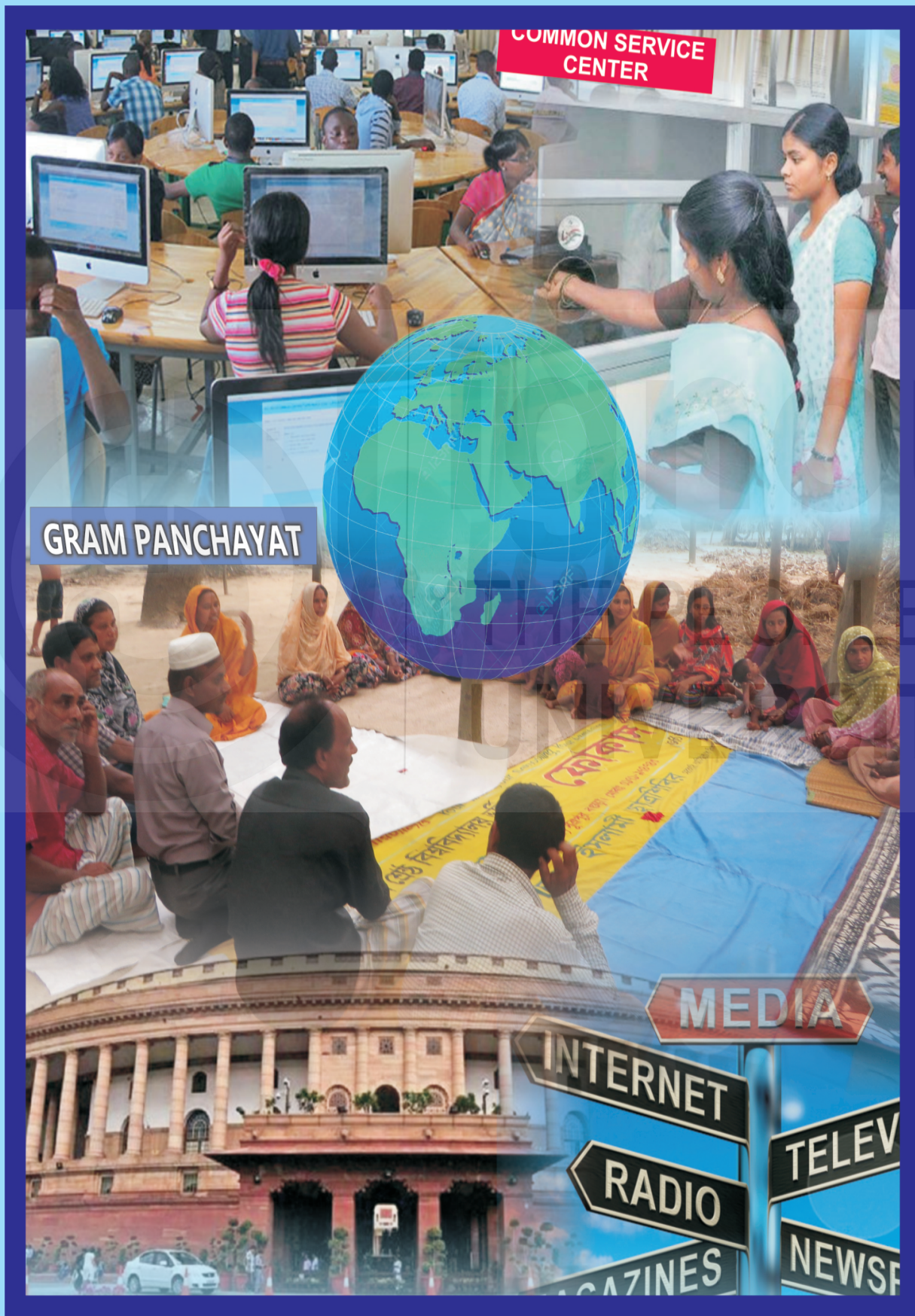




Indira Gandhi National Open University
School of Social Sciences

BPAG-172 GOVERNANCE:ISSUES AND CHALLENGES





BPAG-172
GOVERNANCE:
ISSUES AND
CHALLENGES



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August, 2020

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ISBN : 978-93-89969-82-5

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Further information on Indira Gandhi National Open University courses may be obtained from the University's office at Maidan Garhi, New Delhi-110 068 or visit University's Website <http://www.ignou.ac.in>.

Printed and published on behalf of the Indira Gandhi National Open University, New Delhi by Registrar, MPDD, IGNOU, New Delhi.

Lasertypesetted at Graphic Printers, Mayur Vihar, Phase-I, Delhi-110091.

Printed at : Educational Stores:-S-5, B.S.Road Industrial Area, Site-1, Ghaziabad (U.P.)-201009.

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COURSE INTRODUCTION

The Course entitled *Governance: Issues and Challenges* provides a comprehensive view of key concerns and debates in the realm of governance. Governance not only occupies centre stage in the development discourse but is also considered as a crucial element to be incorporated in the development strategy. The term governance is more than government. Its key word 'govern' is broad in nature. Governance comprises intricate mechanisms, processes, structures and institutions through which citizens and groups articulate their interests, opinions and respond to the problems. The quality of governance of a country reflects the effectiveness of its institutions that includes executive, legislature and judiciary, and their accountability and responsiveness towards the citizens. Also this has a direct impact on the level of human development. This Course has 15 Units that give an overview of the various issues and challenges of governance.

BLOCK 1 GOVERNMENT AND GOVERNANCE: CONCEPTS

This Block has four units. It attempts to introduce to the learners the concepts in the domain of governance.

Unit 1 Globalisation: Role of State, Market and Civil Society

Globalisation is a multifaceted phenomenon and has a multidisciplinary perspective. The Unit provides a conceptual framework of globalisation. Though there is no precise period pertaining to the genesis of globalisation, there is literature that presents an extending structure of globalisation that evolves over certain phases which is discussed in the unit. The different perspectives on globalisation—economic, political, socio-cultural are analysed. The onset of globalisation has impacted the State in various ways and the Unit examines these aspects. Globalisation has influenced the State, market and civil society and these are highlighted in the Unit.

Unit 2 Governance: Conceptual Dimensions

Governance has become a prominent area of discussion and a part of public discourse since the late twentieth century. The Unit attempts to provide various conceptual dimensions of governance put forth by World Bank, OECD, UNDP, UNESCO and so on. The concept of governance is used in several contexts as minimal State, new public Management, good governance, socio-cybernetic system, self-organising networks, which are analysed. The Unit discusses various forms of governance that encompass political, economic and social. The validity of the concept of governance has been questioned on the bases of its usefulness. The Unit provides an appraisal of the concept of governance.

Unit 3 Governance Framework in India

The Unit introduces the learners to the operational framework of governance in India. The various components of it including the Constitution, parliamentary system, role of political and permanent executives and judiciary are discussed with case examples. The role of non-state actors that encompass market and civil society is analysed. One of the best mechanisms to measure and manage governance be it at national, state or local levels is to assess the way it functions. There are attempts made globally to measure governance against certain indicators. There is a detailed discussion on these in the unit. Through case examples, the Unit provides various empirical evidences of governance and emerging interactions and networks between multiple stakeholders and their impact on governance practices.

Unit 4 Stakeholders in Governance

A stakeholder can be a person, group or organisation who/which has an interest or stake in any activity and has the ability to influence the outcome positively or negatively. The process of governance involves networking with various organisations, groups and people. The Unit examines the need and significance of stakeholders' participation in governance. The involvement of stakeholders takes various forms that encompass communication, participation, consultation, representation, partnership and so on and these are discussed in detail. The unit through certain examples brings out the role of stakeholders that makes a dent in the governance process.

BLOCK 2 GOVERNANCE AND DEVELOPMENT

Development is a holistic concept which aims at improvement in the life of the people, betterment of society that brings positive changes. Governance through its structures, institutions, and processes intends to address various dimensions of development. This Block has two units which focus on key facets of development.

Unit 5 Changing Dimensions of Development

Development is bringing about change. It is holistic that aims at overall betterment in personal, professional and social life. The Unit provides a conceptual framework of development. There are debates on the changing dimensions of development, means of achieving them and the unit focuses on these aspects. There is discussion on important theories of development in the unit. The important approaches to development which include neo-liberalism, structuralism, interventionism, people-centered, sustainable development and human development are analysed. There is discussion on millennium development goals and sustainable development goals. The unit focuses on inclusive development and ways to integrate the marginalised population in the process of development to ensure social justice.

Unit 6 Strengthening Democracy through Governance

Democracy is the system of government under which people either directly or through the representatives govern the country. The Unit explains the concept of democracy and outlines its features. It examines the contribution of Indian Constitution to strengthen democracy through governance mechanisms. In India, several initiatives have been taken to strengthen democracy through enactment of Acts, formulation of policies and execution of programmes. The 73rd and 74th Constitutional Amendment Acts have facilitated democracy to percolate to the grassroots level. The unit provides a comprehensive discussion on these aspects. It deals with Right to Education Act, 2009, Mahatma Gandhi National Rural Employment Guarantee Act, National Rural Health Mission, as examples to foster strengthening of democracy.

BLOCK 3 GOVERNANCE: EMERGING PERSPECTIVES

This Block brings out certain important emerging perspectives in the realm of governance.

Unit 7 Governance Challenges and Changing Role of Bureaucracy

This Unit traces the emergence of the concept of governance. New definitions of governance have continued to proliferate in academic and policy discourse and these are succinctly put forth in the Unit. The quality of governance assumes importance to assess a country's credibility in international arena. There is discussion on the indicators that assess the country's quality of governance. There are multitudes of challenges facing governance in the twenty first century. The Unit analyses these in detail. There is

also a shift in the role of bureaucracy in light of emerging governance challenges which is discussed in the Unit.

Unit 8 Information and Communication Technology and Governance

Information and Communication Technology (ICT) impacts the field of governance. Through the development of ICT, existing government processes are re-engineered to make public services effective and efficient. The Unit provides conceptual framework of ICT and its evolutionary perspective. In India many measures were taken to support the growth of ICT. The Unit examines the ICT initiatives including the recent ones such as digital India, internet of things and smart cities. ICT enabled governance impacts the way work is done in organisations. The Unit analyses phases in the ICT enabled governance resulting in transformation in the organisational functioning. Despite significant developments in ICT, there are key challenges in its implementation which are analysed in the Unit.

Unit 9 Role of Media

In today's knowledge society with unprecedented developments in ICT, media plays a seminal role in ensuring good governance. This Unit analyses the meaning, characteristics and types of media. It promotes good governance in several ways such as protecting human rights, promoting rule of law, ensuring peoples participation in decision making and so on. There is a comprehensive discussion on these aspects in the Unit.

Unit 10 Corporate Governance

Corporate governance has assumed prominence in recent years to ensure strong governance framework for effective functioning of corporate organisations. The Unit explains the meaning and significance of corporate governance. Though there are no globally accepted principles of corporate governance, there are certain basic standards. The OECD has laid down certain principles of corporate governance which are dealt with in the Unit. There are three major types of corporate governance models namely the Anglo Saxon, Japanese and Continental, which are analysed. The Unit provides a trajectory of the growth of corporate governance at international and national levels.

Unit 11 Sustainable Human Development

Sustainable Human Development (SHD) focuses on processes that enlarge people's capabilities and choices to facilitate fulfilment of their needs. The Unit provides a conceptual framework of sustainable development and human development. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. SHD aims at equitable distribution rather than economic growth, regeneration of environment and promoting empowerment and participation of people in development process. The Unit presents a comprehensive framework of sustainable human development.

Unit 12 Transparency and Accountability

Transparency and accountability are concepts of global relevance, vital for good and effective performance and responsible governance. The Unit provides conceptual framework of transparency and accountability. It brings forth reasons that necessitate transparency and accountability. A number of initiatives have been taken in India towards this and the Unit discusses these in a comprehensive manner. These include citizens' charters, Right to Information and social audit. The Unit puts forth the operationalisation aspects pertaining to transparency and accountability measures.

BLOCK 4 LOCAL GOVERNANCE

This Block has two Units which focus on key aspects pertaining to decentralisation and inclusive and participative governance.

Unit 13 Decentralisation and Local Governance

Decentralisation is a reform advocated globally for better governance. The Unit gives conceptual framework of decentralisation and highlights its importance. The different dimensions of decentralisation are discussed in the Unit. It provides historical background of decentralisation pattern in India. The 73rd and 74th Constitutional Amendment Acts of 1992 have constitutionalised the panchayats and municipalities and are considered significant measures in giving strength as well as stability to local institutions. There is exhaustive discussion on features of these amendment acts. The local bodies at grassroots level are faced with insurmountable task of addressing the problems of governance. The Unit gives an appraisal of functioning of PRIs and urban local bodies.

Unit 14 Inclusive and Participative Governance

Inclusive and participative governance is essential for sustainable development. This Unit deliberates on the functioning of democracy with examples of contemporary times in India. In the process of advancing people's participation, there has been a rise in global concern to re-examine the capacity of state and non-state actors. Given the key challenges involved in realising the diverse needs and aspirations of the people, this Unit explores the different ways to strengthen democracy vis-à-vis inclusive and participative governance. The learner can understand from this Unit that democracy can become feeble and futile without the presence of formal and informal linkages for citizens' engagement.

BLOCK 5 GOOD GOVERNANCE INITIATIVES IN INDIA

Unit 15 Public Service Guarantee Act, Citizen's Charter, Right to Information, Corporate Social Responsibility

The last Unit of this Course discusses a few good governance initiatives taken in India. Public Service Guarantee Act/ Right to Public Service ensure time bound delivery of public services to the citizens and accountability of public officials to deliver required services to the citizens within a stipulated time. The Unit analyses the main features of the Act and its impact. Another initiative is citizen's charter which is examined in the Unit. Right to Information, another good governance initiative dealt within the Unit is an important mechanism of accountability, transparency and public service delivery. Corporate Social Responsibility is a governance-centric mechanism which commits responsibility of corporates to the society. It demonstrates the social concern of corporates.



BLOCK 1

**GOVERNMENT AND GOVERNANCE:
CONCEPTS**

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UNIT 1 GLOBALISATION: ROLE OF STATE, MARKET AND CIVIL SOCIETY*

Structure

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Globalisation: Conceptual Framework
- 1.3 Globalisation: Genesis
- 1.4 Perspectives on Globalisation
- 1.5 Globalisation and the State
- 1.6 Globalisation and the Market
- 1.7 Globalisation and the Civil Society
- 1.8 Conclusion
- 1.9 Glossary
- 1.10 References
- 1.11 Answers to Check Your Progress Exercises

1.0 OBJECTIVES

After going through this Unit, you should be able to:

- Provide a conceptual framework of globalisation;
- Trace the genesis of globalisation;
- Examine its different perspectives; and
- Analyse the relationship between globalisation, State, market and civil society.

1.1 INTRODUCTION

The concept of globalisation has a multidisciplinary perspective. An economist looks at it as the removal of trade barriers, promotion of foreign direct investment, entry of multi national corporations and so on. On the other hand, sociologists consider it multi-dimensional and to be examined in the framework of complex processes in the realm of economics, politics, culture and technology. Globalisation is resulting in a multiplicity of linkages and interconnections between nation-states and societies. It is also a process by which events, decisions and activities in one part of the globe lead to significant consequences for individuals and communities in quite distant parts of the globe. Globalisation has influenced the State, market and civil society to a great extent. These aspects shall be discussed in this Unit.

* Contributed by Ms.Sanghamitra Nath, Assistant Professor, Bajkul Milani Mahavidyalaya, Vidyasagar University (W.B).

1.2 GLOBALISATION: CONCEPTUAL FRAMEWORK

In the 21st century, globalisation is a widely popular term that attracts critical appreciation from practitioners, scholars, citizens and so on. It is a term increasingly associated with economic, cultural, social, political, and technological changes that have reduced national boundaries and bolstered transnational movement of goods, services and capital. It has been held responsible for ‘McDonaldisation’ of food and culture, homogenisation of consumer tastes, increasing corporate power and rising poverty, and wide spread of liberal democratic ideas (Guttal, 2007).

Globalisation is a jumble of complex phenomena that has been perceived and defined in more ways than one way. Helleiner (2001) viewed globalisation as a dual process comprising shrinkage of space and time due to technological advancements in transport, communications, and information processing and actions and decisions taken in one part of the world impacting other parts of the world due to high speed connectivity and compression of the world into a ‘global village’. Ojha (2002) considers globalisation as a process of adaptation to the irreversible changes challenging authority and welfare functions of the State and in case of developing countries, the impact is felt far beyond.

The European Commission (EC) defined globalisation in terms of processes that increased interdependency between markets and production in different countries while responding to the trends in trade in goods and services and flow of capital and technology. It also meant an internationalised world economy characterised by recurrent nationally embedded capital represented by private actors like multinational corporations with a national base and operating under the supervision of the home country’s authorities (Sengupta, 2001). Thompson (1999), dissatisfied with EC’s version, re-defined globalisation as a globalised world economy represented by a novel structure made up of disembedded economic relationships that are independent of national economies where the principal actors are transnational corporations disembedded from national country. In other words, globalisation referred to economic processes carried out within the predominant neo-liberal deregulation regime and concomitant rolling back of the sovereign State control from transnational business practices.

1.3 GLOBALISATION: GENESIS

There is no consensus on the precise period of genesis of globalisation. Nayar (1997) is of the view that it started as a regional international market in Europe after the middle ages. It spread during imperialism in the 16th century, became reinforced during industrialisation, consolidated under British liberalism, gathered intellectual impetus from American statesmen, and intensified in the hegemonic reorganisation of the world’s economic institutions (mainly General Agreement on Tariffs and Trade/GATT, World Trade Organisation/WTO, and the Bretton Woods system).

Robertson (1992), presented an intricate structure of globalisation extending over five phases:

- 1) 1400-1750: The ‘germinal’ phase marked by the cessation of Christendom and the advent of nationalism in Europe.
- 2) 1750-1875: The ‘incipient’ phase characterised by the creation of nation-state and the beginnings of inter-nationalism and universalism in Europe.
- 3) 1875-1925: The ‘take off’ phase when the world came to be conceptualised as

one global community, global calendar, World War I, mass worldwide migration and inclusion of non-Europeans in the international club of nation-states.

- 4) 1925-1969: The ‘struggle for hegemony’ phase typical of Cold War, formation of the League of Nations and the United Nations, and emergence of the Third World.
- 5) 1969-1992: The ‘uncertainty’ phase described by space exploration, space technology, and acknowledgment of global environmental problems and global mass media.

Additionally, certain economic and political developments in the late 1980s and early 1990s acted as catalyst for the rise of globalisation. It included the collapse of USSR and State socialism, breakdown of the Berlin Wall and triumph of western economic liberalism, leading to restriction of economics of privatisation of State industries, deregulation and budget cuts. The other contributing reasons have been the deregulation of the banking system, liberalisation of trade exchange rates and investment, growth of technology, expansion of multinational and transnational corporations. According to Thompson (1999), “10 years from 1988 to 1998 almost all governments in the world, regardless of ideology, downsized their activities while private sector expanded theirs, thus gradually replacing governments as major economic players on the world scene”(Sengupta, *op.cit.*). The Human Development Report (1999) recorded post-globalisation, characterised by the growth of new markets (service, financial and consumer), new actors (multinational corporations, WTO, and international non-governmental organisations/INGOs), regional blocks and policy coordination groups such as G-7, G- 10, G-22 and Organisation for Economic Co-operation and Development (OECD), new rules and norms (individualised liberalism, democracy, human rights movements, agreement on global environment and peace and multilateral agreements such as Intellectual Property Rights), and new quicker and inexpensive means of communication such as internet, cellular phones, fax, computer-aided design, and so on.

1.4 PERSPECTIVES ON GLOBALISATION

Economic Perspective

The economic perspective views modern-day globalisation as an offshoot of neo-capitalism that permits ‘flexible accumulation’ due to advancements in information technology and communication. It facilitates instantaneous cross-border financial flows and coordination and hugely reduces spatial barriers (Sengupta, *op.cit.*). Petras (1999) opined that the new episode in global capital expansion and accommodation was the result of political changes and not simply technological changes, that is, the failure of socialism in communist countries of Europe and Asia and the simultaneous ascendancy of imperialism and unfettered capitalism.

Sklair (1994) explained globalisation in terms of ‘transnational practices’ referring to practices that crossed State boundaries without necessarily originating at the State level. He observed that the global capitalist system chiefly influenced and controlled transnational practices that the global capitalist class conducted business typically from hegemonic nation-states. Castells (1996) argued, on the contrary, there was no global capitalist class but “an integrated, global capital network, whose movements and variable logic ultimately determine economies and influences societies”. This global capital network, built upon information technology, became the basis for Castell’s “network society”.

Socio-cultural Perspective

The socio-cultural perspective of globalisation is best expounded by the works of Giddens, Robertson and Waters. Giddens (1990) conceived globalisation as the product of modernity characterised by a “time-space distancing” process that “lifted out” social relations from local contexts, while re-constructing them temporally and spatially indefinitely. It was discernable through an increasing network of social relations linking “distant localities in such a way that local happenings were shaped by events many miles away and vice versa”. Robertson (1992) conceptualised globalisation encapsulating dual processes of “compression of world and the intensification of consciousness of the world as a whole”. Waters (1995) illustrated globalisation as a social process making territorial constraints irrelevant over time and increasing awareness among people regarding the receding relevance of geographical constraints.

Interestingly, globalisation has also been considered as a cultural fact. Waters (*op.cit*) believed that globalisation actually belonged to the sphere of culture rather than economics or politics. Waters’ radical perspective projected globalisation as a process composed of relationships negotiated through symbols representing values, preferences and tastes. It was not simply about relationships dealing with economic matters and political power exchanges. It is about growing de-materialisation commodities, consumer sovereignty as well as compressed, individualised, integrated and diffused technological innovation.

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 globalisation?

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2) State the reasons for the rise of globalisation.

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3) Explain the socio-cultural perspective of globalisation.

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1.5 GLOBALISATION AND THE STATE

Globalisation is as much a political fact as it is an economic fact. It is influenced by complicated negotiations among sovereign governments, private corporations, international institutions (United Nations agencies, World Bank, International Monetary Fund, WTO). It is guided by neo-liberal policies that aim for capitalist expansion via economic and strategic dominance (Guttal, *op.cit.*). McMichael (1995) studied the limitations faced by States under pressure from multilateral agencies, global firms, and global and regional free trade agreements. He found that States succumbed to transnational forces leading to a return to colonisation, albeit, of a different type.

The globalisation effect has often been viewed as roll back of the State and the take-over of many of its economic functions by the market. It has been argued that shrinkage of the State is directly proportional to the enlargement of the market, and the market is the best place for equilibrium and division of labour leading to absolute gain for all. Thus, withering away of the State is favourable because political interferences should not stand in the way of market expansion and market efficiency. The State has always been at the centre-stage of societal governance. The onset of globalisation globally brought about transformation of the State. In view of some, though it did not result in a decline of autonomy of State, but changed its complexion from Welfare State to a Competition State that favours deregulation and privatisation, irrespective of the local political and administration cultures. The ‘public sphere’ and the space for citizen involvement seem to be shrinking with the role of the State becoming corporate in nature. There is marketisation of administration, dismantling of large bureaucratic structures, introduction of flexible production systems, lessening of control on public goods by the nation-state and preference for a government guided by market phenomena. Globalisation is pushing the State towards adhering certain global standards and as a result is undergoing a transformative phase.

State intervention in the globalisation context takes several forms. Bhaduri and Nayyar (1996) have identified three types of interventions- functional, institutional and strategic. Functional interventions seek to remedy market failures, institutional interventions seek to govern the market by setting rules of games for market players, while strategic interventions seek to guide the market.

Nevertheless, the role of the State remains indisputable to the functioning of the market. This is because every market operates under some political authority which provides the rules for market operation. The State lays down regulations ranging from Constitutional and legal framework for market operations, legislation on property rights to public investment in social and economic infrastructure. Where markets fail, State steps in for providing public goods such as education, health, and the transportation network. Interestingly, economic reforms are initiated by the State to make more room for market, but strengthen its authority in turn. Markets are influenced by the internal circumstances and also by the forces in the State. A strong State that enhances the performance of market players, balancing the interests of market as well as other public institutions is imperative.

1.6 GLOBALISATION AND THE MARKET

Globalisation enlarges both space and scope for markets while shrinking the role of the sovereign State. It integrates markets worldwide and shapes the behaviour of economic agents in favour of international markets. Thus, it instills a sense of “the laws of motion of the global market”. The market is organised on the basis of principles of demand and

supply, competition, and self-regulation. The market operations are determined by profit motive which defines allocation of resources among the various economic activities. The efficiency of the market system tests the survival potential of firms as well as potential for innovation in production and distribution. It is also argued that efficiency contributes to “the absolute welfare of society, since everyone gains from it, at least over the long-term, even if not in the same measure”. Globalisation favours limited government role, that it should do less, reduce or relinquish its previous overburdening responsibilities, privatise public services or its delivery and reform its operations in accordance with market concepts of competition and efficiency. These beliefs in ‘government by the market’ rest upon the premise that the market system is a better way of satisfying human wants and aspirations than government.

The global market is better described as a place beyond geo-political borders transcending control of nation-states. It is an outcome of removal of national barriers to external trade and finance, deregulation of economy, export-driven economic growth, elimination of controls on transnational mobility of finance, capital, expansion of portfolio capital, privatisation, and reorganisation of local and national economies and expediting free-market capitalism. It is fuelled mainly by whole-scale liberalisation, deregulation, and privatisation in commerce and production as well as outsourcing selected production and services to economise operational costs and earn optimal revenue.

The 1980s have been highlighted as the period of emergence of a truly global market in conjunction with globalisation. The existence of a global market erased domestic boundaries and integrated national financial markets. This historic development could be possible only with the collapse of socialist governments of Central and Eastern Europe that terminated command economies. This made way for capitalism to spread worldwide and tilt nation-states and national ideology in its favour. The success of capitalism led to the mobility of capital in terms of scope, speed and volume, on one hand, and increase in social, economic and political power of capital, on the other. Globalisation required opening up of markets- it demanded countries to embrace economic liberalism. Markets, in general function on rational self-interest and are powerful entities directing distribution of income, wealth, and power, and cause proliferation of inequities.

Globalisation has resulted in

- Greater freedom of choice for individuals to buy, sell, invest, obtaining inputs from the market economy.
- Opportunities to diversify risks and invest resources where returns are the highest.
- Higher income to those employed in jobs producing goods and services for international market.
- Inward transfer of technology and know-how (www.ormond.html).

1.7 GLOBALISATION AND THE CIVIL SOCIETY

The reality of globalisation is unmistakable as it touches every aspect of our lives be it economic, political, cultural or environmental. It is a compelling force driven by multinational or transnational corporations or global companies, through high speed mass communication, subverting and limiting powers of the nation-state as well as subjugating individuals to unidentifiable and remote sites of control. For example, the transnational corporations gain greater power allying with multinational banks (World Bank and International Monetary Fund) making finance, credit, and other resources

readily available to expand their profits and power. As a result, globalisation abets with the rich to make them richer at the cost of the poor becoming poorer. It also contributes to environmental pollution of land, air, and water, and concomitant cultural degradation particularly in developing and underdeveloped parts of the world. Civil societies emerge in this context to express and protect themselves from “influences of remote forces beyond, at least, their “palpable reach” and “encroachments” (Roy, 1995).

The widely accepted definition of ‘civil society’ refers to the domain lying between economy and State, and made up of multiple spheres including intimate institutions (family), associations (voluntary associations), social movements and forms of public communications (Angi, 2005). Civil society, theoretically far removed from the State, in reality, operates under formal rules framed by the highest authority – the State. Kaldor (2003) observed the evolution of civil society into a generic medium by way of which “citizens negotiate a social contract with overlapping and multiple centers of power rather than being simply juxtaposing the State”. Diamond’s (1994) institutional approach categorised civil society into economic organisations (productive and commercial associations), cultural organisations (religious, ethnic, communal), informal and educational organisations (production and dissemination of knowledge, ideas, news, information), interest-based organisations (goal of winning common functional or material interests of members), developmental organisations (institutions combing individual resources to improve infrastructure and quality of life of community), political organisations (parties, social movements, civic groups), and social and emotional institutions (families). Civil society is the collective of those social organisations that enjoy autonomy from the State, and have as an important goal, among others, to seek to influence the State on behalf of their members. Civil society organisations are networks of groups formed for pursuing special interests and include all local and external financial, private, charitable, social service, developmental and professional organisations (Blair, 1993).

Civil society, very often has been treated akin to non-governmental organisations (NGOs). NGOs are a part of civil society receiving greatest visibility as they engage in environmental and social issues. An important phenomenon in the context of NGOs has been the genesis of ‘Global Civil Society’ (GCS). It may be understood as the convergence of local NGOs at the global level agitating in the pursuit of common goals and “overcome the spatial separations, by engaging in aggregated networks expanded over wide geographical areas”(Angi, *op.cit.*). Keane (2003) defined GCS as “the vast assemblage of groups operating across borders and beyond the reach of governments”. GCS comprising a heterogeneous mix of non-profits, businesses, social movements, tourists, academics, artists, cultural performers, ethnic and linguistic groups, and more, Keane described it as a developing and inclusive “society of societies” governed by rules and norms of conduct. The State and market are generally considered as sources of remote decisions that might not have much of an impact on the lives of community, while the civil society provides a civic identity, which is distinct, belongs to various groups of citizens and acts as a mediating link between the State and market.

Whether it is protection of environment or human rights, support for education or promotion of women, ethnic or religious, globalisation provides cause for growth of GCS. These, fighting for aforementioned causes, represent what Falk (1995, 1998) called “globalisation from below”. It is a process involving transnational democratic forces to counter transnational market forces or “globalisation from above”. Also termed as “grassroots globalisation” by Appadurai (2000), it aimed to preclude or remedy inequalities created by globalisation. GCS, therefore, constituted “deliberative agents” in global governance (Brasset and Smith, 2010). Particularly, Bohman (2010) suggested

GCS should adopt three mandatory attributes of public spheres: (1) participate in public discussions and be open to diverse reasons, (2) remain committed to the ideals of freedom and equality, and (3) reach out to an indefinite audience, besides being “deliberative agents”.

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 changing nature of State.

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2) Bring out the impact of globalisation on market.

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3) Explain the concept of civil society.

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1.8 CONCLUSION

Globalisation is a multifaceted phenomena emerging particularly from economic internationalisation and broadening of free market relations. The advocates of globalisation promise that integration of local and national economies into a global economy without protectionism will generate greater income resources, promote increased access to knowledge and technology, and further enhance consumption power, living standards, and political ideals. The critics of globalisation, however, argue that the promise is a misconception because it damages local and national economies, communities, and environment as well as impoverishes poor and vulnerable (Guttal, *op.cit.*).

Globalisation has impacted economies globally in varied ways. It has brought in liberalisation, privatisation and deregulation. No doubt it has resulted in market volatility, protectionism for corporations affecting the small and medium producers to counteract

the ill effects. It also gave rise to mass mobilisation leading to transnational movements and protests, towards creation of a global civil society. This Unit has provided you with a basic understanding of these aspects.

1.9 GLOSSARY

- Brettonwoods Institutions** : The Brettonwoods Institutions are the World Bank and the International Monetary Fund. They were set up in July 1944 at a meeting of 43 Countries in Brettonwoods, New Hampshire, USA. Their aim was to help rebuild the sheltered post- war economy and to promote international economic cooperation.
- General Agreement on Tariffs and Trade (GATT)** : The General Agreement on Tariffs and Trade was originally negotiated in Geneva, Switzerland in 1947 to increase international trade by reducing tariff and other trade barriers. GATT provides a code of conduct for international commerce and provides a framework for periodic multi lateral trade negotiations on trade liberalisation and expansion.
- Intellectual Property** : It is a category of property that refers to intangible creations of human intellect. It includes copyrights, patents, trademarks, trade secrets etc.
- Mcdonaldisation** : It is the process by which a society takes on the characteristics of a fast-food restaurant. The term was coined by the Sociologist George Ritzer. Four primary components of this are: efficiency, predictability, calculability and control.
- World Trade Organisation (WTO)** : It is a global international organisation dealing with the rules of trade between nations. Its goal is to help producers of goods and service, exporters and importers conduct their business. Its headquarters is located at Geneva, Switzerland.

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1.11 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
- Globalisation is a multidimensional phenomenon associated with economic, social, cultural, political and technological changes that have diminished national boundaries and given impetus to transnational movement of goods, services and capital.
 - It has ushered in globally new-liberal deregulation regime and roll back of State.
 - It is also associated with processes that increased interdependency between markets and production in different countries.

- 2) Your answer should include the following points:
- Economic and political developments in late 1980s and early 1990s acted as catalyst for the rise of globalisation.
 - Collapse of USSR and Socialism.
 - Rise of neo-liberal thinking.
 - Expansion of multinational and transnational corporations.
 - Deregulation of banking system.
 - Liberalisation of trade, exchange rates and investment.
- 3) Your answer should include the following points:
- The socio-cultural perspective of globalisation is expounded by works of Giddens, Robertson and Waters.
 - Globalisation is looked as social process.
 - It is propounded as process composed of relationships negotiated through symbols representing values, preferences and tastes.

Check Your Progress 2

- 1) Your answer should include the following points:
- The change in complexion of State from Welfare State to Competition State.
 - The nature of State is becoming corporate.
 - The State moving towards adhering certain global standards and creating space for citizen involvement.
 - State interventions can be functional, institutional and strategic.
 - Presence of strong State that enhances the performance of market players balancing the interests of market as well as other public institutions.
- 2) Your answer should include the following points:
- Globalisation enhances the space and scope for markets.
 - Market operations are defined by profit motive.
 - Market is organised on the basis of demand and supply competition and self-regulation.
 - Market functions on self-interest, directing the distribution of income, wealth and power and perpetuating inequities.
- 3) Your answer should include the following points:
- Civil society refers to the domain lying between economy and State, comprising multiple spheres including family, associations, social movements, networks of groups, collective of social organisations and so on.
 - There are global civil societies which have been given impetus by globalisation. These work towards protection of environment, human rights, support for education etc.
 - Civil society is a heterogenous group comprising non-profit organisations, businesses, social groups, ethnic and linguistic groups etc.

UNIT 2 GOVERNANCE: CONCEPTUAL DIMENSIONS*

Structure

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Governance: Conceptual Dimensions
- 2.3 Governance: Contextual Uses
- 2.4 Forms of Governance
- 2.5 Concept of Governance: An Appraisal
- 2.6 Conclusion
- 2.7 Glossary
- 2.8 References
- 2.9 Answers to Check Your Progress Exercises

2.0 OBJECTIVES

After reading this Unit, you should be able to:

- Explain the concept of governance;
- Examine its contextual uses;
- Discuss the forms of governance; and
- Make an appraisal of the concept of governance.

2.1 INTRODUCTION

Governance has become a prominent area of discussion and a part of public discourse since the late twentieth century. Governance now not only occupies centre stage in the development discourse but is also considered as the crucial element to be incorporated in the development strategy.

Public administration as a major constituent of State has always been an instrument to accomplish welfare goals and objectives. Over the past three decades, the impact of globalisation, rise of market forces, increase in expectations of citizens, have widened the process of governing and has also ushered in a major transformation in the role of the State. The Welfare State has been transformed to a Corporatist State. From a doer, it has become a facilitator and a regulator. Instead of government being the sole agency to discharge the tasks of governance, need for participative and consultative modes of governing has become strong. This along with the gradual blurring of distinction between public and private sectors has given rise to the concept of governance and over time gained a wider connotation. In this Unit, we shall attempt to examine the concept of governance, its contextual uses, and forms. An appraisal of the concept of governance shall also be made.

2.2 GOVERNANCE: CONCEPTUAL DIMENSIONS

The concept of governance has been in use at least since the fourteenth century. During that period it implied 'seat of government'. It started with a range of meanings, from the act or manner of governing its office or power, which made it synonymous with government, to being virtuous or wise in one's general behaviour. The term has been derived from the Greek word 'Kybernan', which means to steer and to pilot or be at the helm of things.

Governance, in simple terms, means "the process of decision-making and the process by which decisions are implemented (or not implemented)". The Concise Oxford Dictionary defines it as an "act or manner of governing" and "the office or function of governing". Governance has also become a term used to describe a particular set of changes. It signifies a set of elusive but potentially deeply significant shifts in the way in which government seeks to govern (Pierre and Peters, 2000).

Governance refers to a process of exercise of authority to govern people or regulate public affairs. In simplest terms, governance relates to the effective management of the affairs of a country at all levels, guaranteeing its territorial integrity, and securing the safety and overall welfare of the people. It means management of social and economic resources for the development of the country. Governance refers to all processes of governing whether done by the government, market or civil society that involves interaction and decision making amongst all the stakeholders.

Harlan Cleveland used the word 'governance' for the first time in the mid-1970s as an alternative to public administration. He was of the opinion that what people want is 'less government and more governance'. He used this in the sense of blurring of distinction between public and private organisations and multi-organisational systems (Medury, 2010). He identified governance with a cluster of concepts. It implied not only hierarchical forms of organisation, but also networks within and outside organisation bringing in consensual and consultative process.

The term governance in recent times has assumed significance since 1989 with its advocacy by the World Bank which reinvented it in a different context as a new approach to development especially in case of developing countries. It meant the exercise of political power to manage nations' affairs (World Bank, 1989).

Although it is too simple to define governance, many interrelated and interdependent factors come into interplay, complicating the process of defining the term. Nevertheless, if one were to simplify the definition of governance, it pertains to the coordination of all public and private efforts by the government in the process of development by utilising all the available resources within the country. In other words, governance includes formal as well as informal organisations in the process of development.

In conceptualisation, divergent views either represent governance as a narrowly defined phenomenon in the form of activities of only the executive branch of the State i.e., the government or as one where the State comprising the legislature, executive and the judiciary are the parts that constitute the whole without the positive, synergistic relation with the private sector and civil society. Governance introduces the private sector, the civil society including the local government system as participants in the process of governing and their direct involvement in areas hitherto kept exclusively in the public domain.

Governance can be interpreted as the undertaking of activities, management of resources, organisation of citizens, communities, local government bodies, business organisations

and the branches of the State (legislature, executive and judiciary) through social, political, administrative and economic structures that meet the daily needs of the people and ensure sustainable development. The government may through the conventional constituents of State namely, parliament, judiciary and executive, encompass this diverse area of governance at some particular point of time. Changes often take place subsequently, that make a combination of these constituents of the State and other actors, as collaborative partners in governance with clear cut and sometimes overlapping jurisdictions.

Earlier the term governance was used in a broader sense of government, which is not appropriate in present times. Governance means more than maintaining law and order. The concept of governance is more encompassing and wider than that of the government which conventionally refers to the formal institutional structure and the location of authoritative decision making in the modern State. In other words, we can say that it is a participative system in which those who are called upon to govern on behalf of the people are motivated with a will to giving their best, serving and doing good to the people, solving their problems and making their lives more livable, satisfying and enjoyable.

The concept of governance received added importance in the late eighties and early nineties in the hands of multilateral and bilateral aid-giving agencies. These agencies used it as a pre-condition for providing aid especially to the developing countries for carrying out economic and political reforms. In this context, in 1989, the World Bank gave the lead followed by OECD, UNDP, and the UNESCO.

World Bank

The first official usage of the contemporary notion of governance was put forth in 1989 by the World Bank. It was the first international organisation to use the term governance and defined it in the following words:

“... the manner in which power is exercised in the management of a country’s economic and social resources by government. Governance, in general, has three distinct aspects (a) the form of a political regime (parliamentary or presidential, military or civilian, and authoritarian or democratic); (b) the processes by which authority is exercised in the management of a country’s economic and social resources; and (c) the capacity of governments to design, formulate, and implement policies, and, in general, to discharge governmental functions. The terms usually describe conditions in a country as a whole”.

Organisation for Economic Cooperation and Development

The concept of governance denotes “the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development”. The Organisation for Economic Cooperation and Development (OECD) lays down the key components of governance as follows:

- a) Legitimacy of government;
- b) Accountability of political and official elements of government;
- c) Competence of governments to make policy and deliver services; and
- d) Respect for human rights and the rule of law.

United Nations Development Programme (UNDP)

The United Nations Development Programme (1997) has viewed governance as “the

exercise of economic, political and administrative authority to manage a nation's affairs at all levels. It is the complex mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences". UNDP has laid down the following characteristics of good governance viz., participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability and strategic vision.

United Nations Educational, Scientific and Cultural Organisation (UNESCO)

UNESCO (1997) defines governance as ... "a process whereby citizens' needs and interests are articulated for the positive social and economic development of the entire society and in the light of a perceived common good. Governance means more than government: it refers to a political process that encompasses the whole society and contributes to the making of citizens, active contributors to the social contract that binds them together. Their sense of political efficacy is one of the indicators of democratic governance".

2.3 GOVERNANCE: CONTEXTUAL USES

In the preceding sections, we have acquainted you with the concept of governance and its several interpretations. The concept of governance is used in several contexts. Rhodes (1997) has highlighted the following:

Governance as the Minimal State

In this sense, governance redefines the extent and form of public intervention, the use of markets and quasi-markets to deliver 'public' services. In U.K. the size of government was reduced due to privatisation and reduction in the size of civil service. However, public expenditure remained roughly constant as a proportion of Gross Domestic Product (GDP); public employment fell only slightly in local government and the National Health Service; and regulation replaced ownership as the preferred form of public intervention, with the government creating ten major regulatory bodies.

Governance as Corporate Governance

This relates to governing of public and private enterprises. In this context, governance refers to "the system by which organisations are directed and controlled" (Cadbury Report, 1992). Thus, the role of governance is not only concerned with running the business of the company, per se, but also with giving overall directions to the enterprise, with overseeing and controlling the executive actions of management and ensuring adequate accountability and regulatory framework.

Governance as New Public Management (NPM)

In its third use, governance is related to the New Public Management which aims at making public administration market-based, committed to the three prime goals of Efficiency, Economy and Effectiveness (3 E's). NPM has emerged as a major manifestation of Competition State approach. This new paradigm, which gained wider usage, with varied labels – reinventing, re-engineering, quality management and performance management, focuses basically on changes in the structure and processes of government (Medury, 2010). New Public Management, initially, had two meanings. In its first meaning it means managerialism, i.e., introducing private sector management methods to the public sector. In its second sense, it refers to new institutional economics, i.e., introducing market competition into public service provision.

New Public Management is relevant to the discussion of governance because steering

is central to the analysis of public management and it is a synonym for governance. Osborne and Gaebler, (1992) for example, distinguish between ‘policy decisions (steering) and service delivery (rowing)’. They argue that bureaucracy is not capable of delivering services. Hence, they propose entrepreneurial government based on certain principles, viz., competition between service providers, empowering citizens, focusing on outcomes, decentralisation of authority, catalysing all sectors, putting energies into earning money, missions and goals, etc.

New Public Management and entrepreneurial government share a concern with competition, markets, customers, and outcomes. Governance calls for more steering, providing impetus to other forces, rather than rowing. The emphasis has thus been placed on ‘enabling’ rather than ‘providing’.

Governance as ‘Good Governance’

This use of governance became popular after the World Bank (1992) popularised the phrase ‘good governance’. For the World Bank, governance is ‘the exercise of political power to manage a nation’s affairs’. The bank came to realise that good governance is central to creating and sustaining an environment, which fosters strong and equitable development, and it is an essential complement to sound economic policies.

Good governance is an attempt to widen the scope of public administration by going beyond formal government. In other words, it is a broad reform strategy to make government more open, responsive, accountable and democratic; regulate the private sector and strengthen the institutions of civil society. It is the qualitative dimension of governance. It is a combination of the efficiency concerns of public management and the accountability concerns of governance. It underlines the basic features of good governance as (Medury, *op.cit.*):

- i) Voice and accountability which includes civil liberties and political stability;
- ii) Effectiveness of the government, which includes the quality of policy making and public service delivery;
- iii) The quality of the regulatory framework;
- iv) The rule of law which includes protection of property rights;
- v) Independence of judiciary; and
- vi) Curbs on corruption.

The good governance agenda advocates freedom of information, a strong legal system and efficient administration to help the underprivileged sections’ claim to equality; but these have been most successful when backed up by strong political mobilisation through social movements or political parties with a clear-cut mission. Good governance means bringing about goodness in all the three sectors: government, civil society and corporate world including transnational corporations. Good governance is a trust with trust, a commitment of the people, for the people, a social contract for the greatest good, the collective conscience of the community (Mishra, 2003).

The basic features of good governance as conceptualised by policy makers, researchers and international agencies can be summarised in the word “**SMART**”, each letter of which is a prerequisite of good governance. SMART stands for simple, moral, accountable, responsive and transparent. In other words, it indicates the qualitative dimension of governance rather than enhancing the quality of governance.

Governance as a Socio-cybernetic System

Governance, according to Kooiman (1993), is the pattern or structure that emerges in a socio-political system as a 'common' result or outcome of the interacting intervention efforts of all involved actors. This pattern cannot be reduced to one actor or group of actors in particular.

In other words, policy outcomes are not the product of actions by central government. The government may pass a law but subsequently it interacts with local government, health authorities, the voluntary sector, the private sector and, in turn, they interact with one another.

The socio-cybernetic approach views governance as the result of interactive social-political forms of governing. The approach highlights the limits to governing by a central actor and claims there is no longer a single sovereign authority. Rather, there is a multiplicity of actors specific to each policy area; interdependence among these social-political-administrative actors; shared goals; blurred boundaries between public, private and voluntary sectors; and multiplying and new forms of action, intervention and control (Rhodes, *op.cit.*).

Governance as Self-organising Networks

This use sees governance as a broader term than government, with services provided by a combination of government, the private sector and the voluntary agencies. For example, the British government creates agencies, bypasses local government, uses special-purpose bodies to deliver services, and encourages public-private partnerships; so, 'networks' become increasingly prominent among British governing structures.

This model is driven by networks and collaborative government rather than hierarchies. It lays stress on horizontal linkages among the three actors i.e., the State, market and civil society. Networks are a widespread form of social coordination and managing inter-organisational links and are just as important for public as well as private sector management.

From the above discussion, it becomes clear that governance has too many meanings to be useful. As such, it becomes difficult to provide a single definition of governance. According to Rhodes (*op.cit.*), it incorporates most notably the minimal State, a socio-cybernetic system and self-organising networks. On the basis of above uses, he summarises the characteristics of governance as:

- a) Interdependence between organisations. Governance is broader than government, covering non-state actors; changing the boundaries of the State meant the boundaries between public, private and voluntary sectors became shifting and opaque.
- b) Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes.
- c) Game-like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by network participants.
- d) A significant degree of autonomy from the State. Networks are not accountable to the State; they are self-organising. Although the State does not occupy a sovereign position, it can indirectly and imperfectly steer networks.

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 governance.

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2) Discuss the concept of New Public Management.

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3) List the characteristics of good governance.

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2.4 FORMS OF GOVERNANCE

In the preceding sections, we have examined the different interpretations and conceptual uses of governance. Similarly, there are various forms of governance more important among which are political, economic and social.

Political

Due to the global political and economic shifts, the nation states' capacity to govern has been limited. There is a general feeling that there is a 'hollowing out' of the State. This has resulted in shifting of the power outwards to international financial markets, to global companies to be able to move capital and other resources from one site of investment to another, and to supra-national entities such as the World Bank or European Union. Power has also percolated downwards to the sub-national level of regions and cities. As a result of these changes, a series of reforms have taken place resulting in reduction in the size of the machinery of government and its fragmentation.

New strategies based on informal influence, enabling and regulation have grown in importance. However, this does not necessarily mean a decline in the role of the State.

The forms of control through hierarchical, institutional channels continue alongside new forms of governance.

Economic

A central theme in the governance literature is the idea that markets, hierarchies and networks form alternative strategies of coordination. Different modes of governance, including those based on markets, hierarchies and network, are likely to coexist, with different institutional combinations in specific nations, but with networks becoming increasingly significant (Newman, 2001).

The neo-liberal political/economic regime of the 1980s and 1990s partly dismantled the conception of the State as a direct service provider. The introduction of market mechanisms has led to a more fragmented and dispersed pattern of service delivery and regulation that required new forms of coordination. As a result of privatisation, contracting out, quasi-markets, the removal of functions from local authorities, the separation between the policy and delivery functions in the civil service with the setting up of executive agencies, governments had to develop new forms of control. These types of control included framework documents, contracts, targets, performance indicators, service standards, contracts and customer charters (*ibid.*).

Even at the local level similar changes took place. Network based patterns of interaction had become increasingly important, leading to the conclusion that local government had been transformed into a system of local governance involving a plurality of organisations across the public, private and voluntary sectors.

Economic governance requires removal of market distortions, setting appropriate service standards, ensuring fair competition amongst the players and a level playing field, protecting the interests of all concerned key stakeholders.

Social

Another form of analysis of governance is responding to complexity, diversity and dynamic changes in society. Kooiman and Van Vliet (1993), link governance to the need for an interactive form of governing. The purpose of governance in our societies can be described as not only about coping with the problems but also dealing with the opportunities of complex, diverse and fragmented societies. Complexity, dynamics and diversity has led to a shrinking external autonomy of the Nation State combined with the shrinking internal dominance vis-à-vis social subsystems. Governing in modern society is predominantly a process of coordination and influencing social, political and administrative interactions, meaning that new forms of interactive government are necessary. Governing in an interactive perspective is directed at the balancing of social interests and creating the possibilities and limits of social actors and systems to organise themselves.

In the present scenario, the government is not acting alone. Rather it is increasingly engaging in co-regulation, co-steering, co-production, cooperative management, public/private partnerships and other forms of governing that cross the boundaries between government and society and between public and private sectors (*ibid.*). The tasks of steering, managing, controlling or guiding are carried out through a wide a range of agencies in the public, private and voluntary sectors, acting in conjunction or combination with each other. It is no longer the domain of the government. Governance in this context stands for developing, strengthening and sustaining collaborative and participative processes, bringing about networking and coordination and building human capacities.

2.5 CONCEPT OF GOVERNANCE: AN APPRAISAL

It should be clear by now that the term ‘governance’, has, over the last two decades, occupied a prominent place in the discipline of public administration. As we have discussed in this Unit, the form of governance is not homogeneous and it has several elements, be it civil society, market forces, third-party government, network management and so on. To recapitulate, the validity of the governance concept has been questioned on the ground of its usefulness. George Frederickson (2001) has questioned the utility of the concept of governance. According to him, the utility of the concept could diminish over time. He also feared that the capacity of the core State executive to steer could diminish too, as governance is often centered on non-state institutions. In such a situation, conditions of steering get reversed and the State gets steered by its governance partners. Rather, in a hollow State, it is the partners who start dictating the governance.

According to Frederickson (*op.cit.*) two important implications arise from the critique of governance. One is that governance approach to public administration focuses on change and reform rather than functioning of institutions including the State. The second implication of the critique is that governance theorists look for an all pervasive pattern of organisational and administrative behaviour, a ‘general theory’ that provides an explanation for the past and a means to predict the future.

Frederickson suggests a fundamental distinction between public administration as the internal day to day management of an organisation and governance as management of extended State. It includes management of non-governmental, institutional and other organisations in so far as their policies or actions affect the citizens in the same way as State agencies. This leads to a three-fold theory of governance in public administration. First, is inter- jurisdictional governance. This refers to policy area, specific, formalised or voluntary patterns of inter-organisational or inter-jurisdictional cooperation. Second, is the idea of third party governance that extends the functions of the State by contract, to third parties. Third, is the area of public non-governmental governance. This accounts for those activities of non- governmental organisations that bear on the interests of citizens in the same way as governmental agencies ([www.rhu.ac.uk.mgt/news and events/seminars](http://www.rhu.ac.uk.mgt/news_and_events/seminars)). But the concept of governance despite its deficiencies is still the most useful proposition in understanding State-market and State-society synergy. The activity of governance has assumed a new complexion with involvement of several stakeholders in the exercise of power for ‘public good’ It is the institutions and citizens responsible for managing the governance system that need to play a key role in coping with the challenges of governance.

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) Explain political form of governance.

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2) Make an appraisal of concept of governance.

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2.6 CONCLUSION

Governance basically focuses on the process of governing, involving interactions between various formal and informal institutions as well as influencing the policies and decisions that concern public lives. The success of governance depends on the reinvention of the government, re-invigoration of non-government sectors, with a social motive. There is a need to have political will, normative concerns and organisational flexibility. Besides, it is imperative to pay attention to the mechanisms and modalities followed by governments to determine public policies and equally important, to critically examine whether the policies are being efficiently and honestly implemented by the government agencies and organisations responsible for performing the assigned tasks. It also needs to be seen whether, and to what extent, the governments have established meaningful linkages with various elements of civil society, which can support the concern for good governance.

Governance needs to be transformed to make it the key instrument towards effective implementation of public policies. This requires a multi-pronged strategy to strengthen the capacities of all the actors involved in the governance process. Governance needs to be given a wider connotation, so as to bring within its fold, not just good government, but also other formal and informal institutions, public-private interface, legal and regulatory reforms, decentralisation of economic functions; and empowerment of communities. The State, the private sector and the NGOs, especially the community-based organisations should cooperate and coordinate with each other to make good governance possible.

Governance now not only occupies centre stage in the development discourse but is also considered as the crucial element to be incorporated in a development strategy. It is a policy making device that underlines transparency, accountability, responsibility, integrity and legitimacy of the institutions as also the policy makers. It signifies a change in the meaning of government, referring to a new process of governing; or a changed condition or ordered rule; or the new method by which society is governed. It incorporates the minimal State, a socio-cybernetic system, self-organising networks, corporate governance and good governance. It basically focuses on the process of governing, involving interactions between various formal and informal institutions as well as influencing the policies and decisions that concern public lives. It now acts as an interface between the State, market and the civil society.

2.7 GLOSSARY

Accountability : It means 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.

Corporate Governance : It is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights

and responsibilities among different participants in the corporation, such as the board managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs.

Hollowing out of the State : The phrase summarises many of the changes, which have taken, and are taking, place in British government. It refers to: (i) privatisation and limiting the scope and forms of public intervention; (ii) the giving away of functions by central and local government departments to alternative delivery systems (such as agencies); (iii) the devolving of functions by British government to European Union Institutions; and (iv) limiting the discretion of public servants through application of new public management principles, with emphasis on managerial accountability, and clearer political control through a sharper distinction between politics and administration.

New-Institutional Economics : It is an approach to the study of economic phenomena that focuses on institutions other than the market- on norms, conventions, and patterns of social interaction, to examine as to which institutional arrangement fosters growth, development and efficiency and which hinder these.

Responsiveness : It means that the institutions and the governance process should be responsive to the needs of all those who are likely to be affected by their decisions. It refers to the capacity of the government to respond to changes and accordingly alter its processes and practices.

Rule of Law : Governance does not mean the arbitrary use of authority. It means governance supplemented by a fair legal system and only then it will be effective. This should be supported by appropriate law enforcement machinery and an independent judiciary that can instill confidence in the people.

Transparency : It refers to all those activities of the government aimed at disseminating information pertaining to the activities of the citizens without any inhibition. It is based on the premise of the free flow of information and its accessibility to those affected by the decisions, which are taken in the governance process. The information provided has to be understandable and of relevance to those concerned.

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2.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - Governance in simple terms implies process of exercise of authority to govern people or regulate public affairs.
 - It is broad in nature and encompasses State, government, private sector, local government bodies and citizens.
 - It refers to all processes of governing whether by government, market or civil society that involves interaction and decision making amongst all stakeholders.
- 2) Your answer should include the following points:
 - New Public Management is the manifestation of Competition State approach.
 - It aims at making public administration market-based, by focusing on three goals of efficiency, economy and effectiveness.
 - It emphasises on introducing private sector management methods in public sector, market competition, decentralisation of authority, focusing on outcomes.
- 3) Your answer should include the following points:
 - Rule of Law.
 - Freedom of information.
 - Strong legal system.
 - Accountability.
 - Responsiveness.
 - Transparency.

Check Your Progress 2

- 1) Your answer should include the following points:
 - Hollowing out of the State.
 - Shifting of power outwards to financial market, global companies.
 - Percolation of power downwards to the sub-national level of regions and cities.
 - Changing role of State.
- 2) Your answer should include the following points:
 - Governance approach focuses on change and reforms rather than functioning of institutions.
 - Governance theorists attempt to provide a pervasive pattern of organisational and administrative behaviour.
 - It gives a 'general theory' that provides an explanation for the past and a means to predict future.



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UNIT 3 GOVERNANCE FRAMEWORK IN INDIA*

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Operational Framework of Governance: Role of State Actors
 - 3.2.1 Constitutional Supremacy
 - 3.2.2 Parliamentary System
 - 3.2.3 Role of Political Executive
 - 3.2.4 Role of Administrative Executive
 - 3.2.5 State and Local Governance
 - 3.2.6 Role of Judiciary
- 3.3 Operational Framework of Governance: Role of Non-state Actors
 - 3.3.1 Role of Market
 - 3.3.2 Role of Civil Society
- 3.4 Governance Indicators
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 - 3.4.6 Control of Corruption
- 3.5 Conclusion
- 3.6 Glossary
- 3.7 References
- 3.8 Answers to Check Your Progress Exercises

3.0 OBJECTIVES

After going through this Unit, you should be able to:

- Describe the role of State actors in governance;
- Explain the emerging interactions and networks between multiple stakeholders and their impact on governance practices;
- Analyse the various empirical evidences of governance; and
- Discuss governance indicators across six dimensions.

3.1 INTRODUCTION

Ever since the term ‘governance’ has become the cynosure of all actors, both State and non-state, there has been a trend to engage, educate, and empower people in a peaceful

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way for a wide array of missions, such as, economic welfare, child wellbeing, mainstreaming gender, environmental protection, and cultural promotion. To illustrate, in the year 2015-16, citizen volunteers in Mumbai gathered every weekend to remove tonnes of garbage from Versova beach. With active citizen participation, Brihanmumbai Municipal Corporation (BMC) provided clean-up tools, garbage trucks etc., and in due course several individuals across the city supported the beach clean-up initiatives (Rezwan, 2017). In fact, the erstwhile head of the United Nations Environment Programme (UNEP) lauded this initiative as the “world’s largest beach clean-up in history” (Shaikh, 2018). This social experiment paved way to rebuild communities and acquire new skills like problem solving, negotiation, decision making, team work, and mutual learning. From this example, you can understand the interaction dynamics between citizen volunteers, municipal officials, and international agencies.

In this Unit, we shall discuss the governance framework in Indian context in terms of the roles of both State and non-state actors to foster political, social, and economic development. An attempt is made to examine key governance indicators.

3.2 OPERATIONAL FRAMEWORK OF GOVERNANCE: ROLE OF STATE ACTORS

Ever since the beginning of modern jurisprudence, the one and only proposition that inspired the intellectuals’ was: ‘Nobody is Above Law’. Based on this foundation, the framework of how to prevent the State or its individuals from becoming tyrannical has been constructed. In a way, to protect civil rights and to treat every person equal before law, irrespective of caste, creed, religion, gender, disability etc., the idea of Constitution evolved during modern period. Indeed, the founding fathers of modern India aspired to setup the framework of governance that works “for the welfare of the people”. In this section, we shall discuss the operational framework of Constitution and the State actors in governance.

3.2.1 Constitutional Supremacy

When the Constitution of India was adopted on November 26th, 1949, by the Constituent Assembly, its members were quite aware of the potential challenges of governance in the emerging democracy. In fact, this can be construed from the words of Dr. B.R. Ambedkar, Chairman of the Constitution Drafting Committee, as: *“I feel that the Constitution is workable; it is flexible and it is strong enough to hold the country together both in peacetime and in wartime. Indeed, if I may say so, if things go wrong under the new Constitution the reason will not be that we had a bad Constitution. What we will have to say is that Man was vile”* (Keer, 1995). It is to be noted from the Chairman’s address that mere presence of a good Constitution may not lead to democratic governance; rather, the quality of governance is determined by the State and its actors in upholding the principles enshrined in our preamble – justice, liberty, equality, and fraternity. Indeed, Constitution gives the foundational framework for governance by delineating the powers, functions, and jurisdictional boundaries of State vis-à-vis legislature, executive, and judiciary and specifies the rights, responsibilities, and remedies available for its citizens.

Based on this foundational framework, specific rules and regulations are drafted by the respective Ministries/Departments. In case of violation of the Constitution principles, it empowers judiciary to enforce the fundamental rights, that is, the court can take up the issue on its own.

3.2.2 Parliamentary System

The Parliament of India as a depository of the constituent powers of the Indian Union makes the Executive accountable to the Legislature with regard to their decisions. Ever since independence, our Parliament has evolved as a multi-faceted institution in terms of legislations, bills, debates, question hours, live proceedings of the business conduct etc., and hence occupies a key position in our representative democracy. Our Parliament comprises the President, Lok Sabha (House of People) and Rajya Sabha (Council of States).

Primarily, the President is the Head of the State and s/he does not belong to any of the legislatures, however, s/he is an integral part of the Parliament on whose behalf the business proceedings of the Parliament are followed. A Bill passed in the Parliament cannot become an Act unless it receives the President's assent. On the other hand, President can either send back the bill without consent or may ask the houses to reconsider the bill. For example, the former President of India Dr. A. P. J Abdul Kalam asserted his Presidential power (Article 111) by sending back the Office of Profit Bill with a message for reconsideration. Also, the Constitution prescribes that the reports of Auditor-General, Finance Commission, Union Public Service Commission (UPSC) are submitted to the President who later puts forth before the Houses. The Council of Ministers (CoM) headed by the Prime Minister (PM) aid and advice the President in the execution of his/her functions.

As stated earlier, the Executive, that is, the ministers are collectively responsible to the Parliament in general and Lok Sabha (LS) in particular as it represents the elected representatives of the country. This implies that by passing the no-confidence motion on the floor, the LS can remove the Council of Ministers from office. To illustrate, in 1963, the first no-confidence motion was moved by Acharya Kripalani against Prime Minister Jawahar Lal Nehru. The debate lasted for 21 hours, over four days and 40 Members of Parliament (MPs) participated (Times of India, 2018). However, the no-confidence motion could not dislodge the government due to its overwhelming majority in the House. However, no-confidence motion could shatter the ruling government in case of a coalition government. For example, in 1997, when Congress withdrew its support from the coalition government, no-confidence motion was moved against PM Devegowda (Prashar, 2018). Since the government could not prove its majority in the House, it led to the fall of the government.

Further, the elected members possess the powers to raise questions and scrutinise the ruling government policies or bills or decisions. Let us understand through the following case example.

Case Example

In 2016, a Rajya Sabha Member of Parliament (MP) raised a written starred question with reference to the farmers of Wardha district, Maharashtra (PRS Legislative Research). The answer was discussed in the RS which presented the data regarding the government interventions for the drought-relief like provision of psychological counselling to the depressed farmers, crop assistance etc.

From the above, you can understand that the Parliament serves as an important platform to discuss the governance issues in the country and as the Constitution holds the Executive accountable for their respective decisions/actions. The distinguished parliamentarian Somnath Chatterjee once answering to a question on how challenging it was to be a Speaker opined that *“the job is extremely important. Parliament is the institution*

through which you bring changes; it is not just laws, you discuss people's issues” (Chatterjee, 2007).

3.2.3 Role of Political Executive

The Executive function is one of the crucial functions in India as it deals with the implementation of policies, laws, rules and regulations. It includes the PM, the Cabinet and other Ministers. As per the Constitution, PM is the real executive of the government and head of the Council of Ministers (CoM). The PM has been vested with powers, such as, portfolio allocation of the Ministers, recommendations of persons for appointment as Ministers/ Attorney General of India/Comptroller and Auditor-General of India, Chairpersons of UPSC, Election Commission (EC), Finance Commission etc. The role of PM is to act as a chief communication channel between the CoM and the President. In a way, the Union Executive occupies a central role in its interface with the Parliament, state and local entities in its everyday affairs.

Usually, laws are made by the Parliament, however, there are provisions wherein the Cabinet – comprising PM and Cabinet Ministers can pass resolutions for the efficient implementation of various programmes. The term associated with cabinet decision is technically called as Cabinet Resolution. Let us discuss the implications of Cabinet Resolution with a case example.

Case Example

A Cabinet Resolution which was passed on March 15th, 1950 decided to set up Planning Commission (PC). The whole idea was to foster economic development and improve the standard of living of the newly independent nation (Government of India, 1950). From the resolution, we could gauge that the Planning Commission was established to have a comprehensive planning body at the Centre. Let us take another example in this context. On January 1, 2015, a Cabinet Resolution was passed to replace Planning Commission with National Institution for Transforming India (NITI) Aayog to suit the current requirements (Government of India, 2015). While the idea of PC in 1950 was to have a centralised planning agency that coordinates development initiatives, NITI Aayog has been established with the objective to promote participatory citizenry, cooperative federalism, women empowerment, leveraging technology for transparent governance, inclusivity etc.

Having discussed the legitimacy of decision makers through Cabinet Resolution, let us discuss the role of administrative executive in the ensuing paragraph.

3.2.4 Role of Administrative Executive

The civil service, field agencies and authorities, armed forces, etc., constitute the administrative executive. While the political executive is elected every five years, the administrative executive is the permanent structure of the nation who is selected through various examinations. Unlike political executives, the administrative executive is not accountable to the legislature rather directly answerable to their respective political heads. For example, in the Ministry of Environment, Forest and Climate Change (MoEFCC), the Secretary (administrative executive) will be directly accountable to the minister (political executive). In this regard, both the political and administrative executives work towards the welfare of the country by formulating various policies and programmes. Let us understand the interface between politics and administration through accountability tools given below:

a) *Freedom of Information*

With the view to fostering an open government which shares its documents, accounts, letter of appointments, orders etc. to its citizens, a major legislation was enacted in 2005 vis-à-vis Right to Information (RTI) Act. In fact, RTI Act came as a result of the freedom of information movement which was pioneered by Mazdoor Kisan Shakti Sangathan (MKSS), a non-governmental organisation in Rajasthan. Notably, the RTI derives its sanctity from the fundamental right of expression under Article 19. The Right to Information Act 2005 confers on the citizens the right to:

- inspect works, documents and records of the government and its agencies;
- take notes, extracts or certified copies of documents or records;
- take certified samples of material; and
- obtain information in form of printouts, diskettes, floppies, tapes, video cassettes or in any other electronic mode.

To facilitate the administrative processes, Central Information Commission (CIC) became functional since 2005 under the RTI Act. In complying with the RTI Act, State Information Commission (SIC) has been established in every state to cater to the matters falling within the state jurisdiction. This created a new accountability enabling mechanism which plays a crucial role in disclosing information within 30 days of RTI application. For example, a citizen of India can file RTI application for seeking information on procurement tenders, delay in decision making, non-utilisation of resources in specific schemes or programmes etc. Over the years, citizen interaction with the government has improved so significantly that several public scams have been exposed through RTI. In this regard, it is an important step towards tackling corruption.

b) *Citizen's Charter*

In response to transforming Government to Citizen (G2C) interface, Citizen's Charter was implemented in the year 2002. During May 1997, a Conference of Chief Ministers of various States and Union Territories was held in New Delhi to adopt an 'Action Plan for Effective and Responsive Government' at the Centre and state levels. One of the main agenda was to formulate Citizen's Charter which could ensure service delivery standards. At the apex level, the task of formulation and implementation of Citizen's Charter was taken by the Department of Administrative Reforms and Public Grievances (DARPG). Comprehensive guidelines were prepared and communicated to several public institutions to include the following components in their respective organisations: vision and mission statements; details of business transacted by the organisation; details of clients; details of services provided to each client group; particulars of grievance redressal mechanism and how to access it; and expectations from the clients (Government of India, Citizen's Charters).

c) *Public Hearings*

A public hearing is a participatory process that involves detailed interaction between the general public (people who are likely to get affected by the project) and the concerned stakeholders of the project vis-à-vis mining, industrial, infrastructure, thermal power, nuclear power, and hydropower projects. As per the provisions of Environment Impact Assessment (EIA), 2006, conduct of public hearing is mandatory for obtaining environmental clearance of any project. It is to be noted that the relevance of public hearing underscores the principles of democratic governance and sustainable development. Prior to the hearing, the draft of EIA report is widely circulated among

the stakeholders for suggestions, criticisms, comments, questions etc. in the local vernacular language. Following this, the date and time of public hearing is notified in national and regional daily for wider participation. Later, the competent authority convenes a hearing with the public. Usually, the District Magistrate presides over the hearing process and necessary arrangements are made to videotape the entire proceedings. There have been instances where the procedures had not been followed as prescribed in the legislation and in such cases the concerned authorities can reconvene the hearing. For instance, in Kudankulam nuclear power project, Tamil Nadu, the EIA report was not provided in the vernacular language and the hardcopies of the report were not widely circulated (Srikant, 2009), as a result, the public hearing was reconvened.

d) *Social Audit*

In India, social audit as an empowerment tool was inserted as part of MGNREGA Act (2005). The mechanism of social audit enables the citizen to directly participate in the governance process to track the discrepancies between allocation of funds and utilisation of funds. Firstly, the records related to the government project are collected; secondly, citizen surveys and spot inspections are conducted by the social auditors in association with civil society; thirdly, records are scrutinised to find any misappropriation of resources. It is only after these preliminary steps, that the social audit holds the officials directly accountable at the public hearing. The public hearing is usually attended by gram sabha members, local officials and other concerned stakeholders. Further, follow up actions are conducted after the hearing with regard to identifying, planning, and prioritising of projects. It has to be noted that projects are generally initiated based on the annual village plans.

The social audit may serve as an accountability tool in several states, but in Meghalaya it is more than a tool. In April 2017, the state of Meghalaya passed a legislation on social audit called as the ‘Meghalaya Community Participation and Public Services Social Audit Act’, that mandated social audits as an integral part of governance (Kumar, 2018).

The government has also been proactive in engaging citizens in development process. For example, an online citizen platform was launched in the year 2014, to “discuss” and “do” governance issues through mygov portal. With the objective to bridging the gap between the government and citizens’, the portal intends to instil citizen interaction process not just at the time of voting but also to involve actively in the governance process by sharing their time and effort. Also, provisions have been provided to the citizens to upload documents, case studies, photographs, videos, and similar aspects.

The operational framework of the Executive has been discussed in this sub-section. In the following sub-section, we shall discuss briefly about the State and Local Administration.

3.2.5 State and Local Governance

Governance at the State Level

The Governor presides over the state as the nominal executive. As per Article 355, the Governor oversees the formation of state government, maintains unity of command between the Centre and state, gives assent to the bills passed in the assembly, and appoints important heads of the state based on the recommendation of Chief Minister (CM) etc. Unlike President of India, the Governor does not possess diplomatic, military or emergency powers. As an important neutral actor within the strata of state government, the Governor also ensures continuance of governance when there is a breakdown of

the Constitutional machinery of the state. The Chief Minister being the real head of the government at the state level serves as an important communication channel between Governor, State Legislative Assembly, Prime Minister, and citizen.

Let us understand the process of governance in the state level in the wake of a mass citizen protest through the following example.

Case Example: Promulgation of Ordinance by the Governor

In 2014, the Supreme Court banned 'Jallikattu' (an ancient bull taming sport of Tamil Nadu which is usually conducted during the month of January) based on the petition given by People for Ethical Treatment of Animals (PETA), an American non-profit organisation that works towards animal rights. The Tamil Nadu government filed a review petition to lift the ban imposed on Jallikattu, however, the Supreme Court dismissed it in November, 2016. Following this, a fresh petition was filed to issue an interim order by the state government but it was denied in January 2017 on the premise that it was unfair on the part of the state government to pressurise Supreme Court to issue order before the final verdict. In response to this, the civilians, especially, thousands of youth across the state of Tamil Nadu gathered peacefully in Chennai to protest against the ban on Jallikattu and claimed that it was their cultural right to conduct such sport. In this regard, the Madras High Court refused to interfere in the affairs as the matters were dealt by the Supreme Court. Meanwhile, discussions were held with the PM by the state government for an ordinance. Later, the state government initiated an ordinance and the Governor immediately promulgated. An ordinance enables the concerned authority to make amendments to the statutory law. According to the ordinance, the bull sport could be held provided that prompt punitive action is taken against the perpetrators who subject the bulls to cruelty.

From this example, you can understand the dynamics of citizens' protest, interaction between the state, centre, judiciary and stakeholders in the context of governance.

Governance at the Local Level

With the intention to address the challenges of governance at local level, the creation of municipalities and panchayats came into effect with the passage of 73rd and 74th Constitutional Amendment Acts (CAA). It configured a structural framework for electing governments at the local level and for their effective functioning. The Act mandates compulsory reconstitution of elected bodies within a stipulated time frame and explicitly acknowledges a central role for the Urban Local Bodies (ULBs) and Panchayats within the Constitutional framework and provides for devolution of funds, functions, and functionaries to them. The constitution of Ward Committees, Planning Committees, and District Planning Committees for preparation and consolidation of plans of spatial, economic, and social development marks a paradigm shift from a traditional top down approach to bottom up approach. In essence, the highlight of the Constitutional Amendment Act is to have the State governments under a constitutional obligation to adhere to the new system of local self-governance in ULBs.

With the intention to bridge the gap between the government and the governed, this Act outlined a broad framework that would enable the urban/rural local bodies to enjoy a constitutional status, thus, transcending from their previous position of being non-functional in governance.

Case Example

On June 1st, 2014, Gariphema village (Nagaland) was declared as India's first tobacco-free village. It was a joint initiative of the stakeholders comprising the Gariphema Village

Council, Village Vision Cell and Village Students' Union. It was on the occasion of World No Tobacco Day, that a resolution was passed in the village regarding the ban on tobacco which declared that the perpetrators would be penalised (Press Trust of India, 2014). This endeavour is unique for it sends a message across the country that even the smallest tier of governance is powerful enough to exercise rights towards public health.

From the above examples, we can understand the power of grassroots democracy. Having discussed the operational framework of State actors, in the ensuing section, let us understand in the context of non-state actors.

3.2.6 Role of Judiciary

The judiciary is uniquely placed in the matrix of power structure within governance. The judges are not elected but clearly have the power to check the exercise of authority of elected representatives and appointed officials. The judiciary as an institution is vastly respected and is vested with the power to protect the rights and freedom of people. It is to be noted that the courts of present times provide new checks on representative institutions. Presumably, these checks have been constituted by the court due to the changing social, economic, and political context.

Let us understand the role of judiciary through the remarkable contributions made by those Judges who by their simplicity and unconquerable spirit gave fresh perspectives to the judicial system. One of the hallmarks of our Constitution is that it has been tailored to suit contemporary conditions in governance by the tireless efforts of Chief Justices N.A. Palkhiwala, V.R. Krishna Iyer, Bhagwati, Khanna, Kuldeep Singh etc. With their exceptional acumen and social consciousness, they have indeed exceeded the expectations of Dr. Ambedkar and other founding fathers of the Constitution. Given the need for promptly responding to the needs of the poor and challenges of representative institutions, Supreme Court crafted innovative tools like Public Interest Litigation (PIL), Lok Adalat etc. This innovative role in interpreting the Constitution to contemporary times is called as Judicial Activism.

Over the years, the Supreme Court has, interpreted the scope of fundamental rights consistently, amidst opposition from the Legislative and Executive, thereby upholding the rights and dignity of individuals in line with constitutional principles. In case after case, the Court has issued a range of commands for law enforcement, dealing with an array of aspects of executive action in general, and of other stakeholders in particular. When *Golaknath Vs State of Punjab Case (1967)* was overruled by *Kesavananda Bharti Vs State of Kerala Case (1973)*, the Court was faced with the question whether Parliament could exercise unlimited powers to amend the Constitution. However, with deliberations made by various judges it was realised that the Constitution was the outcome of various intellectuals, statesmen and who fought against social injustice; hence, its structural foundation was not meant to be interfered as per the Parliament will. Therefore, the judges invented the theory of '*Basic Structure of the Constitution*' which clearly indicates the commitment of Indian judiciary in upholding the constitutional principles, as envisioned by the founding fathers.

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 the term 'Constitutional Supremacy'?

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2) What is the role of Parliament in representative democracy?

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3) Describe the various tools of accountability.

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4) Highlight the role of Judiciary in India.

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3.3 OPERATIONAL FRAMEWORK OF GOVERNANCE: ROLE OF NON-STATE ACTORS

3.3.1 Role of Market

The introduction of economic reforms in 1991 led to a paradigm shift in Indian context. There was a conscious retreat of the State from development projects which demanded huge financial and technical resources. It came into terms with collaborating projects with the private sector in key sectors like infrastructure and transport through Public Private Partnerships (PPPs), contracting out, divestment, deregulation, lease, greenfield projects, and such other mechanisms. Such structural adjustments have been on board

to stay competitive, entrepreneurial, revenue-generating, decentralising of authority and increased quality of public service delivery.

According to Hans (2017) PPP can be understood as a “long term contract between the government (sponsoring authority) and a private company that may typically provide for financing, construction, operation, and maintenance under a single firm or a consortium”. Scholars and practitioners are of the opinion that projects of such magnitude are to be viewed in the context of ‘value for money’ which includes the following: scope for innovation, incentivising performance, risk allocation, transparent procedures in bidding process, severe penal action for flouting rule of law, enforcing agencies etc. Since PPP projects in social sector and infrastructure involve huge investments, user charges are collected to sustain the financial obligations. Except for the above mentioned ‘value for money’ context, PPPs serve as an opportunity to involve market in financing, designing, construction, operation and maintenance of the projects. While the role of the private sector is to foster efficiency, innovative technologies, managerial effectiveness, access to financial resources and bears the operational risk of the project, the role of public sector is to examine the quality of the work. At this juncture a question may arise whether involvement of private sector would ever dilute the constitutional principles. However, any PPP project needs to be blended with adequate accountable and transparent frameworks, failure of which would lead to risking of democracy.

In India, the inception of PPPs at a large scale could be dated to the period from mid 1990s to 2004, especially, in transport and power sectors. Hans (*ibid.*) analyses that in 2004 due to the absence of a robust PPP framework the government could achieve limited success. However, during the period 2004-12, the government envisaged for comprehensive PPP arrangements by formulating guidelines and standardisation of procedures. Several committees were formed to discuss the viability of PPPs in infrastructure projects, project financing etc. For example, in 2006, a Committee on Infrastructure Finance was constituted following which the Committee identified the key infrastructure sectors vis-à-vis Highways, Railways, Ports, Airports, Telecommunication, and Power. The Committee estimated a cost Rs. 14.5 lakh crore investment in the infrastructure sector which enabled the government to increase their expenditure in the Eleventh Five Year Plan. Meanwhile, manuals, guidelines, accountability frameworks regarding bidding process, tenders were made online to embark on transparent transactions.

Further, to expedite the project approvals in a fast pace mode at the apex level, the Government of India (GoI) in 2006 created a separate wing called Public Private Partnership Appraisal Committee (PPPAC) under the Department of Economic Affairs (DEA), Ministry of Finance. As per the Government of India rules, PPP projects that involve financial expenditure of above Rs. 1000 crore would be sent through PPPAC to the cabinet for final approval. One of the successful PPP projects in aviation sector is the Greenfield Airports established in Hyderabad, Bengaluru, New Delhi, Mumbai, and Kochi. These airports are based on revenue generation model and provide quality services to air passengers that they have been acknowledged by the Airports Council International (ACI) in global platforms. To illustrate, in September 2018, ACI honoured the Delhi and Mumbai Airports as the top performing airports in the Asia-Pacific region with reference to passenger satisfaction (ACI, 2018).

Despite good practices, PPP endeavour in India has its own challenges. Hans (*ibid.*) states that according to the Ministry of Finance, 1539 PPP projects have been approved so far, out of which only 50 per cent have been operational while the rest of the projects are either in different phases of implementation or scrapped. A sector-wise break up of PPP projects is given below:

Table 1: Sector-wise break up of PPP projects

Sector	Percentage of Projects undertaken (%)
Transport	58
Energy	24
Social and Commercial Infrastructure	9
Water and Sanitation	8

Source: Hans (2017) (Based on the Report of Ministry of Finance, GoI)

PPP strategy has been in place at all levels of government, but the performance of any PPP project depends on the effective coordination among the stakeholders.

In the ensuing sub-section, let us discuss about the role of civil society.

3.3.2 Role of Civil Society

With the evolution of the paradigm from ‘government to governance’ the role of civil society occupies a pivotal role. Indeed, the Eighth Five Year Plan ‘Report on the Steering Committee on Voluntary Sector’ (Government of India, 2002) cites the work of Rajesh Tandon who spearheaded participatory movement across the world through Participatory Research in Asia (It is a global centre for participatory research and training). Rajesh Tandon gives a typology of civil society organisations in India as: traditional associations, religious associations, social movements, membership associations, and intermediary associations. To illustrate further, the civil society can include a small voluntary group which works for preservation of the local heritage structures or a giant organisation which advocates for low carbon footprint in rural households. It can be a womens’ self-help group that runs public distribution shops or an ad-hoc social media group which engages in disaster relief and rescue operations.

In India, civil society has been viewed by scholars in two ways: first, being a pioneer in social movements, thereby, making the government responsive to the citizen aspirations. For example, as stated earlier, Mazdoor Kisan Shakti Sangathan (MKSS), acted as a catalyst by lobbying with the government and other stakeholders for the enactment of RTI Act. To illustrate, Janaagraha Centre for Citizenship and Democracy, a non-profit organisation based in Bengaluru, Karnataka, collaborates with police, civic bodies, schools and other stakeholders to promote active citizenship. In a way, the civil society organisations have carved a niche in the democratic space to realise the constitutional principles.

During the Twelfth Five Year Plan (2012-2017), for the first time the Planning Commission invited the inputs of civil society to identify the governance challenges in specific areas (Joshi, 2010). Further, the civil society that was engaged was asked to conduct consultations with the marginalised communities vis-à-vis youth, destitute women, transgender, minority, disabled etc., and to ensure that their voices get reflected in the draft of the Twelfth Five Year Plan. Presently, NITI Aayog too holds discussions with the senior civil society members and various ministries on the same platform to strengthen partnerships.

Thus, various mechanisms have been utilised by the government to mainstream civil society in the governance matrix.

In this section, the operational framework of non-state actors and the measures taken up by the Government of India to engage market and civil society has been discussed.

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 is the role of market in governance context?

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2) Justify the need for civil society organisations in India.

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3.4 GOVERNANCE INDICATORS

One of the best mechanisms to measure and manage governance – be it national, state or at local level is to assess the way it functions. It is generally said that “*If you can’t measure it, you can’t manage it*” which signifies the importance of performance measurement. Performance measurement has turned out to be the best indicator and it has become a known fact that seldom public sector could achieve Sustainable Development Goals (SDGs) without measuring the costs, deadlines, targets, quality of work, and citizen satisfaction. However, in governance context, it becomes challenging for the public sector to measure performance due to inherent complexities like lack of adequate statistics to quantify, dearth of qualified personnel to carry out survey, etc. In collaboration with World Bank, Kaufmann *et.al* (2010) made an attempt to quantify governance indicators by using the data of over 200 countries. The indicators referred to as Worldwide Governance Indicators (WGI) have been used to measure governance across six dimensions, namely, *Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.*

Let us briefly discuss the indicators given below:

3.4.1 Voice and Accountability

Citizens’ *Voice and Accountability* are key governance indicators that point out the ability of the citizens to exercise their freedoms and articulate their priorities, and to hold concerned stakeholders responsible for their actions. This is measured through citizen participation in democratic processes. For example, in the case of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), social audit has

been used as a governance tool to monitor the official records, quality of work, and to determine whether the allocated resources has been utilised effectively at the village level.

3.4.2 Political Stability and Absence of Violence

Political stability represents strong political institutions and predictable policies that foster economic stability, Consumer Price Index (CPI), social investments, and the capacity of the government to cope with financial risks of any magnitude. With regard to *Absence of Violence/Terrorism*, it is related to the government's preparedness to terror attacks and its ability to tackle mob violence.

3.4.3 Government Effectiveness

This refers to the perception of public service quality, such as, efficiency in resource mobilisation, access to clean drinking water, affordable health care and education, good infrastructure, food security, civil service integrity, etc.

3.4.4 Regulatory Quality

This is associated with monetary policies and regulatory framework that promote business enterprises (micro and macro), simplified tax laws, stimulation of competitive markets, subsidies, pruning of redundant rules, effective government to business interface etc. With the introduction of economic reforms in 1991, India could boost its productivity and strengthen its international trade and investment by improving on its economic, legal, and physical infrastructure. For example, with the intention to promote a level playing field in the market sector, Government of India established independent regulatory bodies by an Act of Parliament, such as, Securities and Exchange Board of India (SEBI) in 1992 and Telecom Regulatory Authority of India (TRAI) in 1997.

3.4.5 Rule of Law

Rule of Law is the vital indicator which intends to maintain harmony in an open society where private sector and civil society jointly work with the government to resolve complex social problems. With the engagement of various stakeholders in public service delivery, the State is expected to safeguard its citizens against arbitrary actions of the service providers and in enforcement of rights and remedies. For example, to promote and sustain competition among the service providers, and to protect consumer interests against unlawful practices, Competition Commission of India (CCI) was established in 2003. CCI is entrusted to give its opinion on competition issues when the matters are referred by any statutory authority. It can also take up issues affecting the freedom of trade in Indian markets. For example, in 2018, based on the complaints from Flipkart, Facebook, and several other companies in Indian market, CCI had imposed a 136 crore fine on Google for manipulating its "dominant position" in the market by favouring its own services and partners (Gupta, 2015).

3.4.6 Control of Corruption

It refers to the capacity of the government in handling and preventing corrupt practices. Post-globalisation, the ministries and departments have had persuaded organisations to automate processes that are vulnerable to corruption through Information and Communication Technology (ICT). For example, the Unified Mobile Application for New-age Governance (UMANG) launched by the Government of India is a single platform intended to access a wide range of citizen-centric services across service providers without any manipulation.

The governance indicators mentioned above could be summarised using Kaufmann *et.al* (*op.cit*) definition: Governance as “the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored and replaced; (b) the capacity of the government to effectively formulate *and* implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them”. Based on the WGI, we can understand that the parameters established for managing governance do not exist in vacuum rather they are mutually inclusive of each other, say for example, a fair position in political stability and absence of violence may positively correlate with a fair position in rule of law.

From this section, you might have understood the various governance indicators in India and how the authorities have exercised their powers in line with public interest.

Check Your Progress 3

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

1) “If you can’t measure it, you can’t manage it” – Comment.

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2) Give a brief account on World Governance Indicators.

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3.5 CONCLUSION

In this Unit, we have discussed the key operational roles played by the State and non-state actors in governance. With Liberalisation, Privatisation, Globalisation (LPG) era, reinforcing on the agenda ‘governance for development’, contemporary governments have thus, realised that the potential of participatory governance is not optional; rather indispensable in the way government functions. India, being the largest democracy in the world, has much to gain from market and civil society. With the view to streamlining the working of the bureaucracy, market, and civil society in a democratic set up, various transparency and accountability mechanisms have been constituted. Although efforts have been taken up at all levels of government to revamp the governance matrix, the challenges are multitude in India due to its heterogeneous population spread across diverse geographical locations. It is to be understood that beyond the institutional capacity lies the capacity of society as a self-organising system to solve everyday challenges. With multiple centres of power and layers of authority, different ways have been explored

to strengthen democracy in both developed and developing countries. In this context, the role of State is not just enabling stakeholders to set the agenda rather it needs to have a clear strategy in co-creating a sustainable future.

3.6 GLOSSARY

Environmental Impact Assessment (EIA): EIA is a scientific tool which ensures sustainable development and helps in carrying out evaluation of impacts arising from a project activity that are likely to have significant environmental effects.

No-confidence Motion: It can be moved only in Lok Sabha or state assembly as the case may be. It is not allowed in Rajya Sabha or state legislative council. It is moved against the entire Council of Ministers and not individual ministers or private members. A no-confidence motion can be moved with a majority vote of 50 members.

Participatory Research: Participatory research comprises a range of methodological approaches and techniques with the objective to empower the research participants, that is, the citizen. The focus is to enhance their capacities to collaborate with government and community.

Stakeholder: A stakeholder is an individual who owns a stake in the process. In governance context, stakeholders include the government, market, and civil society who collaborate for meaningful endeavours.

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3.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - It is a foundational framework which states that nobody is above law.
 - It works for the welfare of people irrespective of caste, creed, religion, gender, disability.
 - Guides the State to act on line with democratic spirit.
- 2) Your answer should include the following points:
 - The Parliament is the law making body which discusses important social issues.
 - It comprises the President, Lok Sabha and Rajya Sabha.
 - It makes the Union Executive accountable to its actions and decisions.
- 3) Your answer should include the following points:
 - Tools of accountability are meant to protect citizen's welfare.
 - Accountability tools include openness, optimum utilisation of resources, and increased efficiency and effectiveness.
 - Freedom of information, public hearing, budget, use of technology etc. are some of the examples of accountability tools.
- 4) Your answer should include the following points:
 - Judiciary occupies a central role in the governance matrix.
 - It provides checks on representative institutions.
 - Public interest litigation is an accountability tool that was made available to citizens on the basis of judicial activism.

Check Your Progress 2

- 1) Your answer should include the following points:
 - The role of market became significant during the introduction of economic reforms.
 - The private sector fosters efficiency, innovative technologies, managerial effectiveness, and access to financial resources.
 - It operates in key sectors like infrastructure, power, water and sanitation.

- 2) Your answer should include the following points:
- It acts as a catalyst between government and citizen's.
 - The need for a civil society can be traced back to the pre-independent times.
 - The Government of India in its Twelfth Five Year Plan provided a crucial role to the civil society organisations.

Check Your Progress 3

- 1) Your answer should include the following points:
- Managing performance in governance context is challenging.
 - Performance measurement helps in attaining sustainable development goals
 - Establishing governance indicators to measure performance in governance.
- 2) Your answer should include the following points:
- World Governance Indicators came out with a framework to measure the indicators across the world to measure governance performance to facilitate aid and assistance.
 - The governance indicators include Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.

UNIT 4 STAKEHOLDERS IN GOVERNANCE*

Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Stakeholders: Meaning
- 4.3 Stakeholder Theory
- 4.4 Stakeholders in Governance Process
- 4.5 Significance of Stakeholders in the Governance Process
- 4.6 Stakeholder Involvement in Governance: Forms
- 4.7 Stakeholders in Governance: Examples
- 4.8. Conclusion
- 4.9 Glossary
- 4.10 References
- 4.11 Answers to Check Your Progress Exercises

4.0 OBJECTIVES

After reading this Unit, you should be able to:

- Explain the meaning of stakeholders;
- Examine the stakeholder theory;
- Discuss the significance of stakeholders in governance;
- Describe the forms of stakeholder involvement in governance process; and
- Give examples of successful involvement of stakeholders in governance.

4.1 INTRODUCTION

The traditional model of public service delivery and public policy in contemporary times seems to be not keeping pace with citizens' expectations. Unlike traditional models, governance framework has developed various tools and strategies along with deepening of democracy through devolution, decentralisation and deconcentration to address the growing needs of every section of the society. Networking with various organisations and people into governance framework has become important. Hence stakeholders' involvement in governance assumes significance. Globally, there are efforts in this direction. Communication, collaboration, consultation, partnerships are gaining prominence. In this Unit, we shall discuss the need and significance of stakeholders involvement in governance, and through examples bring out how active participation of stakeholders makes a dent in the governance process.

* Contributed by Dr. G.Uma, Assistant Professor, School of Gender and Development Studies, IGNOU

4.2 STAKEHOLDERS: MEANING

“A stakeholder in an organisation is any group or individual who can affect or is affected by the achievement of the organisation’s objectives” (Freeman, 1984). Stakeholders are individuals who either care about or have a vested interest in a project or organisation or any government programme. They are the people who are actively involved with the work of the projects or programmes or have something to either gain or lose as a result of its implementation. For example, when the government or local bodies take up a project to add lanes to a highway, motorists, local residents and highway users are stakeholders who positively or negatively get affected due to the implementation of the project. Among all, the residents of the area who live near the highway may get affected during the implementation of the project because of the construction, noise, dust pollution and increased traffic. Motorists and highway users get benefited after the implementation of the project.

According to Bovaird and Loffler (2016), public governance issues are likely to involve the following stakeholders (amongst others):

- citizens(as individuals);
- community organisations that are loosely organised;
- Non-profit organisations(including charities and major non-governmental organisations),which are often quite tightly organised;
- business;
- media;
- public agencies(different levels of government/parliament, including international levels);
- elected politicians;
- trade unions.

A stakeholder can be a person, group or organisation who/which has an interest or stake in any activity and has the ability to influence the outcome positively or negatively.

To further clarify, we shall discuss one more example. In 2001, the government in United Kingdom had approved a project to construct Terminal 5 of Heathrow airport to meet the growing needs of the air travel. The impact of this on stakeholders was manifold. The air and noise pollution would increase and also the further expansion would affect the nearby villages. Around 700 residents were to be displaced to move to new places. It was the responsibility of the UK government to make an alternative arrangement for their rehabilitation and resettlement. In this case, 700 residents were only one of the stakeholders. It was also the UK government’s responsibility to have a dialogue for the rehabilitation and resettlement of the residents in the new area. The project had the record of a longest public inquiry to examine the impact of several stakeholders. The project was approved after reviewing the public inquiry report and a number of conditions and limitations were imposed to take into account the local complaints regarding noise and pollution. So every action taken to implement a policy or programme in governance process is bound to impact those who have a stake in it. For example in a school system, the term stakeholder refers to anyone who has invested in the welfare and success of a school and the students which includes the teachers, principal, staff members, school management board or authority, parents, families, school

management committee, neighbourhood community, local elected representatives and business community in the area.

Any implementation activity needs to take into account amongst other things the mapping of all stakeholders who have stake in it or likely to be affected, examine the possibilities of their engagement through communication, consultation and participation.

4.3 STAKEHOLDER THEORY

Stakeholder theory is a conceptual framework of business ethics and organisational management which addresses moral and ethical values in the management of organisation. It was originally detailed by Ian Mitroff in his book 'Stakeholders of the Organisational Mind' published in 1983. The theory points out that it is not just the people who own the stock in a business who gain on account of decisions made in the organisation. Each business decision, potentially affects the well-being of many more people than just stakeholders. So every business has the obligation to all those involved directly or indirectly that includes stockholders, employees, suppliers, customers, local community and so on. In the corporate organisation, employees and shareholders are stakeholders. They both provide resources and make efforts for the successful running of the organisation. In this way, addressing the needs of the stakeholders is important in any organisation. This reasoning was referred as instrumental stakeholder theory. This theory also talks about the need for paying attention to those other stakeholders who get affected by the value of the firm. It also talks about giving attention to the stakeholders' governance and securing their interest to get maximum benefit from their contribution to the organisation.

There are other two perspectives on stakeholder theory. It is descriptive and normative view. The descriptive stakeholder approach identifies and classifies the different constituents in an organisation. It does not give any values to their claims or power. But normative view provides intrinsic value to the stakeholders' claims by justifying the moral rights of those who get affected by the corporate decisions. From a normative point of view, stakeholders need to be included in corporate governance in order to respect their moral rights. In order to ensure justice, stakeholders' dialogue is not strategic but open and deliberative.

The stakeholder view integrates both a resource based view and a market-based view and adds a socio-political one. Corporations are simply managed not in the interests of shareholders alone, but there is a whole range of stakeholders as discussed earlier, the participation of whom in corporate decision making has been related to gaining efficiency, leading to competitive advantage. Stakeholders' governance has the potential to turn 'distrustful' opponents into critical allies.

4.4 STAKEHOLDERS IN GOVERNANCE PROCESS

The new perspective of governance is changing in the 21st century with the issues of neoliberal economic policy and globalisation combined with other challenges which include environmental degradation, migration, sustainable development, grassroots development and all other governance related issues. The socio-economic challenges and the governance issues of the 21st century need to be addressed with the participation of all stakeholders. According to Deetz and Kuhn (2007), traditional governance model provides decision making prerogatives to the organisational leader. In the traditional model, pressure groups predominantly act as representatives and attempt to gain political mileage for the certain sections of the population. Deetz and Kuhn further state that

unlike traditional model of governance, a stakeholder model of governance provides necessary benefits to the large sections of the population by ensuring their active participation in the process of governance. It also has capacity to increase the visibility of participants in the organisation. If an organisation takes certain decisions which affects certain sections of the population, the stakeholder theory proposes to bring all affected population into decision making process for ensuring justice to everyone. Now we shall discuss what an organisation is before we further discuss stakeholders governance.

Organisation is a social arrangement which pursues collective goals, controls its own performance, and has a boundary separating it from its environment. The word itself is derived from the Greek word *organon*, from the better-known word *ergon*. There are various types of organisations which include government, corporate organisations, non-governmental organisations, media, international organisations such as United Nations, World Bank, International Monetary Fund (IMF), and so on. Apart from the above, it is observed that the important contribution is being made by community based organisations (CBOs) at the local level to the governance process.

CBOs are membership or non-membership based organisations, which predominantly, exist at the local level. They discuss and solve the problems at their place of existence. We may also consider resident welfare associations as CBOs in the urban areas. Now, let us recapitulate as to ‘what is governance’? It is the process of coordination among the various actors in an organisation and to steer the structure towards achieving certain goals. For example, government is a structure. There are various actors in the government. It needs to be coordinated amongst all of them for the successful implementation of its policies and programmes with people as major stakeholders. The existing research provides evidence that there is direct relationship between socio-economic benefits and active participation of stakeholders. If the stakeholders’ participation is limited, the effectiveness of the programme is also limited. Another important aspect here is communication. In the stakeholder’s governance, communication is a vital tool. Communication determines the success and viability of the stakeholder’s governance. Research studies indicate that the existing standard corporate model of one way communication has been less effective in stakeholder governance. Unlike existing formal communication pattern, stakeholders express their experiences, benefits and disadvantages of certain programmes in a free manner, through the informal modes of communication. It is more about sharing their experiences in the stakeholder governance. Here we imply communication as a dialogue process. We all know how media as a stakeholder discharges this role in generating opinions and creating an aware and informed citizenry.

The significance of the participation and horizontal networking of public, private, and nonprofit organisations in the stakeholder governance fosters better decision making than the structure of governance as identified in the hierarchical organisations. In this process, citizens’ involvement is also important. The role of government is to execute public laws. Public agencies i.e government departments engage themselves in executing laws and implementing programmes and policies. The activities of the government range from legislative to quasi legislative and judiciary to quasi judiciary. Quasi legislative processes in the new governance include deliberative democracy, e-democracy, public conversations, participatory budgeting, citizens’ juries, study circles, collaborative policy making, and other forms of deliberation and dialogue among stakeholders and citizens. Quasi Judicial processes include alternative dispute resolution such as mediation, facilitation, arbitration 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) What do you understand by the term stakeholder?

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2) Explain stakeholder theory.

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4.5 SIGNIFICANCE OF STAKEHOLDERS IN THE GOVERNANCE PROCESS

You all must be familiar with the terms ‘alliances’ ‘partnership’ ‘multiple stakeholders groups’ in the context of governance. Whatever we may call, this encompasses groups of people engaging themselves in the negotiations to safeguard the interest of their groups in the policymaking process. Such negotiations do not happen in hierarchical organisational structure. The stakeholder governance model is emphasised in the horizontal organisational structure. It ensures flexibility, diversity and informal exchange of ideas. Networking of various actors in the society for the benefit of all is another important underlining factor in stakeholder governance. According to Rhodes (1997), networks in the horizontal structure are sometimes very powerful and are able to sustain pressures from the State and can able to perform autonomous regulatory role within their sector. They are committed to find solutions for the complex socio- economic problems collectively. As we are aware, the centralised planning and policy making have certain disadvantages. It does not fulfil the needs of all sections of the society and fails to engage stakeholders in policy making. Alternatively, the decentralised governance and public policy making forms are directly engaging people, trying to find solution for complex social problems. It also ensures institutional interdependence and interconnectivity. Apart from negotiation and arriving at solutions, multi- stakeholder involvement is ensured for the implementation of policies in the horizontal organisational structure. The existing practices bring out that direct stakeholders’ involvement and inter- organisational collaboration brings positive impact in the governance process and benefits all stakeholders for the sustainable use of resources, successful implementation of public policies, knowledge creation, development of social capital, sharing of benefits by entire community and addressing needs of women and marginalised. The relevance of stakeholder participation is more in the areas of environmental sustainability, disaster risk management, land usage, community based planning, and so on. The community

based organisations play a significant role in identifying, protecting, preserving and the sustainable use of common property resources. Studies indicate that if the CBOs follow democratic principles of inclusiveness, trust, making rules for the benefit of entire community, rapid and affordable cost for conflict resolution, and minimum interference by external authorities, there are positive results for the conservation and use of resources available in the local areas.. So far, we have discussed about the concept of stakeholder, key components and significance of stakeholder governance. We shall now discuss forms of stakeholder involvement in governance and give few examples to substantiate it.

4.6 STAKEHOLDER INVOLVEMENT IN GOVERNANCE: FORMS

The involvement of stakeholders takes various forms. This includes:

- Communication: Through information sharing to all those involved/affected.
- Consultation: Gather information and experiences from stakeholders for final outcome.
- Participation: Involving them in policy/project.
- Representation: Including them to help in determining choices.
- Collaboration and Partnerships.
- Co-decision and Co-production: Balanced sharing of power among the stakeholders who are involved.

Participatory forms of democracy are part of stakeholder governance. The active citizen participation strengthens democracy which results in better policies. Scholars like Barber (1984) distinguished strong democracy from liberal democracy. According to him, liberal democracy proposes individual well being. Alternatively strong democracy considers welfare of the entire society or community. Strong democracy also fosters participation of citizens. Scholars are also advocating participatory forms of democracy in which active citizens participate in the process of governance through discussion, multi-stakeholders participation, public meetings, referendum, interactive polling. (see Brewer and DeLeon, 1983; DeLeon, 1992; Dryzek, 1990; Fishkin, 1991; Hayward, 1995; Kann, 1986; Pateman, 1970). The stronger forms of democratic participation complement the interests of the stakeholders, who actively participate in policy making. We shall be discussing the example of people's plan campaign to understand people's participation in the policymaking process.

The 73rd Constitutional Amendment Act formally paved the way for the establishment of three tier structure in the rural areas. The first level of structure is gram panchayat, having one more structure in it called gram sabha. It is a primary deliberative body having membership of all electorates in the gram panchayat. The establishment of three tier structure at the rural level helps in bringing transparency, accountability and participation in the panchayat governance. The panchayati raj institutions are local self-governing institutions. In Kerala, the Left Democratic Front government introduced people's plan campaign in the year 1996 after the passage of 73rd and 74th Constitutional Amendment Acts in the year 1992. The objective of people's plan campaign is to bring in bottom up planning. Each panchayat is expected to create a plan by involving all stakeholders in the gram panchayat. First, they had to conduct meetings at ward levels. The ward level plans were to be consolidated at the gram panchayat level. The plans of all panchayats were integrated as block plans which were consolidated at the district level as district plan. The people's plan campaign addressed welfare issues and improved

infrastructure. It also increased the focus on public participation. About 1,20,000 members of the task force were involved in this process of plan development. In present times also in the gram sabha meetings, all stakeholders are allowed to propose development projects, select project beneficiaries and evaluate projects. They also use social audit to scrutinise panchayat accounts in the gram sabha meetings. Along with this, a wide range of accountability mechanisms such as Right to Information (RTI), citizens' charters, ombudsman, appellate tribunal, performance and local funds audit have been employed to improve governance. This reflects active participation of people working with the government at grassroots level and addressing their issues and problems through collective action, a direction towards bottom up approach.

A dialogue process among stakeholders is important for the successful implementation of legislative decisions at the international, national, state and local government level. Here we need to bring another point that is how legislative and judicial officials engage in dialogue process. It is important for them to imbibe the necessary skills in the process of engaging dialogue with citizens. This includes convening of meetings, mobilising the citizens, initiating constructive dialogues, conflict resolution and reaching agreement.

The new governance model is not only developing the tools but also practices important to the process. The people's participation in governance process is priority. As we have already learnt in the previous units, governance involves networking. Rosenau (1992) defines governance as the creation, execution, and implementation of activities, backed by shared goals of citizens and organisations, which may or may not have formal authority and policing power. It is an important component in the stakeholders' governance. Sharing of information openly and maintaining transparency in governance is important. Dialogue which is important in participatory democracy ensures reciprocity, strengthens collaboration and promotes shared decision making.

4.7 STAKEHOLDERS IN GOVERNANCE: EXAMPLES

George Frederickson (1991) had put forth five postulates on the role of public in the realm of public administration. These encompass public as interest groups, consumers, represented voters, clients and citizens. According to this theory, public in general are viewed as passive recipients of benefits rather than active participants. Frederickson argues that a general theory of the public must be based on four requisite elements. These include the Constitution, the enhanced notion of virtuous citizen, systems and procedures for responding to the collective and inchoate public, and benevolence or public service in the greater good. The virtuous citizen is one who understands the founding documents (the Constitution), takes individual moral responsibility, and exercises civility, including forbearance and tolerance in discourse. Close links between citizens and government create informed citizenry whose voices can be heard. Responsibility and accountability between administrators and citizens improves governance which requires strengthening of institutions at urban and local levels.

Democratic processes among citizens who are key stakeholders through dialogue and deliberations enhance governance. Conflict among interested parties occurs in many times in public decision making, policy making, implementation and enforcement. By moving away from interest groups' competition toward consensus building, these new governance processes serve as mechanisms for cooperation and coordination among diverse participants in the policy process. As a result, these processes may increase the consensus building and may contribute positively to participants' sense of justice, fairness, and the perceived legitimacy of the institution involved. The operationalisation of Right

to Information (RTI) as a powerful tool to the citizens to get necessary information from the government is the result of success of Jan Sunwai in the state of Rajasthan, and mobilisation of masses by Kisan Mazdoor Shakti Sanghathan. Through this citizens became part of the democratic process. RTI movement created democratic space for the citizens.

The introduction of National Forest Policy in the year 1988 and the subsequent introduction of joint forest management in the year 1990 are the important milestones in the stakeholder participation in the programme. It is implemented with the objective of reducing deforestation with the active participation of local communities along with forest department. The afforestation programme links the local communities by identifying their economic interest in the forests. This makes the local communities as stakeholders to protect and work towards sustainable use of forest. This includes the right to use of minor forest produce and sharing of timber harvest with forest department. Minor forest produce include non timber items such as resins, fruits, seeds, honey, medicines, tobacco, betel leaves and bamboo. If the villagers fail to cooperate, the revenue sharing may stop and the forest would be owned by the forest department. There is no transfer or lease agreement with joint forest committees. The joint forest committees are formed at the village level. They are responsible for managing the forest resources. The joint forest committees develop micro plans relating to planting of trees, restoring of degraded areas and harvesting. Some studies carried out in villages of Maharashtra and Rajasthan clearly show that women are important stakeholders in the natural resource policy of the state. Women function close to the nature and they are involved in various activities such as collection of firewood, fuels and food from the forest and domestic use. The active participation of women in the joint forest committee meetings in the state of Maharashtra explored the challenges in maintaining sustainable use of forest produce.

Community Based Planning

The existing studies also prove that implementation of government programmes and policies within the framework of rules and regulations did not provide expected results. The communities encounter difficulties in functioning in a top-down system. Instead, institutionalising a broad system that is bottom-up based on their needs give fruitful results. Coordination, shared values and personal commitments are more effective than adherence to rules and regulations. Participation increases legitimacy and promotes coordination. Micro Plan is one of the techniques or tools used in the community based planning. Micro planning is a process that builds the capacity of the community to analyse their own situation and work on it to create a better future. The common goals need to be arrived by understanding ‘what development means?’ and ‘what will the common priorities for everyone?’ As you are aware, in India, due to centralised planning being in existence since first five year plan (1951-56), the grassroots level mobilisation and participation of people could not take place in the planning process. It failed to take into cognisance the capacity of the local people and the existing available local resources to utilise in a more effective and efficient manner. The people could not consider themselves as stakeholders. The 73rd and 74th Amendment Acts provided Constitutional guarantee to the villagers and urban dwellers to utilise available local resources for the implementation of development programmes. Thus, panchayats and municipalities are considered as development institutions at the grassroots level. The micro planning process facilitates gram sabha members to arrive at their action agenda engaging government, elected representatives and other key actors in the process of village development. Here, the stakeholders are people of village. The end result of micro planning work is that the village community decides for itself the nature of development they envisage. Micro-planning is participatory, community-based, problem-

driven and designed to formulate policy with relevant inputs drawn from the local level. The micro plan is a process that builds the capacity of the community to analyse their own situation and work on it to create a better future.

The Delhi Metro Rail Corporation (DMRC) is an example of collaborative venture between central government and Delhi government. It has apart from these two other stakeholders, the external funding agency Japanese International Cooperation Agency (JICA), consultants, contractors and other agencies. The success of agreements reached among the stakeholders and the efficiency can be considered as stakeholder satisfaction for all those involved in the collaborative venture (Ramesh, 2015).

Globally also there are several practices of engagement of stakeholders in several areas. In Quebec, Canada, public, private and not for profit actors discuss and decide on management of water resources at the basin level and jointly design the river basin management plans. There are several engagement mechanisms indicating clearly the responsibilities ranging from information sharing and empowerment to the autonomy of actors in taking informed decisions in water resources management. In France, the water and sanitation service provider of the city of Grenoble engages with consumer associations to decide on water prices. On the initiative of citizens and an NGO, a committee of water and sanitation users was created. An agreement between this committee and public service provider stipulates the roles, responsibilities and modalities of joint activities related to information sharing as well as deliberations on water tariffs and quality. In the State of Arizona in USA, climate change driven stakeholder engagement to tackle the problem of extreme heat conditions was put in place. The effectiveness of water harvesting strategies was disseminated by the University of Arizona Water Resources Centre. One of the measures was development of water harvesting assessment toolbox and its testing was done through workshops involving a wide range of stakeholders from utilities, city departments, county government and businesses.

There are challenges too in ensuring effective stakeholder governance. This includes:

- Lack of clarity on ensuring inclusivity and equity in governance through identification of stakeholders who are directly and indirectly affected.
- Inadequate institutional arrangements.
- Absence of political will and leadership.
- Lack of clarity on roles and responsibilities of stakeholders and expected outcome.
- Resistance to change.
- Inadequate monitoring and evaluation mechanisms to assess the efficacy of stakeholder governance.

In governance, beyond the traditional actors there are other players who wield influence. Understanding their dynamics and engaging them through communication, consultation, and participation is very important. This calls for establishing a suitable institutional environment that facilitates information dissemination, exchange and building consensus on governance 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) What are the various forms of stakeholder involvement in governance?

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- 2) Bring out the challenges in stakeholders governance.

4.8 CONCLUSION

In this unit, we have learnt about significance of stakeholders in governance. There are various tools and techniques to enhance stakeholder's participation in the governance. These include decentralisation, deliberative democracy, community based planning, grassroots governance. There are various efforts and initiatives to ensure stakeholders participation in India. This was understood by studying people's plan campaign in Kerala and community forest management. Communication is very important in stakeholder's governance. All these aspects were elaborated in the Unit.

4.9 GLOSSARY

Common Property Resources: These are natural resources owned and managed collectively by a community or society than by individuals. Some examples include fisheries, forests, irrigation systems and so on.

Corporate Governance: It is the system of rules, practices and processes by which a firm is directed and controlled. It essentially involves balancing the interests of company's stakeholders such as shareholders, management, customers, suppliers, financiers, government and community.

E-democracy: In the era of communication, Information Communication Technology (ICT) plays an important role in everyone's life. In the e-democracy, usage of ICT tools is important to enhance people's participation and deepening democracy.

Social Capital: It broadly refers to networks of relationships among people. It refers to those factors of effective functioning of social groups that include interpersonal relationships, a shared sense of identity, shared understanding, shared norms, values, trust, cooperation and reciprocity.

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4.11 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - A stakeholder is an individual or group or an organisation that has a vested interest in an organisation or project or any programme of government.
 - Stakeholders can be citizens, community organisations, non-profit organisations, business, media, public agencies, elected representatives, trade unions.
 - Stakeholder having interest or stake in any activity or programme has the ability to influence the outcome positively or negatively.
- 2) Your answer should include the following points:
 - Stakeholder theory is a conceptual framework of business ethics and organisational management that addresses the moral and ethical values in the organisational management
 - As per this theory, stakeholders are not just the people who own the stock in the organisation.
 - It encompasses all those to whom the business has the obligation which includes employees, suppliers, customers, local community and so on.
 - The corporate governance needs to take care of moral rights of stakeholders.

- The stakeholder theory integrates resource based view, market based view and socio-political aspects.

Check Your Progress 2

1) Your answer should include the following points:

- Communication
- Consultation
- Participation
- Representation
- Collaboration and Partnerships
- Co-decision and Co-production

2) Your answer should include the following points:

- Difficulties in ensuring inclusivity and equity in governance through identification of stakeholders who are affected directly and indirectly.
- Inadequate institutional arrangements.
- Absence of political will and leadership.
- Lack of clarity on roles and responsibilities of stakeholders and expected outcome.
- Inadequate monitoring and evaluation mechanisms to assess the efficacy of stakeholder governance.