In return they expect that the elected representatives will make policies and programmes for the benefit of the people. In other words, it becomes the duty of the government to work in the interest of the citizens, ultimately leading to their welfare. In delivering goods and services and performing welfare role, the government spends a huge amount of money a major chunk of which comes from tax payers. In such a scenario, the government becomes answerable to the public and it has to give an account of money spent, whether the development goals have been realised, and the benefits are reaching the masses, whether the various policies and programmes of the government are leading to welfarism and the government funds are handled in accordance with rules and regulations. The citizens have a right to know all these and thus they need to be informed about the decisions and actions of the government. Keeping all this in view, it becomes important that the government functions in a transparent manner and is made accountable for its decisions and actions.

Transparency and accountability in governance is required because of the following reasons:

- **Expansion of government's role and activities:** In India, the main aim of the State after independence was to bring about socio-economic change and speedy development. The collapse of colonialism opened an entirely new area of administration and governance which focused on developmental goals and poverty eradication. The new policies included the areas of human concern such as development of women, children and physically challenged, marginalised sections and so on. All this led to expansion of government departments with overlapping boundaries for work. In such a scenario, the need for accountability and transparency was felt so that one could keep a check on the functioning of various departments.
- **The concept of delegated legislation :** As the States' functions and areas of operation expanded, we saw a simultaneous increase in delegated legislation. The legislature delegated its power of legislation to executive. As a result, the permanent executive became both the formulator and implementer of laws. This led to increase in the powers of the executive. Thus, to keep a check on the powers and functions of the executive, accountability and transparency became necessary.

- **Politics-bureaucracy nexus** : In a democratic country like India which is committed to welfarism, we see a close collaboration and cooperation between the politicians and the bureaucrats. This sometimes forces the bureaucracy to get committed to the government. The bureaucrats instead of being committed to the policies get committed to ruling party's agenda. In such a situation, the bureaucracy becomes highly politicised and neutrality takes a back seat. This calls for suitable checks.
- **Check corruption and corrupt practices** : There has always been a fear that the system may become corrupt, due to absolute power. This was very true for India as it was on the path of speedy socio-economic development and in order to achieve this goal, the government and administration were vested with vast powers. There are many instances of government indulging in corrupt practices, be it misuse of governmental machinery during elections, favouring their near and dear ones in appointments and promotions, disregarding constitutional norms, rules and procedures to serve their own interests, political patronage and so on. While A.D. Gorwala Report exposed this aspect as early as 1950s, in current times we come across several such instances. The quantum of black money, politics of opportunism, various scams and scandals are a proof that we need a mechanism to check corrupt practices.
- **Apathetic nature of the citizens** : In a democracy, people's participation should not only be limited to electing their representatives. They need to play a larger role. But in a country plagued with so many social evils, illiteracy, poverty, unemployment, people are not active participants. As a result, the benefits and fruits of development do not reach the needy.

The citizens for long have been treated as vote-bank. The politicians used them for their own political motives. Huge amounts of money were spent on development programmes and projects, but the real development was nowhere to be seen. Had the citizens been aware and been active participants, they would have always questioned the misuse of money and power. In such a scenario, it becomes all the more important to make the system transparent and accountable.

The above points make it clear that there was an urgent need for accountability and transparency in the system. It was necessary to check that laws work as they are prescribed and that too without any delay and wastage; that politicians and administrators exercise lawful and sensible administrative discretion; they recommend new policies and propose changes in existing policies; and enhance citizens' confidence in the administrative institutions of government (Bhattacharya, 2001). Apart from this, it is required for controlling abuse of bureaucratic power and discretion to ensure that policy enforcement is as per standards and quality, and that it could facilitate continuous improvement in governance (*Ibid.*).

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Explain the concepts of transparency and accountability.

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2) Give reasons that necessitate transparency and accountability.

12.5 MECHANISMS OF TRANSPARENCY AND ACCOUNTABILITY

In view of the gaps mentioned above, the demand for answerability, responsiveness and transparency gathered momentum in democracy across the world and India was no exception to this. As a result, a number of mechanisms have been initiated towards this in India from time to time.

Accountability calls for:

- Making laws work with minimum waste and delay
- Exercising appropriate administrative discretion
- Recommending new policies and proposing changes in existing policies and programmes
- Enhancing the confidence of citizens and government
- Access to information and freedom of expression
- Responsiveness of public agencies to the citizens' needs

There are various mechanisms of ensuring accountability and transparency. These encompass parliamentary control over expenditure through questions, cut motions in parliament, parliamentary committees, auditing, public interest litigation, judicial decisions and so on.

We shall discuss some of them now:

Central Vigilance Commission

The Central Vigilance Commission, set up in 1964, as a follow-up of the recommendations of the Santhanam Committee, by the executive resolution of the Government of India, is an institution which makes the public officials and administration accountable for their acts. It is a non-statutory body which falls within the jurisdiction of the Ministry of Personnel. It is conceived as the apex vigilance institution which is free from any executive authority, monitoring all vigilance activities. The jurisdiction of the Commission covers all employees in public undertakings, corporate bodies and other institutions working under the central government, the Delhi Metropolitan Council and the New Delhi Municipal Committees.

Over the years, there has emerged a web of vigilance agencies in the country. These

agencies are responsible for ensuring accountability of public servants through the vigilance mechanism. It is a body for reviewing and keeping vigilance over all organisations but it does not take any action against them. The advisory role of the commission extends to all matters of vigilance administration referred to it by the departments/organisations of the government.

Comptroller and Auditor General

The Comptroller and Auditor General (CAG), a Constitutional authority, is another accountability mechanism in India. It is the guardian of the public purse and it is the duty of CAG to see that only authorised expenditure is made out of the Consolidated Fund of India. The office of CAG carries out its duties in an autonomous manner and is independent of any kind of executive control. The CAG presents its report to the Parliament through the Public Accounts Committee. It ensures that the money shown in accounts is utilised for the prescribed purpose and the expenditure conforms to the authority which governs it. Some of the major scams in India such as Bofors, 2G-3G spectrum, Coalgate and Commonwealth Games, have been exposed by the CAG.

Lokpal and Lokayukta

The first Administrative Reforms Commission (ARC), constituted in 1966, gave priority to the problem of redressal of citizens' grievances and recommended the creation of Ombudsman type institution in order to remove the sense of injustice from the minds of adversely affected citizens and also to instil public confidence in the efficiency of the administrative machinery (Jain, 1996). The ARC recommended the establishment of two special authorities designated as Lokpal and Lokayukta to deal with the complaints against administrative acts of Ministers and Secretaries at the central and state levels respectively.

The Lokpal and the Lokayuktas were to be independent of the executive as well as the legislature and the judiciary. The investigations and proceedings were to be conducted in private and were to be informal in character. Their appointment, as far as possible, was to be non-political. Their proceedings were not to be subject to judicial interference. The recommendations of the ARC were accepted by the Government of India, and accordingly in May, 1968 a Bill named *Lokpal and Lokayukta Bill, 1968* was introduced in the Lok Sabha and was passed by it on August 20, 1968 and was then sent to the Rajya Sabha for consideration. However, the bill could not be passed as the Lok Sabha was dissolved in December 1970.

The Bill was once again introduced in the Lok Sabha in 1971, but could not be passed. Since then several attempts were made to establish these institutions. However, the Bill was finally passed as a result of civil society movement led by Anna Hazare. The Lokpal and Lokayukta Act came into force from 16 January 2014.

In the meanwhile, some of the states initiated the Lokayukta Bill. Odisha has been the first state to pass the Lokayukta Act and create the institution of Lokayukta in 1970, followed by Maharashtra in 1972, Rajasthan in 1973, Bihar in 1974, UP in 1975, Karnataka in 1979, Madhya Pradesh in 1981, Andhra Pradesh in 1983, Gujarat in 1986, Punjab in 1995, and so on. The Lokayuktas have the power to start investigations at their own initiative and can call for relevant files or documents, from the state government, if necessary for their investigation.

Citizen's Charter

Citizen's Charter is a non-agency device for people's participation. It is a document representing an effort to focus on the commitment of the public organisations towards

its clients/citizens. It is a manifestation of public organisations' desire to provide quality services to its clients. The idea behind the charter is tapping citizen's responses to the actual working of government organisations and to build efficiency and effectiveness of public services.

The concept was first initiated in Great Britain when a white paper was issued in the form of Citizen's Charter in 1991. This was followed by other countries like Australia, Canada, Malaysia, India, etc., for providing better services to citizens.

It is a concept based on government-citizen relationship. It views public services through the eyes of those who use them i.e., the citizens. Although citizen's charter is not enforceable by the citizens, it provides a tool for improving the public delivery system based on certain standards, quality and time frame. It gives more power to the citizens and also more freedom to choose.

The **key elements of citizen's charter** are:

- **Standards** – setting, monitoring and publication of standards of service that the user can expect. This enables citizens to understand what they can expect from the organisation and approach accordingly.
- **Information and openness** – full and accurate information should be readily available in a simple language. This would include those who are involved in the service delivery. The availability of timely and appropriate information to the citizens adds to their satisfaction and enhances the prestige of civil service in their eyes. Charters should also provide the details pertaining to official hierarchy, where citizens can get information and in case of non-availability of the concerned officer, an alternative should be provided in the charter.
- **Choice and consultation** – public sector should provide choice wherever available, in consultation with those for whom the services are being made available. It should enable citizens in giving feedback to public offices, on the basis of which they can improve their delivery system further.
- **Courtesy and helpfulness** – it should ensure that citizens receive courteous response from public officials when they come to public offices. The public offices should treat all citizens with equanimity so that no citizen feels discriminated at the hands of the public personnel.
- **Putting things right** – the charter has to ensure that the services are provided within the norms. If something goes wrong either in the quality or standard of services, immediate apologies should be offered to citizens and at the same time, citizens should be offered alternative solutions. The redressal system should be quick enough to cater to citizens' complaints.
- **Value for money** – it is about efficient and effective delivery with minimum utilisation of resources.

Thus we see that the components of the citizen's charter are a reiteration of the norms which are integral to the foundation of accountability of public administration. There is no doubt that the citizen's charter strategy, if formulated and implemented in an objective, conscious and committed manner to give the citizens their due, can lead us towards good governance (Jain, 2002). Citizen's charters are a good example of the changing the attitude of government towards citizens.

Social Audit

Social audit is an innovative mechanism for ensuring transparency and accountability. It

came into prominence in the wake of 73rd Constitutional Amendment Act, which gave Constitutional status to Panchayati Raj Institutions. It scrutinises the efficacy of any public utility within a social relevance framework. It is an effort undertaken to ensure that the work done by the government is actually benefitting the citizens. It is a process that enables an organisation to assess and demonstrate the social, economic and environmental benefits of its programmes and their impact on various stakeholders including the public. It assesses whether the expenditure has made any difference to the well-being of the community and whether it has led to development and welfarism. Social audit evaluates the performance of the organisation on the basis of its core community values and how far it has impacted the different social groups prevailing in the society.

Social audit is a very effective tool for strengthening grassroots democracy. It provides an opportunity to the citizens to scrutinise the development initiatives which ultimately benefit the citizens. It is a continuous process which ensures that all the decisions and their rationale are made public as soon as they are made. It has to be integrated into public service delivery.

Right to Information

Right to information has emerged as a prominent concern in the field of governance and is regarded as one of the most important social innovations of this century in the field of accountability and transparency. It continues to be advocated as a pertinent component of policy packages to *improve* governance in developing countries. In fact, it has become an important instrument through which openness, transparency and accountability can be brought about in the governance process and citizens' grievances redressed. It also strengthens the foundations of grass roots democracy through people's participation in local governance and development activities. In other words, Right to Information is a basic necessity of good governance.

Right to information has been derived from the Universal Declaration of Human Rights (UDHR) 1948. According to Article 19 of UDHR, "everyone has the right to freedom of opinion and expression without any interference and to seek information, receive and impart ideas through any media regardless of frontiers". It is a fundamental human right and the touchstone for all freedoms to which UN is consecrated (UN General Assembly Resolution, 1946). Sweden was the first country to provide this freedom to its citizen's way back in 1766. This freedom was part of the Freedom of the Press Act. It was incorporated as a reaction towards excessive administrative secrecy as also press censorship. It was followed by Finland in 1951, Denmark and Norway in 1970, United States of America in 1966. Britain had the Official Secrets Act, which was put aside when the Freedom of Information Act was enacted there in 2000 and amended in 2005.

In India, the Right to Freedom of Information is not explicitly provided for in the Indian Constitution. However, Article 19(1)(a) of the Constitution, which confers the Right to Freedom of Speech and Expression, includes the Right to Information when read with Article 19 of United Declaration on Human Right (UDHR). Even the Supreme Court of India interprets this Right as part of Article 19(1)(a). The Supreme Court way back in 1975, expressed this proposition in a landmark judgement in the state of UP vs. Raj Narain Case (Chadah, 2006).

Since this judgement, the Supreme Court has time and again talked about giving right to freedom of information to the citizens. Apart from this, there has been political commitment too with regard to the citizens' Right to Information. In 1977, the Janata

Party promised an open government and declared that it would not misuse the intelligence services and governmental authority for 'personal and partisan ends' (Guha Roy, 2003). The second attempt in this direction was made in 1989. The Government was not ready to disclose information relating to Bofors and other deals (Guha Roy, 1990). The National Front in its Election Manifesto talked about its commitment to 'open government and declared in very clear terms that it would guarantee the citizen's Right to Information through Constitutional provisions. Gradually the demand for Right to Information got intensified and took the shape of mass movement initiated by Aruna Roy in Rajasthan. A people's organisation called Mazdoor Kisan Shakti Sangathan through series of public hearings made the government respond to the demands of information and accountability. It gave an opportunity to the people to demand information on expenditure on developmental activities ensuring accountability and redressal of grievances. Subsequently, the National Democratic Alliance (NDA) government introduced the Freedom of Information (FOI) Bill, 2000 in the Parliament which was finally passed in 2002 and was enacted in 2005.

Right to Information opens up government's records to public scrutiny, thereby arming citizens with a vital tool to inform them about what the government does and how effectively; thereby making the government more accountable. Transparency in government organisations makes them function more objectively thereby enhancing predictability. Information about functioning of government also enables citizens to participate effectively in the governance process. In a fundamental sense, Right to Information is a basic necessity of good governance (*Government of India, 2006*).

One of the key provisions of RTI is self-disclosure of information in public domain. According to this where adequate information is available, citizens can demand services and claim rights due to them from appropriate authorities and officials.

In a system seething with corruption and becoming increasingly insensitive to the problems of the disadvantaged citizenry, RTI has shown promise of empowering citizens to ensure accountability and act as an enforcer of good governance (*Gandhi, 2009*). The RTI Act is a torch-bearer that can lead to more open, accountable, responsive and people-friendly governance.

Ensuring transparency and accountability requires electoral reforms, improving the efficacy of institutions including police and judiciary.

12.6 OPERATIONALISATION OF TRANSPARENCY AND ACCOUNTABILITY

The discussion on the various mechanisms with regard to transparency and accountability in the preceding sections makes clear that no doubt there have been various initiatives from time to time in this direction. But what is important is their operationalisation. We need to know whether the initiatives taken are really beneficial in ensuring accountability and transparency in the system and governance process. Citizens have become an essential component in enforcing accountability. Along with this, a transparent system that allows for answerability to public conduct becomes a necessity.

When we refer to the operationalisation of the transparency and accountability mechanisms, we see that Right to Information (RTI) is a very potent weapon and its positive role has been witnessed especially at the grassroots levels in the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The MGNREGA guidelines stipulate that all information be displayed to the public through display boards and paintings on the walls of the panchayat offices. Apart from this, there is also a

provision that all the MGNREGA accounts and their summaries at the gram panchayat level should be made publicly available for scrutiny (Aiyar and Samji, 2012).

RTI at the grassroots level is being implemented through social audits of MGNREGA. It has been successfully implemented, in some states, with the unique partnerships between governments and civil society organisations (CSOs). Andhra Pradesh in 2006, embarked on a process to institutionalise social audits for all MGNREGA programmes in the state. The government collaborated with CSOs and built up a 35-member team which could facilitate and manage the audit process. During the audit, details of government expenditure on MGNREGA are verified, assets developed are assessed and information on it is shared with village communities. The audit ends with a public meeting, where the findings of audit are shared in the presence of local government officials and politicians (*ibid.*).

The government - civil society partnership is also visible in Rajasthan. In November 2007, the Rajasthan government collaborated with the *Soochna Evam Rojgar Adhikar Abhiyaan*, to develop a decentralised worksite management system. The purpose of this *Abhiyaan* has been to create a pool of trained worksite managers that take daily measurements of worksites and determine daily output. The key emphasis is on transparency (*ibid.*).

In Delhi, a voluntary organisation called *Parivartan*, has been quite successful in facilitating the use Right to Information in addressing their grievances, getting the pending works done by the government departments and also inspecting the government works. It is helping the poor people in getting ration cards or receiving their ration quota on Antyodaya card under the public distribution system by exercising the RTI (Guha Roy, 2006).

There are some glaring examples when the Lokayukta has come forward and tried to weed out corruption prevailing in the various state institutions. In 2010 in Karnataka, major irregularities in mines in Bellary, including those owned by Obulapuram Mining Company and by the prominent politicians, who were then ministers in the Government of Karnataka had been exposed by Lokayukta. The Lokayukta's Report uncovered major violations and systemic corruption in iron-ore mining in Bellary. It recommended banning all exports of iron ore and limiting iron ore production for captive production of iron and steel. Lokayuktas if given a free hand, can definitely function towards building a transparent and accountable system.

The emergence and use of e-governance or digital governance, in the governance process has further ensured transparency and accountability. The main idea behind e-governance is to bring government services to the beneficiaries in a transparent, speedy, easy and efficient way. The ICT-based governance opened new economic opportunities, brought transparency in public-private transactions, insights into outsourcing processes and accountable administration. It introduced a minimum guarantee against arbitrary exchanges and government procurements and some form of standardisation of procedures (Nath, 2016).

The state level e-governance projects such as Akshaya in Kerala, Gyandoot in Madhya Pradesh, Digital Saksharta Abhiyan in Haryana, SWAGAT in Gujarat, APSWAN and TWINS in Andhra Pradesh, Bhoomi in Karnataka, E-mitra in Rajasthan, Lokvani Project in Uttar Pradesh etc., are a proof that ICT is extensively being used in the various government departments for enhancing efficiency, transparency, accountability and providing better services to the people. The application of electronic means in the interaction between government and citizens (G2C) and government and business (G2B) as well as in internal government operations (G2G) has simplified and improved

democratic government and business aspects of governance (Saxena, 2005). By providing online access and information to the citizens with regard to land records, caste and income certificates and various other government services, things have become very simple and easy for the citizens. Just by a click of the mouse, they get things readily available at their doorsteps. E-governance and digitalisation is changing the way governments are addressing the problems of the citizens and delivering them. Digitalisation will go a long way in making the system accountable and transparency. We have discussed in detail about the impact of ICT on governance in Unit 8 of this Course.

There are challenges in the operationalisation process. There is need for strong political will, bureaucratic commitment, and awareness on part of citizens that can bring the desired change.

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) List the various mechanisms for ensuring transparency and accountability.

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2) Give some initiatives towards operationalisation of transparency and accountability in governance.

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12.7 CONCLUSION

Thus, we can say that accountability and transparency are vital to the functioning of democracy especially in India. They help in keeping a check on the use and misuse of power of the government and keeps the public informed. There are complex issues which involve involvement of multiple actors to contest it. Active participation from all segments of the society is required to further strengthen it and question the arbitrary actions and decisions of the government. The role of the civil society too becomes important. We have seen how Anna Hazare and his team compelled the government to come up with the Lokpal Bill which was long overdue. The media too has to play an effective role in furthering the flow, authenticity and quality of information. It has to become a responsible and an active participant in increasing awareness among people, lending a voice to the voiceless and generating debate on the use and misuse of RTI and exposing corrupt practices of the government without any fear or favour (Mishra, 2009). The experience gained so far, is a clear indication that we are moving towards a more transparent and accountable system. It is hoped that in near future with more and more use of digitalisation in the administration and administering of basic facilities to the citizens, effective accountability and transparency is achieved.

12.8 GLOSSARY

E-governance : It is electronic governance. When governance is done by using ICT, it is called e-governance. In other words, it is governing through an electronic mode. It is the performance of government functions through the applications of ICT, the most important and well known part of which is internet. Thus, it is a process of reforms in how government works, shares information and delivers services to internal and external clients.

Ombudsman : It is the earliest democratic institution for the redressal of public grievances. It is a device for controlling the ever growing powers of bureaucracy. It is effective in taking necessary corrective measures against cases of maladministration or wilful neglect on the part of the administration. An Ombudsman is generally considered as a person who is commissioned to protect citizens against any possible maladministration.

SWAGAT : It refers to State-wide Attention on Public Grievance by Application of Technology in Gujarat. It is an ICT based application to improve the public redressal system relating to government services.

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12.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - Transparency refers to openness in government policies and decisions.
 - Accessibility of information to those who will be affected by the decisions.
 - Accountability is answerability for one's actions or behaviour.
 - Obligation of an individual or organisation to account for its activities, accept responsibility and disclose results in a transparent manner.
- 2) Your answer should include the following points:
 - Increase in government's role and activities.
 - Delegated legislation.
 - Ensure suitable checks in politics-bureaucracy nexus.
 - Check corruption and corrupt practices.
 - Apathetic nature of the citizens.

Check Your Progress 2

- 1) Your answer should include the following points:
 - Central Vigilance Commission.
 - Comptroller and Auditor General.
 - Office of the Lokpal and Lokayukta.
 - Social Audit.
 - Right to Information.
- 2) Your answer should include the following points:
 - Role of Right Information as a potent weapon in the implementation of MGNREGA at grassroots level.
 - Important role played by Lokayuktas in recent times especially in the state of Karnataka.
 - Use of ICT based governance in several states through projects such as Akshaya, Gyandoot, and Swagat etc.