Fundamental of Development Administration
Subject: FUNDAMENTAL OF DEVELOPMENT ADMINISTRATION

Credits: 4

SYLLABUS

Concepts and Approaches

Growth of Development Administration, Evolution, Scope and Significance, Development Administration: Concept and Meaning

Development Strategy and Planning

Goals of Development, Role of Planning, Mixed Economy Model and its Rationale and Significance India's Socio-economic Profile at Independence

Planning Process

Grass Roots Planning, District Planning, Planning Commission and National Development Council State Planning Machinery

Bureaucracy and Development

Enhancing Bureaucratic Capability, Bureaucrats and Politicians and their Relationship, Neutral vs Committed Bureaucracy, Social Background of Indian Bureaucracy, Role of Bureaucracy, Colonial Heritage of Indian Bureaucracy

Decentralisation and Development

Specialized Agencies for Development, Co-operators and Development, Role of Voluntary Agencies, Problems and Prospects of Panchayati Raj, Emerging Patterns of Panchayati Raj, Concept of Democratic Decentralisation, Evolution and Role of Panchayati Raj

Public Sector and Development

Administrative Problems of Public Sector, Evolution and Expansion of Public Sector, Role of Development Corporations, Forms of Public Enterprise

Suggested Readings:

1. Mohit Bhattacharya, Social Theory and Development Administration, Jawahar Publishers
2. Ratnakar Gaikwad, Initiatives in Development Administration, Yashwantrao Chavan Academy of Development Administration
3. R.K. Sapru, Development Administration, Sterling
CHAPTER 1
CONCEPTS AND APPROACHES

STRUCTURE

- Learning objectives
- Growth of development administration
- Evolution
- Scope and significance
- Development administration: concept and meaning
- Review questions

LEARNING OBJECTIVES

After studying this unit, you should be able to:

- Identify the several stages from 1950 till date through which the development administration has evolved and grown
- Explain the role of several techniques, strategies and structure in development administration;
- Discuss the several approaches to development as adopted in India;
- Understand the evolution of development administration as a discipline as well as a process;
- Highlight the scope of development administration; and
- Discuss the meaning of development administration.

GROWTH OF DEVELOPMENT ADMINISTRATION

The Planned Change

India adopted the strategy of planned change which implied in the middle of other things that planning was to be the basic strategy of social reconstruction. Planning was to be used as an instrument of socio-economic progress and nation-building. It was recognized as central to the societies where the public sector has to play a role of the commanding heights in the economy so as to fulfill the expectations and aspirations of the people.
Therefore planning was regarded as a conscious effort to achieve the desired objectives.

In 1936 Dr. M. Visveswarayya underscored the need for planning for industrialization of the country. He suggested a 60 member advisory body from dissimilar social sections and interests for the purposes of plan formulation and execution. He also recommended the setting up of a Planning Commission, responsible for day-to-day administration, and a Development Department at the Centre and Economic Councils in the provinces.

The Congress alters assuming power in the provinces in 1937, recommended the establishment of an Expert body for evolving schemes for national reconstruction and planning. As a result of it, in 1944, a planning committee under the chairmanship of Pundit Nehru was shaped. It published 3 plans—the Bombay Plan, the Gandhi Plan, and the Peoples Plan. A Planning and Advisory Board was shaped in 1946. The major aim of these efforts was to bring in relation to the rapid improvement in the living standards of the people. After Independence, efforts were made to bring forth development and to fulfill basic needs of all concerned in accordance with the spirit of the Constitution through planned moves. The brief enumeration of the aims and objectives of the planning is as follows:

- Growth of National Income
- Reduction of in excellence of income and in excellence in the ownership of means of production.
- Prevention of concentration of wealth in a few hands.
- Reduction in unemployment and removal of poverty.
- Provision of basic human needs.
- Conservation of ecology and environment protection.
- Self-reliance of the national economy.

A simple analysis of the objectives mentioned above will explain that the objectives of planning are basically aimed at securing growth with social
justice and generating self-reliance.

**The Planning Commission**

For the formulation, implementation, and administration of plans, the central cabinet adopted a resolution on March 15, 1950 to set up the Planning Commission with the following characteristics of its organizational set up.

- It is a plural body with multi-member organization.
- It has two types of members: full time members and part time members.
- The size of the Planning Commission in conditions of a number of its members is not fixed.
- It is a mix of staff and line agency.
- It is a mix of political representation and the varied socio-economic expertise.
- The Prime Minister is the chairperson of the Planning Commission.
- The full-time members are in charge of several divisions and sections through which the Planning Commission functions.
- There are programs advisors in dissimilar divisions.

The other officers of the Planning Commission are recognized as chief consultant and joint advisors. The organization of the Planning Commission as on 15.3.1991 was as follows:

- Chairperson—Prime Minister.
- Deputy Chairperson—Minister of Planning and Program Implementation. Though, it appears that it is not necessary for the deputy-chairperson to hold this portfolio. For instance, last two governments at the centre appointed full time Deputy Chairperson.

The following Ministers of the Central Government are the part-time members of the Commission:

- Finance Minister
• Agriculture Minister
• Energy Minister
• Industry Minister
• Minister of HRD (Human Resource Development)
• Minister of Environment and Forest
• Minister of Law and Justice and Water Possessions
• Minister of State for Planning and Programme Implementation.

Besides, there are 6 full time members of the commission drawn from the fields of economics, engineering, agriculture etc. They are the experts with long experience in the respective areas. The Planning Commission, being a composite organization, provides communal advice on all significant matters. The functions of Planning Commission are assessment of possessions, formulation of plan, determination priorities, augmenting of scarce possessions, monitoring, and evaluation of plans.

The Planning Commission performs diversity of functions covering the whole economy of the nation. It is concerned with the issue of financial possessions, international economics, development policies, socio-economic research, labor, employment and manpower, plan co-ordination, monitoring and evaluation, rural development, village and small industries, education, rural energy, social welfare and nutrition, communication and information, health and family welfare.

*The Committee on Plan Projects*

In order to properly gear up the developmental activities through plan projects, a committee on Plan Projects was created in 1956. It comprises the Home Minister (as chairman), and the Finance Minister, Deputy Chairman of the Planning Commission, and two Chief Ministers to be nominated through the Prime Minister. The functions of this committee are:

• To organize investigation, including inspection of significant projects, both at the Centre and States through specially selected teams.
To initiate studies aiming at evolving appropriate form of organization, methods, procedures and techniques for economical and efficient execution of projects.

To implement the recommendations made in reports submitted to it.

To perform such other functions as may be assigned to it through the National Development Council for the promotion of efficient implementation of the plan.

The committee, though, is not in subsistence since 1970 as a separate institution.

*The Programme Evaluation Organization (PEO)*

Under the general guidance and direction of the Planning Commission, the Programme Evaluation organization was created in 1952 for evaluating the Community Development Programme and Rigorous Area Development scheme. Later on its sphere of operation was enhanced including therein the evaluation studies of plans, programmes, and co-operation, health, family welfare, rural industries, rural development, public sharing etc. The PEO is mainly involved in:

- The appraisal of performance in the light of objectives and targets.
- The assessment of the impact of programmes on beneficiaries and the social and economic structure of the community.
- Provision of services to the target groups.
- Rendering technical guidance to the state evaluation organization and
- Training of state evaluation personnel.

Another agency concerned with the formulation of development planning and policies is the National Development Council, which has the Prime Minister as its chairman, and the central ministers, the chief ministers, the Lt. Governors, members of the Planning Commission and the administrators of the union territories as the members. Briefly, the role of the NDC in the
planning process is as follows:

- It acts as a link flanked by the Union Government, the Planning Commission and the governments of the states.
- It prescribes the guidelines for the formulation of the National Plan.
- It considers the plan as formulated through the Planning Commission.
- It considers all significant issues relating to social and economic development policy.
- It reviews the plans and suggests events, to achieve the set goals of the plan including the steps to secure peoples active participation and cooperation, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and sections of the community, and build up possessions for national development.

The importance of the National Development Council lies in the fact that it has been largely responsible for giving Indian Plan a national character and for ensuring national unanimity in approach and uniformity in working.

The Strategy of Planning

The major thrust of the planning was to evolve strategies to at least minimize the troubles being faced through the people at large. In order to have self-reliant economy, such thrust areas were picked up where state intervention is required. Keeping in view the vital and crucial role to be played through public sector in industrialization and modernization, the state monopolized in the areas of atomic energy, defense, railways, airways, iron and steel, minerals, coal, ship building, air craft, electricity, etc. Even the Industrial Policy Resolutions of 1948, 1956, and 1978 clearly stated that the industries of basic and strategic significance and also those dealing with public utility services would be in the public sector. The state also aimed at providing fiscal and supportive events to certain other industries to be set up in private sector.

To cope up with the troubles of unemployment, under-employment, and
disguised employment, the state has taken good number of events. Some schemes, like Jawahar Rozgar Yojna, National Rural Employment Programme, Rural Labor Employment, etc. beside with the employment opportunities being provided in the public sector undertakings are landmarks in this regard. Besides, the financial incentives are also given to the rural as well as urban educated unemployed youth for starting self-employment ventures.

In the field of agriculture, the first step was taken in the abolition of Zamindari system, followed through several land reforms Acts like tenancy reforms and Land Ceilings Acts. The agricultural production was sought to be increased through introducing high technology in agriculture which is popularly recognized as green revolution. The purpose was to achieve self-sufficiency in food granules. Though, the scheme was implemented only in some selected parts of Punjab, U.P., Haryana and Tamil Nadu. The events ended in rising food production to the stages self-sufficiency, yet it further widened the gaps flanked by regional development stages.

**Land Reforms in Independent India**

**The Objectives of Land Reforms**

One of the major troubles before the country at the time of Independence was unequal concentration of land ownership in the hands of few and prevailing circumstances of semi-feudalism. As stated earlier, the Country had a SEMI-fatalistic Structure of society having wealth concentration in few hands. To do absent with this unequal sharing of wealth, the Poverty Alleviation became the priority item on the national agenda. It was whispered to be achieved through Land Reforms on a quantitative and qualitative level.

**The Land Reforms Events**

The land reforms objectives were sought to be achieved through the
following events:

- Abolition of zamindari system
- Tenancy reforms
- Imposition of land ceiling and re-sharing of surplus land
- Consolidation of land holdings.

There were several intermediaries like Zamindar, Jagirdar, etc. flanked by the state and the tiller of the land. This resulted not only in concentration of land in the hands of a few persons, but also in the neglect of agriculture and consequently decline in production adding more to the poverty of the peasantry. In other words “Land to the Tiller” became an accepted policy. Hence, several state governments passed Zamindari Abolition Acts in the early fifties. This measure gave ownership rights in land to in relation to the 20 million cultivators. Likewise, system of tenancy was also a source of exploitation of the poor peasantry in the village through the landlords. Hence Tenancy Reforms also aimed at extending the policy of land to the tiller. The Tenancy Reforms Acts provided for: regulation of rent; and security rights. Though, the tenancy reforms have been ineffective because of lacunae in the tenancy acts, absence of proper records of land, lack of effective administrative machinery and interaction of lease, labor and credit market.

The land ceiling was also imposed in several states through legislation. Though, there was no uniformity either in case of the limit or approach. For instance, the ceiling was 4 hectares in Gujarat as against 136 hectares in Rajasthan. It should be stated here that the objective of fixing the highest limit of the size of holdings was to eliminate inequalities in the ownership of land. These reforms, though, proved ineffective to achieve the objective again because of legal flaws, manipulation of law, loose definition of the term and too several exemptions from the application of land ceiling laws.

The Government of India, throughout 5th Five Year Plan, started giving financial assistance to the assignees of surplus land scheme so as to enable them to improve production and productivity. This grant was made accessible
to the assignees of surplus land for the purposes of land development, minor irrigation etc. Such grant or subsidy was not to exceed Rs. 8000/- per allotted from all schemes jointly.

The consolidation of landholdings aimed at all round improvement in the production beside with diversification of rural economy and provision of common services to small land holders like community irrigation wells, scientific planning for irrigation etc. Though, the progress in these areas also has been slow as only 518 lakhs hectares area has been consolidated up to 6th Plan period.

**Implementation of Land Reforms**

The land reforms programmes were sought to be implemented through the existing bureaucratic set up. The tall objectives of eliminating poverty, removal of exploitative socio-economic structures, and augment in agricultural output were only partially obtained. While there were several politico-cultural factors responsible for tardy implementation, the administrative set-up also presented several troubles to effective implementation of land reforms throughout the country. The administrative system was not prepared to respond to the demands of change. The principle of growth with equity remained largely unrealized because the administrative set-up was unresponsive to the hopes and aspirations of the targeted groups. The old colonial administrative practices and behaviors kept the beneficiaries absent from the processes of implementation of these laws. The administrative non-performance is responsible mainly for the continuation of the practices of conceal or informal tenancy system.

**The Community Development Programme**

The introduction of Community Development Programme could well be termed as the beginning of development administration in India. The Programme was launched with the following objectives:
• To secure total development of the material and human possessions of rural areas.
• To develop local leadership and self-governing institutions,
• To raise the standard of living of the rural population through means of rapid augment in food and agricultural produce, and
• To bring latitudinal changes towards life in the rural people.

The assumption was that the overall development of the rural community needed, people's participation supported through technical and other services. Moreover, there was also the realization that the troubles of rural development could be dealt with only in a holistic perspective rather than being tackled in an isolated manner.

The Institutional Arrangements

The CDP sheltered to begin with, 53 projects with wide ranging programmes for agricultural development beside with the development of animal husbandry, rural industries, health, housing, education and communication in rural areas. The Programme was administered in stages at 5 stages—National, State, District, Block and Village. The unit of operation was the village and the block was taken as the main development unit. The Block Development Officer (BDO) was the chief executive officer who was to be assisted through seven extension officers who were experts in each of the following areas of rural development:
• Agriculture;
• Animal husbandry;
• Rural industry;
• Public works;
• Social education;
• Co-operative; and
• Panchayats.
There were 10 village stage workers (re-designated in several states now as village development officers) in each block. 10 villages were put under the charge of one VLW or VDO. The district collector and the development commissioners were made the executive heads of the CDP at the District and State stages respectively. At the national stage separate wing recognized as community projects administration wing under the chairmanship of the Prime Minister was created. A separate Ministry of Community Development was shaped in 1957.

The Government of the USA made a major contribution under the Technical Assistance Programme in conditions of funds and technical assistance in implementing the programme. The rest of funding came from the centre and the state governments. For purpose of implementation the country was divided into development blocks and 55 projects as mentioned earlier, were launched. Each of the projects sheltered in relation to 3500 villages and in relation to the 300000 population. Each project was further divided into three development blocks each of which sheltered in relation to the 100 villages and a population of in relation to the 70000. In relation to the 1060 blocks were sheltered in the First Five Year Plan which extended to all the blocks through the end of the third 5 year plan.

**Community Development Programme—an Evaluation**

The Community Development Programme was viewed, at the time of its introduction, as a revolutionary step to bring in relation to the societal transformation in the rural areas. The Community Development Programme was innovative in as distant as it provided a dissimilar machinery and a delivery system than the revenue administrative system to bring in relation to the socio-economic change. It represented an organized administrative system at all stages—national, state and local to execute the development programmes throughout the country. The programme was also the admission of the fact that social change is not possible unless the efforts are people-centered and involvement of people in their development is not ensured. It underlined the
necessity of comprehensive planning and long-term investments from
government for the purposes of rural reconstruction. Another achievement of
the community development was the recruitment and training of a large
number of personnel and introduction of modern technology in agriculture,
under the programme, several institutions such as farmer’s co-operative credit
societies, primary schools, family welfare centers, hospitals and dispensaries
were recognized.

Though, despite some positive impacts of the Programme, it became clear
through the end of the Third Plan that it failed to meet the hopes and
aspirations of the policy-makers as well as the people. The rural socio-
economic structure and troubles sustained as before. The elite forces in the
rural areas governed the benefits from the Programme. The administrators
either failed to understand the operational implications of socio economic and
cultural framework existing in the villages or they themselves were not
favorable towards the welfare of weaker sections. The programme also failed
in ensuring people’s participation in either the formulation or implementation
of the Programme. The objective of promoting latitudinal and cultural change
could not be achieved. The bureaucratic response to the Programme was
unsuitable in the context of complexities of rural socio-economic structures.
The administration was characterized through red-tapist, lack of proper co-
ordination, inter-departmental rivalries, and the absence of well defined
functional responsibilities at several stages.

The Democratic Decentralization in India

The Structure of Panchayati Raj

The Balwant Rai Mehta Committee had a dissimilar thought ’ in view
when it suggested a three-tier system of Panchayati Raj with freedom to the
states to structure the system in line with their socio-political environment.
One could see now that the thinking of Balwant Rai Mehta did not get the
positive response and amounted to lack of uniformity in the implementation of
the scheme. In Jammu and Kashmir, for instance, only Village Panchayats were recognized while in Orissa Village Panchayats and samitis were recognized. Though, there is no variation in case of the highest tier, i.e. the Zilla Parishad of the Panchayati Raj. Even there, the structure of Panchayati Raj comprises Zilla Parishad at the district stage, Panchayat Samiti at the block stage and Gram Panchayat at the stage of the village. Balwant Rai Mehta suggested that the ‘Block’ was to be the unit of planning and development with supervisory and controlling role left to the Zilla Parishad. Again, there is no uniformity in this regard. For instance in Maharashtra, Zilla Parishad is vested with planning and developmental functions rather than Panchayat Samiti. The arguments advanced in favour of assigning these functions to the Zilla Parishad, in the middle of others, were as follow:

- District is the stable and easily manageable unit;
- District traditionally has been recognized as the administrative unit; and
- The technical manpower is already accessible at that stage.

After that to the Zilla Parishad is the Panchayat Samiti at the block stage. The village pradhans or sarpanches are the members of this significant body separately from the co-opted and ex-officio members. There is reservation of seats for women, scheduled castes and scheduled tribes. In some states, the MLAs and M.Ps of the area are also the members. The chairman of the Samiti is elected through the village pradhans (Presidents of Gram Panchayat). The basic unit of the Panchayati Raj is the village panchayat. This body is directly elected through the people of the village and ensures more direct involvement of development programmes. The civic and development functions are entrusted to the Panchayats in approximately all the states. At the village stage, there is another body called the Gram Sabha. It is constituted as an instrument of popular participation. The gram sabha considers the accounts and approves the proposals for taxation and plans for development submitted through the gram panchayat. Though, the gram sabha enjoys these powers only in theory. The Sabha hardly meets and it has proved quite ineffective.
The number of members of the Panchayat varies flanked by five to thirty seven. The Panchayat Act, as passed through the state fixes this number. The members are elected through the principle of one man one vote and secret ballot. The women and scheduled castes and tribes are also given representation in the Panchayat.

_The Ashok Mehta Committee on Panchayati Raj_

The Panchayati Raj system that was introduced with much fanfare and with multiple objectives could not be a success. It came to be treated mainly as an instrument of rising agricultural production. “The activities of Panchayati Raj institutions were meager, their resource base weak and the overall attention given to them niggardly.”

It was in this context that the Central Government appointed a Committee, popularly recognized as Ashok Mehta Committee, to suggest steps to strengthen the Panchayati Raj institutions. The major recommendations of the committee, in the middle of others are:

- Replacement of three-tier structure with two-tier structure—one at the stage of the district and the other at the Mandal Stage;
- The composition of several tiers is specifically given. The Zilla Parishad shall consist of (a) elected members from suitably demarcated wards, (b) Presidents of the Panchayat Samitis, (c) nominees of the bigger municipalities and the district co-operative federation, (d) two women, (e) two co-opted members one having special interest in rural development and one from the local teaching profession, and (f) representation to scheduled castes and scheduled tribes.

The Chairperson of the Zilla Parishad shall be elected indirectly through its members from amongst themselves. The Mandal Panchayat shall have 15 members to be elected directly, including representation from farmers’ service societies, women and scheduled castes and tribes.
- Panchayati Raj institutions should be entrusted with ‘compulsory powers of taxation’;
- Constitutional status should be awarded to Panchayati Raj system;
- Open participation through political parties in the elections to Panchayati Raj bodies;
- Election to these bodies should be mannered through the Chief Election Officer of the state in consultation with the Chief Election Commissioner;
- Regular social audit and monitoring through a district stage agency to safeguard the interests of SCs and STs;
- Creation of a Social Justice Committee in each Zilla Parishad; and
- Ordinarily the Panchayati Raj institutions should not be superseded. In case super session is unavoidable, their elections should be held within six months from the date of super session.

As discussed under Section 4.5, the Panchayati Raj System was introduced in order to have development of all concerned through having their involvement and participation in the total schemes to be launched. For one cause or the other the results of the efforts made through this system could not be as grand as expected.

**The Approaches to Development and Development Administration**

**Regional Approaches**

The first approach to development, especially rural development, was regional with emphasis on economic activities to be recognized in dissimilar sub-regions of the district. This approach is popularly recognized as Growth Centre Approach. The philosophy behind this approach is that the process of development in rural areas can be fostered through developing natural possessions, build up infrastructural facilities and social services, and foster the growth of towns and cities in a manner that would help the district to develop in a directed method. The assumption is that each village could not be
provided with those facilities simultaneously because of financial limitations and for causes of economic efficiency. This approach is also recognized as Induced Economic Growth Approach.

**Area Development Approach**

The area development approach focuses on two points:
- Development of optimum infrastructural facilities; and
- Spatial and functional integration for the development of an area.

The purpose of these approaches was alleviation of rural poverty. In the last four decades, several area-based development programmes—Rigorous Agricultural District Programme, Drought Prone Area Programme, Command Area Development Programme, and Desert Development Programme—were prepared and implemented. Since agriculture plays a very significant role in the economy and in social life of the people, the area development strategy was measured essential. The Drought Prone Area Development Programme, was, for instance, envisaged in the seventh five year plan to augment productivity from dry land and arid areas. The feature of such an area is maximum concentration of the poor and the unemployed. Hence, their development called for the use of appropriate technology of development. The Drought Prone Area Development-Programme incorporated six major sectoral areas including fisheries, irrigation, forestry, horticulture. Likewise, Desert Development Programme was another area based programme aiming at:
- Afforestation;
- Maximum exploitation and conservation of water possessions;
- Creation of water harvesting structures;
- Rural electrification; and
- Development of agriculture, horticulture and animal husbandry.

**The Target-Group Approach**

The third approach to development is Target-Group Approach or
Beneficiary Oriented Approach. This may also be termed as people-centered approach. It was realized that economic growth model of development which laid emphasis on trickle down theory (which whispered that fruits of development will automatically reach to the people in rural areas. That is, the fruits will trickle down through themselves) was unsuitable to solve the troubles of poverty and unemployment. Hence, it was measured necessary to undertake such programmes and projects which deliberately and in a determined manner aimed at reduction in poverty and lead to distributive justice. The main principle came to be economic growth with social justice. With this objective in view a number of target-group oriented programmes were implemented. Some of them have been:

- **Rural Manpower Programme:** It was initiated towards the end of 1960-61 to give employment opportunities for hundred days to at least 2.5 million people. It ended in 1968-69. Again throughout the 4th Five Year Plan a special programme—Crash Scheme for Rural Employment was started for providing employment to 1000 people every year;

- **Pilot Rigorous Rural Employment Programme** was launched in 1972 in 15 selected community development blocks for a period of 3 years. The programme aimed at creating additional employment for unskilled labor, creation of assets, creation of new skills and to enter into some type of manpower budgeting.

- **Food for Work Programme** was initiated in April 1977 with the following objectives:
  - Improving the nutritional stage and strengthening of rural infrastructure.
  - Creation use of surplus food granules for human resource development. This programme was renamed as National Rural Employment Programme in October 1980. The implementation of the programme was made the responsibility of the District Rural Development Agency recognized at the stage of the district. The projects were to be prepared keeping in view the felt local needs.
Another beneficiary-oriented programme is Rural Landless Employment Guarantee Programme (RLEGP). This aims at to give employment to landless rural farmers. Its objectives contain:

- Improving the overall excellence of rural life.
- Creation of productive and durable assets for direct continuing benefits to the poorer groups and
- Strengthening rural economic and social infrastructure which would lead to rapid growth of rural economy.

Under this programme, the preference was to be given to women, scheduled castes and scheduled tribes. The execution of the programme could be left to a voluntary organization or to DRDA or to any other agency deemed fit for the purpose. The voluntary agencies are regulated through either the agency of People Action for Development or the DRDA where this agency is not in subsistence. For the purposes of planning, monitoring and implementation of the programme, a central committee at the stage of the centre was recognized. Besides, every state was to have state stage co-ordination committee for rural development and project approval. The programme is centrally supported and 10 per cent allocation is earmarked only for the benefit of SCs/STs.

In 1989, new scheme called Jawahar Rojgar Yojna was launched. Its basic objective was to provide employment to people in most backward districts with high incidence of poverty and unemployment. The earlier two programmes NREP and RLEGP were merged into this new programme beside with the Million Wells Scheme. This is centrally sponsored scheme where 80 per cent funds are to be provided through the Centre and that too directly to the DRDAs.
who will further forward 80 per cent of the allocation to the village panchayats.

- Development of Women and Children in Rural Areas (DWCRA): Though development of women as a human resource was made a part of the Integrated Rural Development Programme, no important results were achieved. So, to give specific alteration to the improvement of nutritional stages of women and children and also to improve their status, the scheme of DWCRA was implemented in 1982. The objectives of the programme incorporated assistance to individual woman to enable her to create use of facilities provided under IRDP, provision of supportive services at the work site and provision of childcare facilities like security, health care and nursing for the children of women at work.

Training of Rural Youth for Self-Employment (TRYSEM) was conceived in order to create the poor productive and self-reliant; two lakh persons per year were to be given training. Under the programme, one third of the beneficiaries were to be women. The main focus of the scheme was to give the rural youth within the age group of 18-35 years with the necessary skills and technology to enable them to take vocations of self-employment. The preference was to be accorded to the scheduled castes, scheduled tribes and ex-servicemen.

**Minimum Needs Programme Approach**

The earlier approaches ignored the social aspect of development. The main thrust of those approaches was on economic development or income and assets generation for the specific areas or target-groups. Though, it was realized lately that social development was equally significant. The provision of social services and basic necessities to improve excellence of life occupied
rising attention of the planners and developers, this approach emphasizes ‘investment in human beings’. The objectives of this approach are:

- Establishment of a network of basic services and facilities of social consumption in all the areas up to nationally accepted norms, within a specified time-frame.
- Rising of the standards of living and reduction of the regional disparities in development.

The Minimum Needs Approach concentrates on basic needs of food, shelter, sanitation, health, education, drinking water and roads. The programme has fixed following priority areas. Elementary and adult education, health, rural water supply, rural roads, rural electrification, housing, environmental improvement of urban slums and nutrition.

Primary Health Care Approach based on equity, access and social justice is very vital philosophy of social development. The programme comprises (a) provision of curative, preventive and promotional health services, (b) control and eradication of major communicable diseases, (c) training of medical and para-medical personnel and (d) establishment of network of primary health services.
Another significant programme under MNP is Nutrition Programme which comprises (i) Special Nutrition Programme and (ii) Mid-day Meals Programme. In 1972-73 the Government of India introduced another special programme for Accelerated Rural Water Supply. It aimed, in the middle of other things, at providing adequate and safe drinking water to the rural population, prevention of water pollution, educating the public in conservation of quantity and excellence of water etc.

The People-Centered Approach

The main thrust of this approach is to treat the individual as an active participant in the development process, rather than viewing him merely as subject of development. The people-centered approach comprises human growth and well-being, equality, self-reliance and peoples’ participation as its key elements. Likewise, the involvement of voluntary / non-government organizations is also becoming a significant part of development administration in India.

Administrative Development in India

The development of administration is an integral part of development administration. It is now well recognized that development goals cannot be achieved in the absence of a very capable and competent administrators. They (the administrators) have to cope with the emerging intricate challenges with a dissimilar approach. Development administration does not stop at merely formulation of plans and programmes for development, the crux of development is the implementation of development plans and policies. Hence there is a need to build up administrative capabilities and capacities to deliver the goods. Administrative development refers to the behavior necessary for the formulation and execution of schemes and programmes and projects aiming at change and underlying the understanding in the belief that administration should be responsive to the needs and aspirations of the people. The civil services have to undergo behavioral and latitudinal change, besides the
changes in the structures, procedures and methods or work so as to fit into the need of a developing country like India. It was with this view that Central government and several state governments appointed several committees and commissions to suggest events to improve administrative capacities and capabilities. The well-recognized in the middle of them were: N. Gopal Swamy Ayyangar Committee (1949), A.D. Gorwala (1951), and reports submitted through Paul H. Appleby in 1953 and 1956. The Appleby Report made significant recommendations concerning work procedures recruitment, training etc. The Estimates Committee of the first Lok Sabha also suggested changes in administrative machinery of the Central Government through its reports presented in 1950-51 and 1953-54.

The successive Five Year Plans have been indicating the need for improvement of in-service training, performance evaluation on systematic basis, establishment of O and M (Organization and Method Division) etc. As the First Five Year Plan saw the actual advent of development administration in India (1951-56), some new agencies concerned with the responsibility of administrative evaluation were recognized: National Development Council (1952); Programme Evaluation Organization in the Planning Commission, and Special Reorganization Unit. Efforts have been made to attune the administrative structures, procedures, staffing patterns, techniques of planning, etc., to the goals and processes of development. Since late 70s it is increasingly realized that development need not merely mean changes in administrative technology, but it also entails changes in administrative culture. This change has been attempted in India through the mechanism of training. Enhancing the stages of skills and knowledge of the civil service is the other significant objective of administrative development which again is sought through the mechanism of training. Experience is transformed into knowledge and knowledge is used to build up experience through the methodology of training.

The Panchayati Raj system in India was a product of the assessment of the progress or failure of the Community Development Programme in the country
through Balwant Rai Mehta Committee report on the programme. Owing to
the Gandhian approach to development and administration, the Panchayati Raj
System was set up in India. Through this, system, it was sought to achieve a
prosperous, genuinely democratic, and dynamic India. P.R. system introduced
in 1959 had the following objectives:

- Decentralization;
- Participation in development administration;
- Replacement of vested interest with the widening mass involvement in
  the task of establishing a genuine socio-political and economic
democracy;

EVOLUTION

**Genesis of Development Administration: The 1950s**

Ushering development in the developing and under-developed countries,
the concept of development administration appeared. Besides, the success in
dealing with the effects of depression and Second World War, the Marshal
Plan for the reconstruction of Western Europe, and the process of
decolonization provided the requisite background amounting to the coining of
the theory of development administration. It was an Indian scholar, Goswami,
who used the concept for the first time in 1955. Later on good number of
scholars all in excess of the world has contributed to its enrichment.

Classical economists’ view on development has been the significant basis
of the development theory in the 1950s with emphasis on augment in the GNP
or per capita income. The economic growth model based on the Keynesian
economic approach (macro-economic approach) which paved the method to
development thinking sought to transform the ascription, particularistic and
functionally diffused underdeveloped societies into the one having
modernization-achievement orientation, universalism and functional
specificity.
It was the Instrumental Theory of Administration and popular Government which occupied the front rank in the development administration model in 1950s and early 1960s. This theory generated prescription or normative approach viewing administrative reforms as a precondition to development. The government became a crucial instrument in designing and administering goals for achieving developmental objectives. It was argued that the twin objectives of stability and growth could be achieved if the government designs monetary and fiscal policies. It amounted to the concept of planned development having the assumption that the developing countries could be helped to develop with the aid of western technology of administration. The significant ingredients of the development administration model were:

- Establishment of planning institutions and agencies;
- Improvement of the Central administrative systems;
- Budgeting and financial control; and
- Personnel management and organization and methods.

This model had stress on reforming the administrative structures;

- Creation of new agencies improving the administrative technology in conditions of methods; and

- Procedures and practices on the lines of western-administrative thought.

The theories propounded through Weber, Gullick, Taylor and others were implanted into the administrative practices in the developing countries. In order to ensure the validity of such techniques and methods in the developing nations’ environment, the administrative techniques and methods developed in the West were to be injected.

The administrative values prescribed in this period were efficiency, economy and rationality. Besides, the principles of professionalism, hierarchy, unity of command, formalization and impersonality, span of control, authority commensurate with responsibility, staff and line, decentralization and
delegation of authority became the basis of organizational structure.

Administrative development was another aspect which drew the attention of academics and executives throughout this period. Personnel administration reforms centered on the problem of setting up merit systems, position classification schemes, and central personnel agencies. The introduction of the concepts of performance or programme budgeting in the US was termed as crucial for improving efficiency and rationality in decision-creation. Throughout 1950s and early 1960s, which is measured as ‘Technical Assistance Era in Public Administration’, the US alone spent $ 180 million on aid for Public Administration, stress was also on training of administrators to capacitate them to cope with the intricate troubles of development. In the training programmes, techniques, like role-play, Case Method, T-groups, etc. were made use of. The Technical Assistance Programme insisted on creating training institutions in several countries of Asia, Africa and Latin America on the one hand and imparting training to the people from these countries in one donor country on the other.

Though, there was a version gap flanked by the training programmes and the needs of the recipient country. It has been argued through Esman that the rationale behind the technical assistance was as follows:

- Economic growth and modernization occurs through a deterministic sequence of stages. All societies are destined to participate in this beneficial evolution, but it can be accelerated through wise policy.
- Development can be facilitated through transfer of possessions and technologies from advanced to underdeveloped countries. Imparted capital speeds up growth, while technology increases efficiency and facilitates modernization.
- State is a benevolent institution and the principal instrument of development. The Roosevelt reforms and the Keynesian prescription for economic management all required a proactive state.
- Balanced development requires the mastery of modern science, including the science of economics and control of the main levers of
public policy. Development decisions should be in the hands of benevolent technocratic planners, protected through enlightened, modernizing political leaders.

- Bureaucracy is the main vehicle and exemplification of modern administration. When its members are adequately trained and equipped with appropriate technologies, it can be a reliable and effective instrument of modernizing elites.
- The attentive public, specially the leaders of the developing countries eager for growth and modernization, will sacrifice other values in order to achieve these goals, and welcome the material contributions and intellectual tutelage of westerners.
- The transformation from backwardness to progress will be rapid and benefits will be widely shared. Since economic growth produces full employment and increased labor productivity, there is little need for explicit concern with distributive issues.
- Development will yield enhanced well-being as well as the preconditions for political democracy, but these depend on the maintenance of political stability. Since premature democratic participation could overload and destabilize fragile political institutions, it should not be emphasized throughout the transition period.

**Development Administration in the 1960s**

*Failure of Technical Assistance Programme in Public Administration*

It could be said that the Technical Assistance Programme advanced the principle of emulative development administration for building up of administrative capabilities in a prescriptive manner. Though, it has been criticized through several a scholars. Dwight Waldo, for instance, has termed it as “naive” and “a sad waste of scarce human possessions”. The causes for the failure of technical assistance can be summed up as follows:
The applicability of the development model was taken for granted in all countries, ignoring the relevance of environmental context to administration and technology;

The concepts like efficiency, economy and rationality might be differently interpreted through the developing or recipient country than the meaning given to them in the West;

It was planning without implementation. Furthermore, since planning has social, economic, political and cultural dimensions also, several proposals for administrative reforms, for instance, could not be implemented for the lack of political support and support from even the bureaucracy. Protagonists of Technical Assistance Programme did not have adequate knowledge and information in relation to the administrative troubles of specific sectors, like agriculture, health, education, industry, labor, population control etc., which was much needed to be dealt with in more details.

The modern administration/management techniques like CPM, PERT, Linear Programming, network analysis, long-range planning and forecasting, cost benefit analysis etc., were not incorporated for the purposes of transfer to the developing countries.

Administrative reforms attempted throughout this period concentrated mainly on structural change and not on latitudinal change.

The technical assistance approach to development administration has been criticized through Esman when he offers the following views:

Neither economic growth nor institutional modernization is nonlinear or historically inevitable. Economies may stagnate, institutions may decline in effectiveness and societies may fail to deal with their central needs. The benefits of rapid economic growth, especially, derived from mainline urban-industrial investment model, have been skewed towards a relatively small minority in the modern sector, leaving rapidly rising majorities especially in rural areas as impoverished, insecure and powerless as they were three decades ago.
Confidence in the efficacy of planning, in science and in the benevolent role of the State has also been shaken. Most of the States of the Third World have taken on vast new functions in economic management and the provision of public services. The size of their bureaucracies has expanded and so have their budgets, but several have proved to be incompetent or repressive and sometime both.

Public Administration is being looked now as plural rather than universal phenomena. In the words of Esman, “the management, of Central bank, of a research station, of a postal service, or of a small irrigation system confronts the analyst with dissimilar administrative necessities even within the same political system. Regular (e.g. Police), promotional (e.g. co-operatives), service (e.g. health clinics), construction (e.g. road building) activities directed at the same rural public produce distinctive set of troubles and require dissimilar treatment”

The early development theorists ignored the issues of agency-client linkage and the impact of administrative action on the clients. This approach resulted in urban bias at the cost of rural margin.

**The Contributions of the Comparative Administration Group (CAG)**

It was Fred W. Riggs, under whose chairmanship the Comparative Administration Group was shaped in 1961 through the American Society for Public Administration. The CAG was made to carry out research in Comparative Administration with special focus on the troubles of development administration. The financial support to the CAG was given through the Ford Foundation, which was interested in the analysis of the relations flanked by administrative system and its socio-political, economic, and cultural contexts.

The Group felt that as the classical concepts of administration in the third world were rigid, narrow, and parochial and therefore unfit in explaining for
the cross-cultural situations as these concepts were unable to answer the irrational, informal, and emotional behavior of administration. Further, the postulates of conventional organizational theory were appropriate only for “maintenance needs” rather than for “development needs”. The technological-managerial school having emphasis on planned and supervised change was challenged through the Ecological School which insisted on relating the organizational structures to other social structures. It resulted into the thought that sociological context of administration is more relevant than mere ‘organizational change and personnel manipulation’.

The scholars in CAG insisted on a comparative analysis of the administrative systems of the third world. The Group also advocated concentration on the strategies and requisites for attaining public policy goals in the developing countries. The Group which organised its activities through several seminars, symposiums, conferences and evolving committee system, published more than 100 occasional, papers. It is a fact that the Group initially shared the assumption of technical assistance experts, but it was not without questioning. The studies accepted out through the CAG assumed developmental thrusts in the context of a “belief in the possibility of (initiating and) managing change through purposive intervention through administrative institutions”. As a result of its efforts, the Group was able to innovate several concepts viz: Systems Analysis; Patterns Variables; Traditional-Modernity Dichotomy; Information Theory and Pluralism.

The 1960s ushered in a period of evaluation of results, doubts and repetition of old strategies. It was also a period of a search for new concepts or analytical constructs which have cross-cultural validity. The Public Administration academics sought alternative approaches to development administration. They sought to look at the relationships flanked by Public Administration and social, economic, political and cultural environment. In other words, Public Administration was seen in ‘ecological perspective. The most renowned exponent of this approach has been Fred Riggs. We shall discuss his views in some detail below.
The Contribution of Fred W. Riggs

Riggs has criticized the development administration model through observing that GNP augment may not necessarily lead to improving the real life circumstances of the people. Therefore augment in the per capita income does not serve as an indicator of development. He has rather preferred the physical excellence of life indicators and social and psychological excellence of life index as the success of a development policy.

Riggs has analyzed the structural functional characteristics of the social and administrative systems of the developing countries in his industria-transitia-agraria formulation. He puts the developing countries in the category of prismatic society which is caught in flanked by tradition fused and modernity detracted and is undergoing the process of social change. The ecological approach provided a vision that reflected interest in the examination of the relationship of non-administrative factors to administrative ones. Administrative characteristics, it is argued, cannot be explained and analyzed in their abstract shapes where effective behavior, despite the establishment of formal political and administrative institutions, is still guided in modern traditional societies, to a great extent, through traditional structures and pressures, family, religion, region, caste and persisting socio-economic practices. So, an effort is made to understand the socio-cultural and administrative factors as related to the implementation of Technical Assistance Programmes. The strong primary group affiliations and conservative mode of thought, where not much importance is given to the factors of accuracy, promptness and time, have behavioral implications.

The Empirical Approach to Development Administration

The period of the 1960s also saw a shift from normative approach to empirical approach. This approach was undertaken to create a systematic study of the processes of institution-building basic to the technical assistance
enterprise of the United Nations and other aid agencies. The fundamental units of analysis were the structures and their functions in dissimilar systems having parallel features. It is in contrast with the normative approach in which the main aim is to prescribe ideal or at least better patterns of administrative structure and action. This approach is implicit in most of the so-called principles of Public Administration works of Woodrow Wilson, L.D. White, Fayol, Gullick, F.W. Taylor and others. It reflected American practice as a model, especially for the people of the third world countries. This category comprises numerous reports and studies through experts, visiting consultants, technical assistants, and through some western trained Public Administration specialists of the new States. The basic orientation is the quest for ideal patterns and the identification of difficulties and obstacles to be overcome and troubles to be solved. Such endeavors seek to identify the universals of the administrative process.

The Thrust in the 1970s

Review of Development Strategies of the 1960s

Through 1970s not only the meaning of development underwent change in so distant as development goals were conceived in conditions of meeting basic human needs but also the development administration model, to meet these objectives, saw changes in strategies and substantive programmatic actions. The shifts in the approaches to the study of the theory and practice of development administration were also discernible. Public Administration shed its love for uni-directional emphasis. This period of the second U.N. Development Decade, though, began in the background of report of the Commission on International Development on Technical Assistance Programme in 1969. The report has made it vividly clear that the focus of the 1960s on administrative modernization depicted as a technical process involving the expert of western administrative methods, procedures and practices to the newly Independent States needs a review and recast. It has been pointed out that the local people were, though poor, yet not so irrational
in decision-creation. The development administration troubles were rooted in the political economy of the aid getting countries and stressed on inter-theoretic linkages to social explanation.

**The Political-Economy Approach**

Several scholars sought to explain the dynamics of societal transformation and management of change through undertaking political-economy approach which attempted to seek politics-administration union and economics-administration confluence. It was asserted that administrative questions are political questions. The political economy paradigm seeks to relate administration to political and economic environment. This paradigm which is concerned with both political and economic dimensions of decision-creation and resource allocation deals with “organizational constitution” and “internal polity”. In the words of Mohit Bhattacharya, “Theoretical formulations in line with the classical study of political economy—explore relationship flanked by political and economic power in society.” The political-economy approach serves ‘goal paradigm’ and ‘rational model’. These new concepts refer to the concepts of power and action. The thrust of the paradigm consists in examining development administration in the context of power relationships and in conditions of the real process of conflicts and their resolution. The political-economy paradigm gives for the analysis of the context of administration.

**The Ecological Approach**

Several scholars have attempted to understand development administration with an ecological perspective. The ecological approach has been applied to relate Public Administration with social, economic and political-cultural structures of the country. It has been argued that development is a holistic concept. There is a rising realization that political development is necessary for national development and administration. Therefore political environment acquires a special significance in relation to
the ‘skill of Public Administration to play its role in the national development’. The politics-administration dichotomy principle is not a favored principle now, especially in practice. It is a recognized fact that administration plays a decisive role both in policy creation and its implementation. On the other hand political environment gives a conditioning effect on administrative environment in as distant as effective and efficient administrative performance requires the support of political executive. Even the question of administrative reforms is a political question. Moreover, it is stated that development is dependent on strong political institutions and practices. If the bureaucracy is more developed than the political leadership and structures, it might lead to negative impact on development efforts. It may be said that political context gives strategic opportunities for accomplishment. This political framework necessity is taken into account while studying development activities.

The cultural context also plays a significant role in determining administrative performance. Both goals and methods shall have to be related to these ecological factors. In the words of M.J. Esman, “At both project and programme a stage of action behavior that produces and protects innovation depends on combinations of sanctions and incentives that meet the tests of political and cultural feasibility. Accessible incentives and sanctions are not only individual and economic, but also communal and non-material; the latter especially are derived from indigenous culture and experience”. The point here is that special features of a country prescribe a dissimilar role for its government and administration. It is equally significant to have the economic and sociological understanding of administration in developing countries. The economic and social dimensions of development administration are a part of the process of nation-building and socio-economic progress. The administration makes circumstances for economic development through mobilization and better utilization of possessions on the one hand and through determining the extent and context of training to be given for modernizing labor forces on the other. The importance of social development has also been recognized in the 70s. Several organizations have argued for introducing
programmes and policies and evolving relevant strategies to bring in relation to the change in the minimum standards of living of the people and to ensure human dignity. This is the focus, for instance, of Declaration on Human Rights, Declaration on Social Progress and Development and the New International Economic Order. The emphasis here is on the reduction of poverty, improved delivery of social benefits like education, health, nutrition, transport etc. and removal of socio-economic disparities in the society.

**Basic Needs Approach to Development Administration**

Through the end of 1960s and early 70s, it was experienced that poverty, hunger, squalor, unemployment have been on the rising level despite achievements in the area of economic growth. The role of human factor in development process began to attract the focus of the students of development and development administration. How to give the millions and millions of poor people with the bare minimum of life became a major concern of the scholars as well as the policy makers. Meeting the basic needs of food, clothing and shelter, beside with education and public health became the indicator of development. Therefore development acquired a social and economic meaning throughout the U.N. Second Development Decade (1971-81) instead of economic growth. The concern was obvious for qualitative change rather than mere quantitative one. It was realized through the developmentalists of this period that the GNP (Gross National Product) model has benefited only a small minority of the rich and privileged persons who were already an entrenched class. The need for new economic framework and accordingly a new approach to development administration was felt. The economists like G. Myrdal argued in favour of social and institutional preconditions for progress. This called for the adoption or creation of new strategies as well. A group of scholars from Third World Forum also advanced the new framework of development, more so in the year 1975 when they met at Karachi. The development ideology as has been mentioned through Marc Nefrim was characterized through need orientation, ecological orientation, self-reliance orientation, rural development orientation based on development
and creation of endogenous techniques and institutional structures. The objectives of development were recognized as reduction and removal of poverty, inequality, hunger, squalor, disease, illiteracy, unemployment and malnutrition. Therefore the impact of economic growth occupied central place instead of the augment in the production of goods and services per se. In other words, the problem of increased production was to be seen beside with the problem of distributive justice. The process of efficient and fair/social choices became a matter of analysis for the students and practitioners of Public Administration.

De-bureaucratization and participatory management were regarded as the appropriate strategy to implement this shift. The development of regional, local and sectoral structures was focused upon rather than central organizations. Moreover, rural development became a new management strategy for development. The implication is the design of a strategy to improve the socio-economic circumstances of the life of the rural poor. The key elements of this approach are: satisfaction of the basic needs, augment in production in the agricultural sector, development of labor-rigorous technology for agriculture, providing the services of credit, technological information, marketing facilities and assistance, seeds and fertilizers to the peasants and small and marginal farmers. Though, the problem is to discover an appropriate organizational/administrative model to achieve these goals. Some scholars have suggested the following strategy for development:

- Decentralization and Devolution: Decentralization in administrative language means delegation of authority from the functional department to the regional and local to formulate and implement projects, to allocate funds and to raise possessions. Decentralization is also political when provincial, regional and local governments work under autonomous regions of authority and functions. Devolution of powers and authority implies creation of autonomous administrative institutions and agencies at several stages having freedom to plan and implement development projects and programmes.
- Strengthening of local self governments and creation of intermediary organizations.
- Peoples’ participation in plan formulation and implementation.
- Development of communicational co-ordination and integration channels.
- Removal of negative socio-political circumstances e.g. rural, social and class structures—persistence of dependency-relationship-factional politics.

**The Trends in the 1980s**

The 1980s present a third world view of development administration in which attention has been given to indigenous concepts, methods and theories of development and administration. Arvind Singhal mentions two modern approaches to development (1) pluralistic, recognizing several pathways to development less western in their cultural assumptions. These approaches stress on the new socio-economic goals and strategies. The works of Roger, Korten and Klaus, Bijur, Bryant and White have recognized the following as key elements of the modern approaches to development administration:

- Greater excellencies sharing of development benefits
- Popular participation, knowledge-sharing and empowerment to facilitate self-development efforts through individuals, groups and communities
- Self-reliance and independence in development, emphasizing the local possessions mobilization and use
- The problem of containing the population-augment, and
- Integration of appropriate technology with big modern technologies in order to facilitate development.

Development administration theory today focuses upon the involvement of non-government, voluntary and community organization in the development process and emphasizes localized, decentralized and participative approaches
to development administration. The shifts in development administration theory in the 80s have been very well summarized through Arvind Singhal who sees Learning Process Approach and People-Centered Approach replacing Blue-Print Approach and Production-Centered Approach respectively.

**Blue-Print Approach to Learning-Process Approach**

The conventional development administration theory was concerned with preparing blue-print for administering a development programme. This approach involves designing a specific plan of action in advance for implementing a development project. Lately, this approach was found inappropriate in as distant as it is rigid and closed and, so, unable to respond to the needs of a changing environment. Hence, several scholars prescribe a learning process approach which is not only a relatively open-ended strategy to planned social change, but also involves a cybernetic process through which development administration can adapt themselves to changing environment and incorporate mid-course corrections, based on existing local circumstances. Distinguishing the two approaches, A. Singhal states, “The blue-print approach emphasizes advanced planning for the people. The learning process approach emphasizes planning with the people and doing so throughout the process of administering a development programme.” The philosophy of action-learning repudiates the management theory and lays stress on learning through experiences of each other. The action-learning approach attempts to look at oneself and others approximately oneself and seek solutions rather than look beyond the shares for chosen people to raise them from impoverished circumstances in which they live.

**The Participatory Approach to Development Administration**

This approach is also termed as people-centered approach. The approach stresses upon peoples’ empowerment and promotion of psychological strength so as to enable the people relate themselves with the officials on a partnership
basis. It is based on developing community action through people. The key elements of participatory approach contain:

- Respecting the ideas of employees and the beneficiaries without evaluation or criticism;
- Raising of certain diagnostic questions of what the administrators are doing;
- Stimulating ideas from all stages and acceptance of good ideas for implementation; and
- Latitudinal change through dissimilar methods and close observations and discussions in the middle of officials and the people.

The major theme of participatory or people-centered approach is the growth to capability via equity. It concentrates on the sharing of development benefits economic as well as social. Equity became a primary issue in development plans and programmes. The concern for equity reinforced participation and micro-stage concerns. These concerns focused on direct attack on poverty and rural development. The set of priorities in the people-centered approach, says Esman, comprises:

- An emphasis on reaching large mass of public often in remote areas;
- Developing programmes that are responsive to their very diverse needs, capabilities and preferences;
- Organising the public so that they may interact more effectively with the service-providing agencies of the State;
- Devolution to constituency organization and the fostering of local action capabilities;
- Innovation of appropriate services and practices in support of basic needs strategies, not the plantation of recognized and replicable techniques. Though, it may be mentioned here that some Western administrative methods and practices like record-keeping, monitoring and reporting methods, public information procedures etc. may give useful assistance to programmes oriented to poor masses.
The participatory approach to development administration gives a link flanked by beneficiary needs, programme outputs and the efficacy of the assisting agency. The effective popular involvement in decision-creation and decision-implementation through local skills, knowledge and institutions like local self governmental institutions or voluntary agencies is given importance. The participatory development involves leadership and teamwork, besides sharing of knowledge and possessions flanked by the beneficiaries and the programme officials. The people-centered approach also lays emphasis on sustainability of development programmes and creating opportunities for change. This objective can be achieved through:

- Creating a felt need in the middle of beneficiaries in relation to the efficacy of the programme
- Developing institutions which continually adapt
- Providing (or self-generation) of possessions and
- Building support in the middle of political elites and community groups.

**SCOPE AND SIGNIFICANCE**

**Scope of Development Administration**

The scope of development administration is expanding day through day. Development administration aims at bringing in relation to the political, social, economic and cultural changes through proper planning and programming, development programmes and people’s participation. To achieve development goals the administration constantly interacts with environment. It shapes the environment and is also shaped through it; in this section we would briefly highlight the scope of development administration.

**Development Administration is Culture-Bound**

There is a close link flanked by administration and culture of a country. The culture, gives an operational framework for administration. The administration, it is said, is affected through the political leadership that guides
it and the developmental policies that it implements. It cannot easily or rapidly break absent from the compulsion of historical legacy or the possessions of the economy or the behavior patterns in society. Though, it does not imply that cultural system of a country is static. Rather, both the cultural and administrative systems can change each other. The commitment of administration to the ideology of development and change can definitely usher in cultural change. For that purpose it should also be able to prepare appropriate plans, programmes and projects keeping in view their feasibility, operationally and desirability. Development administration should serve as a steering wheel that directs society to predetermined goals according to the will and skills of the leaders and personnel occupied in the development process. It removes the lag flanked by development necessities and administrative development.

**Wide Spectrum of Development Programmes**

The spectrum of development programmes, the central theme of development administration, is very wide ranging from provision of industrial and infrastructural development programmes to programmes relating to development of agriculture, health, education, communication, social services and social reconstruction (e.g. community development, family planning etc.). Therefore development administration covers a whole gamut of the multifaceted tasks of administration and management of development programmes. It may also be mentioned here that the principle of politics-administration dichotomy cannot be accepted for the purpose of development administration as the formulation of policies and programmes in relation to the development are intrinsically related to their administration. Otherwise, for unsound and vague policies and programmes, the implementing machinery should not be held responsible. The fact, though, is that the people blame administration for its imperfections in or incompetence of administration in implementation of a programme. The source of failure can be policies and plans, administration, management, leaders or people or all taken jointly. Development administration is an effort at homogenizing all these
institutions/agencies occupied with the tasks of development into a unified system.

**Nation-building and Social-welding**

Development administration further involves the tasks of nation-building and social-welding. It is concerned not merely with the function of creation or expansion of “growth structures, (institution/agencies recognized to achieve development) but also to mould social behavior or reconstruct social structures. Several a countries of the third world tend to get affected through traditional and parochial set of social relationships based on kinship, caste, religion and region. These parochial structures need to be broken and an era of modernization is to be inducted into the society putting an end to the patronizing approaches of a traditional culture. Hence, the focus of development administration is on expediting the process of industrialization, urbanization, education and democracy. It is a recognized proposition that developmental policies should identify and strengthen the strategic growth factors.

The aims of development have to be economic growth, technological advancement, equity, justice, removal of unemployment and other social and economic troubles. The social customs or traditions that hamper the development process have to be customized or done absent with. The task of nation-building can only be successful if development activities bring in relation to the social change.

**Planning and Programming**

Several countries of the world both developed and developing have opted for development planning. This type of planning lays emphasis on the proper assessment of possessions, determination of plan priorities, formulation, implementation, monitoring and evaluation of plan with an aim to achieve maximum results with minimum time and cost. Therefore development
administration comprise wide number of activities. These are all-round efforts to realize developmental goals, provision of basic necessities, introduction of social change, reorganization of societal structures and functions, involvement of people as the ends as well as means of development and emphasis on planned growth. Scope of development administration is vast and varied in developing countries like India. In fact, the very survival of the government programmes depends on the efficiency of the development administration to implement, monitor and evaluate them. It also stresses that planning should take note of the linkage flanked by ‘economic development normative’ and ‘geo-social ositives’.

In other words, plans and planning process has to relate a country’s economic needs with its administrative and managerial capability, if they are not to be reduced to a stage of mere propaganda. Programming is yet another significant component of development administration. Programming is that process which throws out knowledge in relation to the gaps in information or skills needed and the groups of people who have the necessary willingness to take initiative. People’s resistance to change, it is whispered can be easily overcome through a proper method or improved communication technology. A few words here in relation to decentralized and decentralized planning are also called for. Centralized planning may be defined as an act of working out the priorities and the pattern of programmes and schemes as related to content, staff, finance, institutional arrangements, locations and beneficiaries at the Central and state stages. This practice is favored in the name of administrative efficiency, effective supervision, avoidance of wastage and uniform assessment of performance. Though, development administrators lay emphasis on decentralized planning or what we call planning from below. They point out several advantages of such a development strategy. In the first place, it is possible to adapt or adjust possessions to local needs. It can even create best use of locally accessible natural and human possessions leading too much saving of national possessions. Secondly, centralized planning provides a feeling of an imposed programme and policy planning and, so, does lack in evolving commensurate enthusiasm or involvement of the local community leading to low performance in conditions of plan-implementation. Moreover,
it leads to bureaucratization of the whole planning process, beginning from its formulation to its implementation. Thirdly, decentralized planning helps the local administrators and communities to grow into self-reliant, self-governing units with regard to plan formulation and mobilization of local possessions in order to meet the demands of plan implementation. All matters of local importance may be left to the local-self governments and local people. Initially, for this purpose, the local bodies may be assisted both in conditions of provision of adequate funds (in case they lack them) and also trained manpower in the area of planning. This process will introduce an element of flexibility in administrative technology which is an underlying philosophy of development administration. Therefore through planning and programming development goals can be realized to an adequate extent.

Development Administration and Ecology

Administration works under the constitutional, political and legal framework. It points out the fact that not only the adoption of foreign know-how may be hard in a country, but also that even the best technological assistance from abroad may not yield the desired results in the recipient country. The sociocultural economic and political milieu may not be ready to assimilate the values and innovations applied in advanced countries. This reality was very well brought out through the students of comparative administration throughout the 60s. In other words, development administration is ecological in nature. It affects the environment approximately it and in turn is affected through it.

Development administration, as we read in Unit 1 also, cannot survive in a vacuum, it has to change in accordance with the changing political, economic, social and cultural scenario. It affects the environment and is in turn affected through it. No growth model, no sophisticated technology, no developed schemes can be planted on a developing system blindly. A system has to be ready to receive the change. The change has to be appropriate to its circumstances.
Development Administration is Organic

Development administration, it is argued, cannot be conceived and operated as a machine made of nuts and bolts. As development programme envelops and affects every aspect of life and activity in society, administration for development necessity be conceived and approached as sub-culture within a major-culture and with same responsibility to make a new culture appropriate for the times dominated through science and technology, urbanization and material comforts. Technology affects and is affected through administration. This approach suggests a systematic study of development administration. Human element shapes a significant part of development administration. Development Administration comprises human beings at all stages. Planners seek to achieve development goals with the help of people. People’s participation is required at the time of determination of priorities for plans, formulation of plans. The thought is to reach as several people as possible. Therefore development administration is organic, it does not work like a machine following set rules and regulations and working in a predictable and routine manner. Though a proper and systematic planning process is an essential component of development administration, it does not have to rigidly adhere to the process.

The above discussion stresses the fact that the determination and realization of development goals to a large extent depends on a systematic planning process. In India, through the help of Five Year Plans, we fix up plan priorities in conditions of goals to be achieved and determine the methods and means for realizing them. The objective of planning has to be fixation of priorities/goals, assessment of accessible possessions, augmenting scarce possessions, determination of machinery to carry out plans and monitoring and evaluation of plans. In India, we have the Planning Commission, National Development Council, State Planning and District Planning Cells to undertake the task of comprehensive planning. Planning is badly needed at the grassroots stage in order to secure people’s support.
The Ideals of Development Administration

Development administration, as has been made clear several times, is not merely interested in economic growth. Rather, its objective is economic growth with social justice. It works for the purposes of a social order based on the principles of equity, justice, freedom, offering equal opportunities to all. The fact is that all “major decisions concerning production, sharing, consumption and investment and all other significant socio-economic relationships necessity are made through the agencies committed to social purposes”. It works on the premise that wealth and income should be equitably distributed in the middle of several people of the society. The philosophy of development administration is that “the benefits of economic development necessity accrue more and more to the relatively less privileged classes of society and there should be progressive reduction of the concentration of income, wealth and economic power. Though, the methods and approaches to bring in relation to this changed process necessity are compatible and effective within the environment in which change necessity take place.

Institution-building

The tasks of development administration are not confined only to the formulation of plans, policies, programmes and projects, but it also comprises creation of appropriate institutions to accomplish the objectives of development. The term institution means planning, organizing, implementing and evaluating, through well intended structures. In the words of Donald C. Stone, “we use this term to identify the process involved in moving from an objective to be accomplished to the actual creation of the organization, service system, new practices or relationships which evidence that change has actually taken place. This may be a school, a panchayat, water sharing system, or any type of organised efforts that requires acceptance and response.” A dissimilar set of organizational values and constructs are so necessary to tackle the tasks of development administration, In India our experiments with development
administration have been in the form of Community Development Programme, Panchayati Raj Institutions, Anti-poverty programmes, district stage and block stage planning etc. In the process several institutions such as Zilla Parishads, Panchayat Samitis, Gram Panchayats, Municipal Corporations, District Rural Development Agencies, Rural Development Banks, and State Planning Cells etc. have come up. These institutions are involved in development activities and so are certain functionaries like the Block Development Officer, Village Stage Workers etc.

**Administrative Development**

The administrative aspect of planning and development in conditions of building up adequate administrative capability and capability is another integral part of development administration. In order to create administration a ‘perfect instrument’ of development, the changes in structures, attitudes, skills and behavior of administrative organizations are taken as essentials. For these purposes, a proper arrangement for training of administrators occupied in the task of socio-economic and cultural transformation of the society is called for. In sum, it is concerned with creating in administration a sense of dynamism, flexibility, democracy, responsiveness, imagination and innovativeness. It aims at creating a people-centered administration replacing the colonial attitudes of authoritarianism and rigidity. The thought is to bring the administration closer to the people, to create the administration responsive to the people and to create the people an integral part of administration. As you have read in the previous unit development of administrative capability and capability to carry out administrative programmes is a necessity for development of administration. Another aspect of administrative development is related to simplification of procedures and techniques of work so as to create them comprehensible and accessible to the people who are mainly ignorant and illiterate. Administrative development aims at building a new generation of men and women trained and motivated to operate a modern society.
**Communication**

Communication has become a watchword for development. It assumed more importance because new ideas are introduced into a social system committed to bring in relation to the social change. In order to produce higher per capita income and stages of living through more modern production methods and improved social organizations, the patterns of communication acquire added significance. It would be hard to achieve developmental goals without an effective communication network. It is through the process of communication that transmission of information, decisions and directives in the middle of factors takes place and knowledge, opinions and attitudes are shaped or customized. In the words of Pfiffner and Presthus, “administration can be viewed as a configuration of communication patterns relating individuals and collectivities (groups) of varying sizes, shapes and degrees of cohesion and stability”. Though, communication, for the purposes of development administration, may mean mainly development communication i.e. communication of messages related to all characteristics of development programmes. Moreover, communication, an integral component of development administration, is both vertical and horizontal in addition to being formal and informal or written and oral one. The process of communication promotes the elements of personalized relationship which is a significant plank of development administration.

**Participatory Development**

The concept of development administration is based on the premise that people have an immense capability to contribute to development. That is why a renewed stress is laid on the need to involve people more actively in all stages of development planning, implementation, controlling and evaluation. Participatory development implies development of the people through the people. The success of policies, programmes and projects depends to a larger degree on the success in obtaining more and more participation of the beneficiaries in development process.
In other words, the focus of development administration is on seeking people’s involvement at all the stages of development. The voluntary associations, interest groups, pressure groups and beneficiary organizations are encouraged to participate in both plan formulation and execution. This is so because the governmental agencies involved in the task of progressive mobilization of the society alone may not prove to be appropriate instruments for the job. Though, the concept of popular participation in development appeared in more developed countries, the societies of the third world have also perceived its relevance for achieving fast rate of development. The implication of all this reference is that participatory development process is the key factor in development administration because it is the only method qualitative development can take place.

Our centrally sponsored schemes for rural development and poverty eradication (NREP, TRYSEM, IRDP etc.) have not been much of a success. The lack of success is not due to faulty premises underlying the schemes but the fact that we have not been able to involve people in the formulation, implementation and evaluation of these schemes to a needed extent. These programmes have been in a method imposed on rural people without taking into due consideration their necessities and needs. The suitability of a scheme in a scrupulous area has also been overlooked. The emphasis has been on completing targets rather than actually helping people. To provide an instance, TRYSEM (Training Rural Youth for Self Employment) has been introduced in areas where people are more inclined towards wage employment. No development programme can achieve its targets if it does not keep in view the needs of the people, the beneficiaries and all those affected. Development programmes necessity also tries to satisfy the basic needs of people such as food, shelter, clothing and health.

**Development Administration as a Process**

Development administration is also a process which involves, as mentioned through J. Khosla, four crucial elements: (1) Development goals
and their feasibility (2) Development policies and programmes (3) Organizational logistics and personnel to implement these programmes, and (4) end results.

This dimension of development administration further stresses on (a) ‘treating administration as one of the possessions in the planning process; (b) working out in operational conditions the administrative necessities of each developmental programme or activity; (c) formulating a clear cut scheme of priorities as flanked by the dissimilar developmental goals and objectives; and (d) designing an effective strategy of implementation’. Therefore development follows a proper plan procedure.

**Co-ordination**

As we read in the previous unit also, co-ordination is a basic component of development administration. It is taken as a means for planned change. Development administration has to establish co-operation and co-ordination at several stages of governmental organizations and functioning. According to V.A. Pai Panandikar, “the key formula of development administration could be expressed in the initial letters of co-ordination of possessions through organization of personnel and procedures i.e. CROPP (Co-ordination, Possessions, Organization, Personnel and Procedures). In development administration it is the key factor because scarce possessions seldom permit overlapping or wastages without serious damages to developmental pace and process”. Alternatively, development administration focuses on ‘management of scarcities’ or ‘optimizing opportunities’, through better coordination and utilization of resource inputs. There is no area of development where co-ordination i.e. structured formal co-operation and cultivated informal co-operation does not permit and determine the tone and tempo of development. Indeed, success in development administration could be measured through the degree of coherence and coordination achieved in administration.
Significance of Development Administration

We have seen in the foregoing discussion how the concept of development administration has served as a means of comprehensive analysis of the troubles of development and the necessary requisites to meet these challenges. The emphasis on a multitude of dimensions of development and the administrative inputs in conditions of skills, attitudes, behavior and structure required have clearly added to the understanding of the multi-disciplinary linkages of change and development. The sub-discipline of development administration has been able to draw the attention of the scholars of Public Administration as well as its practitioners to the fact that the western models and concepts of Public Administration may not be wholly applicable in the context of the countries of the third world. Since the nature of the troubles of these countries is dissimilar from the ones in developed countries, it requires a dissimilar set of administrative answers too.

The emphasis of development administration on the ecology of administration has not only brought to light the need for synchronization of political, economic and sociocultural characteristics of development, but also the vivid contextual character of development administration. It lays stress on developing indigenous administrative means, procedures, methods and techniques to meet multifaceted challenges thrown through the pressing demands from the ‘new environment’ upon the State. The State also has to give leadership to improve standards of societal living.

Development administration, further, calls for new perspectives, insights and understanding. It promotes democratic spirit in administration and comprises people’s participation in the management of developmental affairs and processes of social change as a technique. Newness in thought, action, organization and behavior is the crux of development administration. It calls for higher standards of group performance, inter-group collaborations and participative management. A high degree of achievement-motivation and a continuing innovation of organization to meet environmental change and
internal needs are also called for.

The study of development administration creates it explicitly clear that politics-administration dichotomy is a myth and in an era of expanding science and technology, knowledge explosion, the clear functional demarcation flanked by politics and administration is neither desirable nor possible. It may be mentioned here that development administration has served as a useful construct to explore the dynamics of change and administration in the developing countries of the third world. It is a fact that administration has fallen short of development aspirations. Development administration seeks to fill the gap flanked by developmental needs and administrative responses. It also seeks to lay its hand on certain common themes in the area of administration and environment of dissimilar countries. Hence, it is a move towards contributing to development organization theory.

**DEVELOPMENT ADMINISTRATION: CONCEPT AND MEANING**

**Meaning of Development Administration**

There is no uniform definition of development administration which is agreeable to all. But we can at least arrive at certain basic characteristics and features of order to understand the concept of development administration; we should try to understand the meaning of the concept viz., administration of development and development of administration.

**Administration of Development**

Development is integral to the aims and activities of the government especially in the developing countries. Because of paucity of possessions, human and material in their countries, the need for creation optimum utilization of accessible means and augmenting new means assumes a great importance. Development administration therefore becomes a means through
which the government: brings quantitative and qualitative changes in an economy. Government is occupied in not only fixing priorities but also creation efforts to realize them. Though Weidner is said to be the first to conceptually explain the definition of development administration, several other scholars, like Riggs, Ferrel Heady, Montgomery, Gant, Pai Panandikar have attempted to describe the term in their own methods. Though, before we analyze the dissimilar definitions and meanings of the term, it should be mentioned that all of them agree that development administration is an effort towards planned transformation of the economy involving not only the sphere of administration but also formulation of policies and indeed the society as a whole. It is an effort at the synchronization of changes in all spheres of development—economic, political, social and cultural. Therefore development is not only viewed in conditions of growth process, but it comprises a process of social change.

The State plays a leading role in bringing in relation to the development through its administrative system. In order to discharge this role it requires a separate type of support through administration which involves, as has been observed through Swerdlow, special understanding of troubles in the developing countries. These necessity be perceptible at dissimilar operative stages i.e., officials necessity create enough dissimilar decisions, adopt enough dissimilar policies and engage in enough dissimilar activities to warrant the dissimilar designations of development administration. Therefore development administration is simply termed as an action or functioning part of the government administration. It is action-oriented and places the administration at the centre in order to facilitate the attainment of development objectives.

For Harry J. Friedman development administration means:

- The implementation of programmes intended to bring in relation to the modernity (i.e. socio-economic progress and nation-building), and
- The changes within the administrative system which augment its capability to implement the programmes. According to Hahn Been lee, development administration is involved in managing a government or an agency so that it acquires an rising capability to adapt to and act
upon new and continuing social changes with a view to achieve sustained growth. Gant observed that development administration is “that aspect of Public Administration in which focus of attention is on organising and administering public agencies in such a method. As to stimulate and facilitate defined programmes of social and economic progress. It has the purpose of creation change attractive and possible.” Therefore development administration involves two elements:

- The bureaucratic process that initiates and facilitates socio-economic progress through creation the optimum use of talents and expertise accessible; and
- Mobilization of administrative skills so as to speed up the development process.

Development administration concentrates on the needs and desires of the people, it is concerned with formulation of plans, programmes, policies and projects and their implementation. It plays a central role in carrying out planned change i.e. it is concerned with planning, co-ordination, control, monitoring and evaluation of plans and programmes. It is not only concerned with the application of policies as determined through the political representatives in existing situation but also with introducing efforts to modify existing situations so as to serve the cause of the masses. The administration of development implies:

- The execution of programmes intended to bring in relation to the progressive improvement
- The changes within an administrative system which increases its capability to implement such programmes. In brief, administration of development involves the following objectives:
  - Application of innovative strategies for development
  - Emphasis on development at the grassroots stage. Development has to be a need-oriented and self-reliant process
  - Stress on social development and human capital as a major resource
- Development has to be viewed not merely as a technological problem but also as an ideological norm
- Profound and rapid change in order to establish a separate and just social order
- Recognizing and highlighting the unity, rather than dichotomy flanked by politics and administration
- Effective and efficient use of scarce possessions
- Creation of a politics-administrative environment which is oriented towards securing basic needs of the population
- Freedom of administrative machinery to express its values and beliefs without fear or favour on programmes and projects.

**Development of Administration or Administrative Development**

Development Administration has to be efficient and effective. For that purpose it has to aim at enlargement of administrative capabilities and structural and behavioral change. It is this aspect of administration that is called administrative development or development of administration. In simple conditions it means development of administrative system, of administrative health through introducing administrative rationalization and institution building. The purpose implicit in this concept is not merely changing the administrative procedures and channels but also bringing out fundamental change in administration that leads to:

- Political development,
- Economic growth, and
- Social change.

The administration should evolve so as to commensurate with societal goals. Development of administration further means cultural change in administration. The colonial administrative culture is unsuitable to the changed socio-political ethos of the developing world. Our British legacy has adversely affected the administration. The obsolete Acts e.g. Police Act, 1861, cannot take us towards the path of change. Development of administration
should refer to the creation of skill to adjust to new stimuli or changes. The development of administration aims at qualitative and quantitative transformations in administration with an eye on the performance of management of affairs. The term also implies technological changes in administration so as to enable it to adopt new manners or techniques of administration. Therefore administrative development focuses on adaptability, autonomy and coherence in administration. In short, administrative development is concerned with:

- The capability of an administrative system to take decisions in order to meet the ever rising demands coming from the environment and with the objective of achieving larger political and socio-economic goals.
- Augment in size, in specialization and division of tasks and in the professionalization of its personnel.
- A pattern of rising effectiveness in the optimum utilization of accessible means and further augmentation of the means, if necessary.
- Augment in administrative capability and capability.
- Transformation of existing administrative mechanism into new machinery through modernizing the bureaucracy through external inducement, transfer of technology and training.
- Replacement of initiative, practices etc. with those based on realistic needs.
- Reducing the dependence on foreign experts through producing adequate trained manpower.
- Promotion of development initiative.
- Administrative reorganization and rationalization.
- Creation modernization culturally related.
- Removing or reducing bureaucratic immobility and widespread corruption.
- Reorientation of recognized agencies, and the delegation of administrative powers to them.
- Creation of administrators who can give leadership in stimulating and supporting programmes of social and economic improvement.
The meaning and importance of administrative development as an ingredient of development administration has been well summed up through Caiden in the following words, “Administrative reform is an essential ingredient of development in any country, irrespective of the speed and direction of change. Administrative capability becomes increasingly significant in the implementation of new policies, plans and ideas. The improvements in administrative capability may involve the removal of environmental obstacles, structural alternatives in traditional and innovatory institutions bureaucratically organised or otherwise. This would also necessitate changing individual and group attitudes and performance.” The behavior pattern of bureaucrats is as crucial to development administration as the institutions and structures. The purpose of development of administration is to remove the administrative lag which seriously handicaps governments in planning and executing co-ordinate programmes of economic and social reforms.

The predominant concern of development administration is to design and administer such development programmes which meet the developmental objectives. It is the administration geared to the task of achieving certain clear-cut and specified objectives and goals expressed in operational conditions. Therefore development administration is defined as a process of action motivated through and oriented to the achievement of certain predetermined goals. Actually administration of development and development of administration are interrelated concepts. Both are dependent on each other. Administration of development is as significant as development of administration. To achieve development goals it is essential that there is proper assessment of possessions, proper plan formulation, evaluation and implementation, adequate involvement of people, emphasis on technological change and self-reliance. At the same time we also need developed bureaucracy, integrity in administration, initiative, innovativeness, delegation of powers, decentralized decision-creation etc. Administrative development cannot take place without administrative change and reform. Both the
concepts support each other and development of administration is needed for administration of development. As per F. Riggs ‘development administration’ and ‘administrative development’ have a chicken and egg type of relationship. Superiority of one concept in excess of the other cannot be recognized.

**Variation Flanked by Traditional Administration and Development Administration**

Several scholars like George Gant, Ferrel Heady and others have sought to conceptualize development administration as dissimilar from traditional administration. They explain that these two types of administration differ from each other in conditions of purpose, structure and organization, attitudes and behavior, capabilities, techniques and methods. This is the implicit meaning of the observation of John Gunnel who says, “The rising shift of development scenario requires increased diversification and specialization of knowledge and skills and high stage of managerial skill for integrative co-ordination. To quicken the pace of development there is an additional need for a new breed of administrators of superior caliber and vision with a passion for achieving results and of those who can take risks and introduce innovations. There is a rising need to have heightened sensitivity to the welfare of the poor sections and greater responsiveness to the political process.” It follows that development administration has to have dissimilar characteristics and should be based on dissimilar requisites than the traditional or law and order or general administration. The distinction flanked by the traditional and development administration has been presented through S.P. Verma and S.K. Sharma as follows:

Traditional administration has been visualized as one concerned with fulfilling all the legal necessities of governmental operations and maintenance of social stability. In the main, this type of administration confines itself to the maintenance of law and order, collection of revenues and regulation of national life in accordance with the statutory necessities. The assumption
behind the differentiation flanked by development administration and traditional administration is that administration in newly emergent nations necessity switch totally from law and order values to developmental values. Therefore the qualitative goals of development administration i.e. planning for the people, with people’s support and co-operation distinguishes it from the quantitative goals of Public Administration i.e. implementing rules. Another point that distinguishes development administration as a separate identity is that “it is not a closed system; the linkages with experts, relationships with the grassroots stage and with the people is more significant than Central structures. Though there are technical and behavioral techniques common to all shapes of management, in development administration, external relations have to be optimized before possessions can be focused on limited incremental goals. Development administration is concerned with attitudes and processes rather than procedures and structures.” Though, there are scholars, like W. Wood, who do not favour separation or division of administration into such separate categories. Wood objects to such dichotomization on the grounds that:

- The division of government servants into developers and non-developers might result in the loss of esteem to one and gain in excess of-importance to the others.
- This would demoralize administration the possibility of innovation and new design is neglected
- There is insufficient analysis of the term development in that, on the one hand, it is treated as an extension of the ‘supposed’ law and order and revenue collecting State and on the other, it appears to have a special relationship with independence and POST-colonization. The commonness of the two could also be observed from the following facts as presented through V.A. Pai Panandikar:
  - The prevailing structure of general administration has a decisive power on the strength and weakness of development administration.
o Both have a common source of authority within the structure of the government, for instance, a Cabinet responsible to a legislature.

o A number of key officials, like divisional commissioner, and district collector, combine general and developmental functions.

o Citizen sees and judges as a whole the acts of administration, drawing no fine distinction flanked by general and development administration.

The differences of views on the question of dichotomy still persist leading to an inconclusive debate. Though, it may be maintained that the administration for fulfilling the developmental tasks needs to be exclusively studied and explained. The creation of new and separate development agencies and organizations is a further pointer to the rising incapability of the law and order function and revenue collecting administration. That is why in some states in India an effort has been made to vest the office of deputy development commissioner or district development officer with only the development administration. That development administration is not synonymous with Public Administration is pointed out through Gant in the following words:

- “Development administration is distinguished from, although not independent of, other characteristics and concerns of Public Administration. Certainly, the maintenance of law and order is a prime function of government and is basic to development, although it precedes and is not usually encompassed within that definition of development administration. Likewise, the provision of essential communications and educational facilities and the maintenance of judicial and diplomatic systems would have an impact on but not be an integral part of development administration.”
Therefore a rigid distinction cannot be made flanked by traditional and development administration. The traditional functions of maintenance of law and order are also basic to development. Development administration has assumed the responsibility of formulating and implementing several development and welfare functions because of rising complexities of administration and aspirations of people. These functions are not absolutely separate from traditional functions. In fact maintenance of law and order, and security is a precondition for an economy to undertake developmental tasks. But as development administration is wider, broader, participative, innovative and change-oriented, the traditional administration has to make the circumstances for the effective working of development administration.

**Genesis of Development Administration**

When India gained Independence from the British rule, we were confronted with the troubles of unemployment, poverty, squalor, hunger and disease. We were short of material and human possessions and our progress in industrial and agricultural fields was also nominal. Moreover, the private entrepreneurs were not ready to take up the tasks of development in a full-fledged manner. Therefore the State had to shoulder the responsibility of bringing in relation to the systematic development through a process of comprehensive and uniform planning. This led to an augment in the functions of State. Our planners set before them the goals of achieving modernization industrialization, self-reliance, social justice and economic growth. (These goals of development will be dealt in detail in Unit 8 of the after that Block.) It was realized that the western concept of development and the methods to achieve development could not be applied to developing countries like India. The western countries had already achieved a certain stage of development, had a strong bureaucracy, their troubles were dissimilar and their possessions were abundant. The western models of development were not conducive to the social, economic, political and cultural milieu of countries like India. Therefore a dissimilar type of administrative system appropriate for the needs of third world countries was thought of. This model saw administrative system
as a part of a larger socio-economic and political system and recognized a
certain definite relationship flanked by the environment and administration.
Development was seen as an overall development, development in industrial,
agricultural, technological, social, cultural and political fields. Therefore a
new concept of development administration came into being with emphasis on
people’s participation and support and planned change.

The Technical Assistance Programmes under the Marshall Plan and New
Deal Programme of Roosevelt failed to create an impact on the administration
of third world nations. The realities of third world called for the adoption and
execution of new approaches of change. This realization led to the emergence
of the concept of development administration. The demands of equity and
justice called for renewed efforts to understand and describe development as it
was relevant to third world countries. Hence, development came to be defined
as a holistic term inclusive of all elements—economic, social, cultural and
political. Therefore it was defined as a process, the aim of which was not only
confined to economic development but on in excess of all welfare activities.
This changed the meaning of development and introduced a new thinking in
relation to the methods and techniques to be applied for bringing in relation to
the development. For instance, it was emphasized that to achieve the
developmental goals, the poor or developing nations should concentrate on
their own internal possessions, administrative mechanism and technology.
Therefore dependence on the developed world was sought to be reduced or
discarded and indigenous system was to be developed in which people would
participate in the developmental process. Hence, mere insistence on the lack of
infrastructure, industrialization, education and modernization etc. for the
prevailing situation in the developing countries was held only partially valid.
Emphasis came to be laid on associating people with developmental tasks and
provision of basic needs for all. Conceptually, so, development administration
rests upon the discovery that the administrative practices and structures are not
and should not be the same in all the countries. These factors can be termed as
environment or ecology of Public Administration. So, to bring in relation to
the development the State carries on its role of a change agent through its
administrative machinery. In fact, it is the administration which is to be an instrument of development. It is the administration that carries the services to the doorsteps of the people. The eradication of poverty, unemployment, ignorance and the like is impossible without an active and determined role performance through the administration.

This leads us to a significant question, whether the administrative systems of newly emergent nations of Asia, Africa and Latin America are adequate to meet the developmental challenges facing these societies or not? Several people whispered that the old administrative system was unable to cope up with the stupendous task of meeting the development needs and aspirations of the people who were subjected to discrimination, deprivation, exploitation and in humanization for decades. The colonial type of administration was appropriate neither structurally nor behaviorally to the changing environment of these polities. Hence, the politicians, the administrators and the scholars thought alike to approach the troubles of Public Administration from a dissimilar aspect. They coined a new concept of Public Administration recognized as ‘development administration’. The emphasis shifted from the steel-frame to open structure, from maintenance of law and order to provision of basic amenities for all and general welfare. The objective was to emphasize on administrative ethos the purpose of which was to usher in, form and direct development and change. Therefore development became the central theme for analyzing the role of Public Administration.

The end-objective of a separate focuses on development administration; says Edward Weidner, the architect of the concept, is to “relate dissimilar administrative roles, practices, organizational arrangements and procedures to the maximizing of development objectives.” Ramesh K. Arora shares the same view when he says that the concept is intended to study how Public Administration in dissimilar ecological settings operates and changes in order to achieve a set of social goals. The administration is a tool to achieve the object of “change that is desirable and broadly predicted or planned. It means development administration is concerned with rising skill of human societies
to form their physical, human and cultural environments.” Therefore the main thrust of development administration is on directional change and on Public Administration as a mechanism for promoting and guiding modernization and economic development. The aim of the governmental tasks was the rationalization of economic life, expansion of modern centers, stability, security, democracy, industrialization and gradual penetration into the traditional institutions of the rural margin through the State bureaucracy. The concept of development administration came in vogue because of the shift of emphasis from mere maintenance of order in the society to enhanced responsibilities of development not only in conditions of growth but also in conditions of human development. This shift presupposes administration to be the prime mover and energizer of this process of achieving the goals of welfare and well-being of the common masses.

To sum up, in the words of Caiden, “It (Development Administration) is grounded in normative concepts—that development is desirable; that development can be planned, directed or controlled in some method through administrative systems, that improvements in excellence and quantity of societal products is desirable; that obstacles to development can be overcome, and that macro troubles handicapping societal progress can be solved. Because the circumstances of mankind are so obvious, so real and so compelling, development administration is also grounded in reality—the practical solution of human troubles, the nitty-gritty of Public Administration, the real world of people, the practitioners domain.” Therefore the manifest objective underlying the notion of development administration is to introduce modernization through augmented socio-economic change qualitatively and quantitatively.

**Characteristics of Development Administration**

There are certain separate characteristics of development administration. We would now discuss them briefly:
**Change Orientation**

The first and foremost element of development administration is its change orientation. Change shapes part of philosophic values of development administration. Development administration involves itself in establishing a new social order in which growth and distributive justice co-exist. For Pai Panandikar the central theme of development administration is socio-economic and political change. Development administration cannot be status-quo oriented. No development can take place unless and until it introduces certain positive changes in a system. Changes such as structural reorganization of administration, innovative programme to augment production, remove unemployment, poverty etc., and new schemes to improve employer-employee relations necessity form a part, of development administration.

**Goal Orientation**

Developing countries are facing the troubles of poverty, squalor, injustice, unequal sharing of wealth, lopsided agricultural growth, underdeveloped technology etc. These colossal issues need to be tackled systematically through fixation of priorities and goals. Development administration is the means through which the goals of development viz., social justice, modernization, industrialization and economic growth can be achieved.

**Innovative Administration**

Development administration focuses on replacing/improving the existing governing structures and norms with the ones that suit the changing political and social environment. In other words development administration is one that is dynamic and progressive in thought and action. It is interested in identifying and applying new structures, methods, procedures, techniques, policies, planning projects and programmes so that the objectives and goals of development are achieved with minimum possible possessions and time. India, for instance, has experimented with several new institutions and procedures which can be termed as the hallmarks of development administration. We have
introduced several development programmes like IRDP (Integrated Rural Development Programme), TRYSEM (Training Rural Youth for Self Employment), NREP (National Rural Employment Programme), DWACRA (Development of Women and Children in Rural Areas), and Tribal Development Programmes etc. These programmes broadly aim at removal of unemployment, creation of job opportunities and reduction of poverty. These programmes will be discussed in detail in Block 4 of this course. We have also recognized some development agencies like the District Rural Development Agency, District Planning Cells, State Planning Boards, and Co-operatives etc. Therefore development administration has to be innovative enough in order to realize the predetermined objectives of development. In fact, innovative and creative administration leads to speedy realization of goals.

**Client-Oriented Administration**

Development administration is positively oriented towards meeting the needs of the specific target groups, like small and marginal farmers of landless agricultural laborers and rural artisans in India. The socio-cultural and politico-economic progress of these sections shapes the essential basis of performance appraisal of development administrators. Several target groups centered or beneficiary-group oriented organizations have to be created so as to give these under-privileged sections the requisite goods and services. It has been suggested that development administration is ‘people-oriented’ administration which provides priority to the needs of its beneficiaries through preparing, reviewing and, if necessary, changing the programmes, policies and activities aimed at the satisfaction of the needs of people in question. The administration is involved in the betterment of the lot of the deprived and the weak. Their enlistment becomes a part of the whole administrative ethos.

This is possible if the people of initiative, extra- dedication and perseverance are inducted into the development administrative structures. Training of personnel can be one effective method of creating such a team. Development administrators should not just formulate plans for the people but
even monitor them in such a method that the beneficiaries are actually benefited.

**Participation-Oriented Administration**

Development administration accepts for its purposes the principle of associative and participative system of administration. Here, people are not treated as mere passive recipients of benefits or goods and services. They are taken as active participants in the formulation and execution of development plans, policies and programmes. It is recognized that centralized administration will not only be unable to take cognizance of local troubles in a realistic frame, but it would also be deprived of the use of local initiatives, energies and possessions. Hence, effective formulation of programmes and their implementation with the help and association of the local people is now a well recognized principle of administration. It involves giving people a rising share in the governance and management of developmental affairs of the government. That is why the involvement of Panchayati Raj institutions in planning and administration has found renewed support in the development strategy of India.

**Effective Co-ordination**

Since development implies rising specialization and professionalization, the number of agencies and organizations involved in development tasks has considerably gone up. In order to have the maximum benefit of this emergent administrative system, co-ordination flanked by several administrative units and activities is essential. To achieve maximum results, wastage of possessions, time and cost has to be avoided. Development administration has to co-ordinate the activities of development agencies and organizations to integrate their efforts and energies for the realization of development goals. This would even save the administration from the troubles of duplication of functions, neglect of significant functions and unnecessary focus on irrelevant or marginally relevant activities. It would therefore minimize administrative
Ecological Perspective

Development administration shapes the environment—political, social and economic and also gets affected through it in turn. It is not a closed system. It receives a feedback from the social system and responds to the demands put on it through the system. In a method, development administration is related to the environment and involves close interaction flanked by the administration and environment. The environment sets forth the operative parameters of development administration. It requires the qualities of flexibility and responsiveness in administrative actions and methods. The changes in administration affect its environment and changes in environment also have its bearing on administration.

REVIEW QUESTIONS

- Describe the functions of the Planning Commission.
- Mention the objectives and strategies of planning in India.
- Discuss the objectives of land reforms programmes in India?
- Explain several approaches to the study of development administration.
- Discuss the recent trends in the theory and practice of development administration.
- Explain the importance of development administration.
- Explain distinguish flanked by traditional and development administration.
CHAPTER 2
DEVELOPMENT STRATEGY AND PLANNING

STRUCTURE

- Learning objectives
- Goals of development
- Role of planning
- Mixed economy model and its rationale and significance
- India’s socio-economic profile at independence
- Review questions

LEARNING OBJECTIVES

After reading this unit you should be able to:

- State the goals of development in the country,
- Highlight the troubles and loopholes hampering the proper achievement of development goals,
- Analyze the nature of planning in the India,
- Discuss the meaning of mixed economy,
- Highlight the significance of mixed economy in India,
- Discuss the economic and social circumstances prevailing in India throughout the British rule, and
- Highlight the nature of our colonial legacy.

GOALS OF DEVELOPMENT

Concept of Development

Before analyzing the several goals of development, it is essential to know the meaning of the term ‘development’. Though the concept of development has been highlighted in unit 1 of block 1, it is necessary to bring out the relationship flanked by development and growth. Development is a hard concept to describe, usually speaking, it means moving to the after that stage of condition which is better. According to Hahn-Been-Lee “Development is a
process of acquiring a sustained growth of a system’s capability to cope with new, continuous changes toward the achievement of progressive political, economic and social changes”. Development means change plus growth. According to Gerald M. Meier, the definition that would gain wide approval is one that defines economic development as the process whereby the real per capita income of a country increases in excess of a long period of time, subject to the stipulation that the number below an “absolute poverty line” does not augment, and that the sharing of income does not become more unequal.

The term development should not be equated with the term growth. Though growth is a pre-condition to development, mere growth of an economy does not create it a developed economy. Charles P. Kindle Berger rightly asserts that economic growth merely refers to a rise in output whereas economic development implies changes in technical and institutional organization of production as well as in distributive pattern of income. Compared to the objective of development, economic growth is easy to realize. Through mobilizing larger possessions and raising their productivity, output stage can be raised. The process of development is distant more extensive. Separately from a rise in output, it involves changes in the composition of output as well as shift in the allocation of productive possessions so as to ensure social justice. In some countries, the process of economic growth has been accompanied through economic development. This, though, is not necessary. Though development without growth is inconceivable, growth without development is possible.

In India, the planners realized the fact that the concept of development necessity incorporates the following elements:

- Economic growth cannot be equated with development In fact there is no guarantee that growth of investment capital formation, industries and national income would through themselves bring in relation to the overall development which would lead to better lives for the poor. Hence development necessity is viewed in its totality as one single,
unified concept incorporating social, political, cultural and economic dimensions.

- Social justice is basic to development
- Development has to be a participative exercise and not one in which a select minority of the elite controls and directs the process of development
- Self-reliance is an integral part of development it means that the developing countries should be able to participate in the development process on the basis of full Excellencies international relations for the mutual benefit of all concerned.
- Due to scarcity of natural possessions, it is essential that the pursuit of growth should lead to neither excessive nor imbalanced use of those possessions in order to maintain their natural balance.

These characteristics of development have been given due emphasis in our Five Year Plans. The after that section would deal with these characteristics.

**Development Goals in India**

Growth and development continue to control the public policies of both the developed and developing countries. Everywhere, the communal efforts of the state are given a role in development, which varies qualitatively and quantitatively in the middle of dissimilar countries. This depends on a number of factors, the most significant being the objective or the goal of development. It means that there is a dissimilar understanding of the concept of development in dissimilar countries. These differences relate to the diversity and diversity of goals of development adopted through dissimilar countries. The differences in the objectives of development reflect the differences in the circumstances and approaches of dissimilar countries depending on their history, natural circumstances, political and social system, place in the world community and values. The concept of development in India is also dependent upon the goals of development in the country. These objectives are self-reliance,
industrialization, modernization, economic growth and social justice. We will now discuss these goals in detail.

This is essential as it helps our labor force to produce a steady flow of goods and services which ultimately leads to an augment in the rate of savings and capital formation. Therefore development through augment in production has become the comer stone of Indian planning. It has featured in all our development policies and strategies. It is clearly apparent from the very character of Indian Plans that major focus of our planning has been on economic growth. The underlying objective behind the setting of plan targets and allocating the possessions to several sectors has been economic growth.

The era of economic planning, starting with the First Five Year Plan (1951-56) laid a target of 2.1 per cent per annum augment in the national income. The Second Five Year Plan envisaged a target of 4.5 per cent augment in national income through laying emphasis on the development of the public sector. The Third Plan aimed at securing a per cent annual augment in national income. It laid stress on raising agricultural output the main focus of the Fourth Plan was growth and stability. The Fifth Plan aimed at 5.5 per cent augment in national income. It treated the objective of economic growth as a complementary goal to the other goals of eradication of poverty and achievement of self-reliance. The Sixth Plan aimed at 5.2 per cent augment in the Gross Domestic Product (GDP). To achieve this target, it laid emphasis on improving the efficiency stage of existing capital stock utilization, raising the investment rate, creation the investment pattern more rational and keeping the balance of payments within certain limits. The Seventh Plan aimed at 5 per cent per annum augments in the national income.

Therefore the major thrust of our plans has been on economic growth. While evaluating the performance of a plan, its growth rate is always looked into. High rate of production is measured to be essential to meet the basic needs of the people. Therefore emphasis has always been laid on utilization of our possessions in an appropriate manner so as to satisfy the needs of our
population. It is whispered that growth impulses arising from our production process would slowly spread to the whole economy. The role and importance of appropriate technology in rising production has also been stressed upon. Right from the beginning of our planning era, we have, been giving highest priority to economic growth through introducing methods for rising production in the economic sphere. Augment of production is regarded as an essentiality for removal of poverty, establishment of just and equitable society and raising the standards of living of the people.

Our plans also seek to achieve a balanced rate of growth, that is, a balance flanked by industry, agriculture, light industry (industry producing consumer goods) and heavy industry (industry producing capital goods) has been sought through our plans.

**Self-reliance**

A country can be regarded as economically independent only if it follows the path of development according to its own needs, possessions and values. The developing countries such as India cannot become self-reliant unless and until they are able to detach themselves from the dependency relationship which they have with other countries in trade, investment and technology. Our plans stress upon the dissimilar dimensions of self-reliance:

- Reduction in the dependence on foreign aid
- Diversification of domestic production
- Reduction in imports for certain critical commodities; and
- Promotion of exports to enable us to pay for imports from our own possessions.

As foreign exchange can become a constraint in promoting development, its management has been sought through our Five Year Plans through emphasis on self-reliance and import substitution. We have been trying to achieve import substitution through development of machinery manufacture within the country. We are also trying to buildup our capability in the fields of
Through achievement of self-reliance, a country is able to ensure a more equal relationship with the world economy and reduce its vulnerability to outside pressures and disturbances. Self-reliance has to be sought beside with the objective of economic growth and not at the cost of growth. The term self-reliance should not be confused food granules, defense etc. It is needed from the point of view of national security. In the remaining sectors, only self-reliance is sought, it means that in these areas, normally demand is satisfied from domestic production, but where it is necessary to import from other countries, purchases are made on the basis of foreign exchange earned through exports. That is, demand for foreign exchange (equal imports) is set equal to supply of foreign exchange (equal exports). This is the essence of self-reliance.

In the 1950s, India was dependent on foreign countries because the output of food granules was not adequate, basic industries were virtually non-existent and rate of savings was sufficiently low. Due to these causes, it became imperative for Indian planners to provide due emphasis on the goal of self-reliance in our plans. Self-reliance did not receive much emphasis in the first two Five Year Plans. In the Third Plan, for the first time, it was stated that “the country would Endeavour to become self-reliant in excess of a decade or so”. It stated that “the balance of payments difficulties that the country is facing are, not short term or temporary, they will continue for many years to come. External assistance is essential for this period, but the aim necessity be to create the economy more and more self-reliant, so that it is able to support within a period of ten or twelve years, an adequate level of investment from its own production and savings. The normal flow of foreign capital may continue but reliance on special shapes of external capital has to be reduced progressively and eliminated”. The Fourth Plan concretized this goal and determined the time phasing for its realization. The subsequent plans have also laid stress on the objective of self-reliance.
**Industrialization**

As we know the central theme of India’s planned development has been an augment in the growth rate of national income. To achieve this, the need for development of capital goods and basic industries was strongly felt at the beginning of our planning era. Therefore the development of capital good industries has been assigned a key role in the growth profile of the country. Emphasis has been laid on the production of basic materials and goods like coal, steel, machines, electricity, chemicals etc. This is essential for setting up of infrastructural facilities and accumulation of capital. Despite the initial troubles of industrialization such as production of only heavy and basic goods, non-production of consumer goods and lack of augment in employment opportunities, it is felt that emphasis on this objective ultimately leads to expansion of capital and consumer goods, availability of job at higher stages of income, capital formation and augment in rate of growth.

Our plans have given a high priority to the objective of industrialization. They have laid emphasis on organising an adequate supply of consumer goods. Cottage industries are being promoted to produce consumer items. Such type of industries do not require large amount of capital and are also labor rigorous. Our stress on increased rate of savings and investment, import substitution and export expansion has given a boost to our industrial production. In order to ensure the speedy implementation of this strategy for industrialization, large amount of funds have been allocated to the industries in our Five Year Plans. Our Plans have accorded a very high priority to the development of certain sectors of the economy such as industry and mining, power and transport and communications.

**Modernization**

As per the Sixth Five Year Plan document, the term ‘modernization’ means a diversity of structural and institutional changes in the framework of economic activity. A shift in the sectoral composition of production, diversification of activities, advancement of technology and institutional
innovation have all been a part of the drive for modernization. Indian planners have always emphasized the role of science and technology in bringing in relation to the development Application of science and technology in production raises the output stage and accelerates the pace of economic growth. Our plans have stressed upon the need for research and development (R & D) in order to avoid our dependence on foreign technology. Though structural diversification commenced with the Second Five Year Plan, the concept of modernization was clearly spelt out only in the Sixth Five Year Plan.

To bring out modernization, efforts have been made to promote industrial growth and diversification. Besides this, the strategy for modernization, involves a shift in the industrial sector towards industries producing basic materials and capital goods and the growth of the public sector in industry. The development of the public sector has been the principal element in our drive for industrial diversification.

A son of network in the form of banking institutions has been recognized to promote and finance private investment in industry. The government has set up a diversity of institutions to assist in the provision of infrastructure, supply of raw materials and the development of marketing and technology. Small level industries and artisans are also being protected through product reservation i.e. through restricting production of specified commodities through small-level industries and fiscal concessions. Besides industry, our plans have also aimed at achieving modernization in the sphere of agriculture. As we read in unit 5 of this block, at the beginning of our planning era, our agricultural growth was not much because of the then existing outmoded land tenure system, the primitive technology of farming and lack of infrastructure for raising productivity. Therefore modernization in this field was a very hard task. The elimination of zamindari and other intermediary tenures spread of high-yielding diversities and extension of irrigation has brought in relation to the considerable change in the technology of farming. The elaborate network of agricultural research and extension set up, production of major food
granules and horticulture crops, establishment of a system of support prices, procurement and public sharing of goods are the results of modernization.

**Social Justice**

One significant cause of underdevelopment and backwardness is widespread and multi-dimensional inequalities. Social, economic, political and cultural spheres in India are marked through serious disparities. There is no use of political rights (guaranteed in the Constitution) if social inequalities continue to persist. For removing poverty, unemployment, regional imbalances and income inequalities and for creation democracy effective, it is very essential to introduce greater equity. Indian plans have stressed upon the transformation of her economy into a socialistic pattern of society. The Second Five Year Plan highlighted the need for a socialistic pattern of society within the framework of a mixed economy. It stated that the basic criterion for determining growth should not be private benefit but social gain. It suggested that the major decisions concerning planning should be made through agencies committed to social enlistment and that the less privileged classes should benefit most from our plans. The concentration of income and wealth necessity be reduced and the public sector should play a very crucial role in the economy.

The objective of Social Justice laid down in our plans, aims at
- Augment in the living standards of the poorest groups in society
- Reduction in inequalities in asset sharing
- Removal of unemployment
- Bringing in relation to the balanced regional growth; and
- Upliftment of backward classes.

**Reduction in Income Inequalities**

Another method of achieving social justice in India can be reduction in income inequalities and concentration of wealth. The issue of income
inequalities in India is connected with the inequalities in the ownership of agricultural land and concentration of economic power in the industrial sector. This is a cause of inequalities in rural areas. In urban areas, also, inequalities due to the rapidly rising assets of big business houses have been rising. Income disparities flanked by urban and rural areas are also on the augment. Economic growth and industrialization, instead of solving the troubles, have aggravated them further.

According to the Planning Commission, the existing economic inequalities in India have their roots in the remnants of the feudal system and privileges associated with them, and these semi-feudal relations necessity be destroyed. In order to achieve this objective, the Government of India through its plan objectives has made a commitment to eliminate all intermediaries from the area of agriculture through appropriate legislation in this regard. Ceiling on agricultural holdings could be another measure towards elimination of inequalities. One more step in this connection could be fixing up of ceiling on incomes. In developing countries, there are mainly three sources of high income:

- Capital gains receipts
- Entrepreneurial profits
- Salaries and perquisites of business executives.

Therefore according to the Planning Commission, removal of inequalities should involve firstly, restriction of capital gains and speculative profits and secondly, our taxation system necessity be geared to the need of detecting the income from the above mentioned sources and necessity punish the tax evaders severely. Other events that can be undertaken in order to reduce inequalities are rise of agricultural production, development of agro-based industries and social services, ensuring fair price to the products of farmers, rising the rate of growth, improving the productivity of weaker sections and fair dispersal of ownership of means of production.
Removal of Poverty and Unemployment

Our Five Year Plans have stressed on removal of poverty and unemployment through creation and expansion of job opportunities. Our plans do not merely envisage the establishment of labor rigorous industries, small level industries and promotion of handicrafts, but also to create employment productive and output per worker higher. The plans aim at fuller utilization of accessible production capability, provision of credit and other assistance to people living below the poverty line, small and marginal cultivators and eligible persons seeking self-employment.

There is also a provision for special employment programmes in areas, especially rural, with high incidence of unemployment and poverty. Eradication of poverty has featured in all the Five Year Plans. The real thrust on poverty removal came with the Fourth Plan but it was the Sixth Plan that replaced the term ‘poverty removal’ with ‘poverty alleviation’. The Sixth Plan approached the problem of poverty alleviation in three major methods, firstly, through identification and measurement of poverty, secondly, through developing realistic targets and thirdly, through formulating specific programmes to match the targets. In the Fourth Plan, emphasis was laid on removing poverty totally, since for total eradication, reduction is a major step, the government’s approach towards Sixth Plan changed towards realistic norms and emphasis was rightly placed on moving step through step towards the goal. The Seventh Plan sustained with similar stress and the Eighth Plan will also lay a good deal of stress on poverty alleviation.

A major step towards poverty alleviation is land reforms. It comprises events such as abolition of intermediary tenures and tenancy rights, fixation of ceiling on land holdings, development of institutional credit and marketing, improvement of agriculture taxation, agriculture extension education, supply of modem inputs etc. Another step towards this goal is poverty alleviation programmes. Some significant programmes are the Integrated Rural Development Programme (IRDP), Training Rural Youth for Self-Employment (TRYSEM), National Rural Employment Programme (NREP). These
programmes aim at creation of employment opportunities for rural poor and landless, provision of training for those seeking self-employment, creation of self-employment opportunities, establishment of training centers and assisting rural poor through credit and inputs.

We have a special programme for helping rural women and children recognized as DWCRA, that is Development of Women and Children in Rural Areas. It seeks to give income generating activities to women which will have a positive impact on the economic and nutritional status of their families. In the past also we have had programmes like the Community Development Programme which was launched in 1952, which aimed at creation rural people self-reliant its objective was to inculcate in the middle of them a feeling of cooperation through better utilization of human possessions and science and technology. Then there were Rigorous Agriculture District Programme (LADP), High Yielding Diversity Programme (HYVP) and Multiple Cropping Programme which were started in the 1960s to provide a boost to agricultural production and attain self-sufficiency in food granules production. Rural Works Programme was launched in 1967. It aimed at providing employment throughout the lean agricultural season. Small Farmer Development Agency (SFDA) was started in 1969 which provided assistance to target groups and credit institutions through ensuring credit and subsidies.

Pilot Rigorous Rural Employment Projects (PIREP) and Crash Scheme for Rural Employment (CSRE) were started as employment generation schemes through execution of labor rigorous projects. Minimum Needs Programme (MNP) aimed at meeting the basic needs of the poor in order to enable them to improve their standard of living. It provided for elementary education, rural health, water supply, electricity, rural roads, assistance to landless for rural housing and nutrition and improvement of urban slums. Food for Work Programme (FFWP) which was started in 1977 aimed at developing rural economy and generation of employment.

Therefore, all these programmes not only aimed at removal of poverty and
unemployment but they also tried to curb the rural-urban migration. They aim at reducing the troubles of unemployment and poverty in urban areas too, as most of the troubles are a result of influx of rural population in urban regions. For urban areas, a new programme called the Self-Employment Programme for Urban Poor (SEPUP) was initiated in the Seventh Plan Period.

Removal of Regional Imbalances

As we read earlier, if development has to be fruitful, then it has to be a balanced development, that is, development of all the regions in the country. Growth of a few areas or regions at the cost of others will always have negative effects on the economy of a country. The Finance Commission, therefore, pays special attention to backward regions of our country at the time of allocation of funds. The policy is to locate public sector undertakings in backward regions and encourage the private sector to invest in those areas.

To attain balanced development, dissimilar location centers have been evolved through the planners for the two set of industries, that is the capital rigorous, large level industries and labor rigorous small level consumer goods industries. The need for dispersal of industries as a means of attaining a balanced development of the economy as a whole has been emphasized in the industrial licensing policy also. The Planning Commission is of the view that the States can play a major role in the reduction of regional disparities. The States are asked to prepare their plans in a manner that would result in the reduction of disparities flanked by dissimilar areas and to provide due attention to backward regions, while distributing the plan possessions flanked by dissimilar programmes.

The Fourth Five Year Plan provided for formulation of a national policy for development of backward areas in the country. The policy laid down the need for undertaking the identification of areas, selection of special area development schemes and evaluation of policy and instruments for the implementation of the policy. The main objective of the area development
planning was to give a concrete programme for sustained overall development of the area. As a result some Area Development Programmes were started such as the Hill Area Development Programme (HADP) which aimed at maximizing agricultural production in hilly areas through demonstration campaigns which were organised to teach the farmers in relation to the need for improved seeds, pesticides, fertilizers, new agricultural technology etc. It provided for development of forestry, better marketing and credit facilities in hilly regions. Drought Prone Area’ Programme (DPAP) aimed at restoration of ecological balance, development of agricultural and allied sectors in drought prone areas through optimum utilization of land, water and livestock possessions. Desert Development Programme (DDP) was launched in 1977-78 as central sector scheme to specially cover very arid areas. It aimed at curbing the growth of deserts through forestation, conservation of surface water and grass land development there was also a special area development programme for tribal regions recognized as Tribal Area Development Programme (TADP). It was launched in 1972, it aimed at rising agricultural production, developing animal husbandry, horticulture, constructing roads, controlling shifting farming, conservation of soil and land and cattle development. These programmes, therefore aim at creation the backward areas of the country economically developed.

*Upliftment of Backward Classes*

Our plans have always incorporated programmes for social welfare. Special schemes for the betterment of the disadvantaged groups have been a significant characteristic of the plans. In the Fifth Plan, the National Programme of Minimum Needs was conceived as a means of enabling the disadvantaged areas and weaker sections of the society to achieve parity in the basic social consumption stages.

Special programmes have been started for the welfare of scheduled castes and tribes. The Fifth Plan has evolved a new strategy of specific sub-plans for tribal areas operating through the Integrated Tribal Development Projects
The long term objectives of these tribal sub-plans are to bridge the gap flanked by the stage of development of tribal and other areas and to bring in relation to the qualitative change in the life of the tribal community. With the Sixth Five Year Plan, three more programmes were started:

- The Special Component Plan of the states and central ministries which tries to give benefits to scheduled castes and scheduled tribes from general sectors of plans of states and central ministries. Through income generating schemes and provision of basic amenities, it aims to benefit the scheduled castes and tribes financially and physically.
- The Special Central Assistance Scheme—aims to give for development of scheduled castes and tribes through income generating schemes.
- Scheduled Castes Development Corporations (scdcs) in the States —
  The scdcs are visualized as an interface flanked by poor scheduled castes, and financial institutions in respect of bankable schemes of economic development.

Besides these programmes, there are other methods of safeguarding the rights of SCs and STs in India. The Special Officer for SCs and STs is appointed vide Article 338 to investigate all matters relating to safeguards provided for SCs and STs under the Fifth Schedule gives for an annual report on the STs to be sent through the Governor to the President who can provide direction to the Governor concerning any significant matter concerning tribals and harijans. Article 275 gives funds from the Consolidated Fund of India for raising the stages of administration of scheduled areas in the form grant-in-aid to the States.

**Our Plan Objectives**

Our Five Year Plans, as we read in unit 7 of this block and as it is clear from the preceding sections of this unit, have uniformly placed emphasis on the attainment of the objectives of self-reliance, social justice, industrialization, modernization and economic growth. All plans do not place
equal emphasis on each objective. Whereas earlier plans laid more stress on rapid economic growth, the later plans attached more importance to self-reliance and removal of poverty. The Seventh Plan laid emphasis on the attainment of modernization. Therefore an overview of our Five Year Plans would provide us and thought in relation to the dissimilar objectives and priorities under each plan. The First Five Year Plan (1951-56) was started after the process of political and administrative unification of the country was completed the situation at the beginning of the plan was not very good. We had to tackle the huge troubles of backwardness and underdevelopment Therefore the plan aimed at:

- Restoring the economy, resist the inflationary pressures, improve the food and raw materials position and develop the transport system
- Formulating and implement such development programmes that could lead to future progress
- Initiating events of social justice
- Building up such administrative and other organizations that would be conducive to development.

This was basically a rehabilitation plan as Indian planners had to correct the disequilibrium in the economy caused through influx of refugees, severe food shortage and inflation. It emphasized on augment in agricultural production, improvement in living standards and growth of national income. The Second Five Year Plan (1956-61) laid emphasis on industrial development the plan aimed at rapid industrialization with scrupulous emphasis on the development of basic and heavy industries. The plan laid special emphasis on increased production of iron and steel, heavy chemicals and development of heavy engineering and machine building industries. It also aimed at an advanced augment of five per cent in national income, provision of additional employment and reduction of inequalities in income and wealth.

The Third Plan (1961-66) set as its goal the establishment of a self-reliant and self-generating economy. It aimed at:
- Securing five to six per cent annual augment in national income,
- Achieving self-sufficiency in food granules,
- Expanding basic and key industries,
- Utilizing to the fullest possible extent the man power possessions of the country,
- Rising employment opportunities,
- Establishing progressively greater excellence opportunity; and
- Bringing in relation to the reduction in disparities in income and wealth and a more even sharing of economic power.

The Fourth Plan (1969-74) laid emphasis on the major objectives of removal of poverty and achievement of self-reliance. It aimed at achieving a 5.5 per cent annual growth rate. Its objectives were to:
- Boost up industrial productivity
- Help weaker producers and augment employment opportunities
- Augment agricultural production, specially production related to the primary
- Use monopoly legislation and appropriate fiscal policy for reducing concentration of economic power.
- Utilize panchayati raj institutions in planning at the local stage.


It aimed at achieving these goals through promotion of higher rate of growth, better sharing of income, augment in the rate of growth of agriculture, production of stage and expansion of production of consumer goods.

The focus of the Sixth Five Year Plan was on enlargement of the employment potential in agriculture and allied activities, encouragement to household and small industries producing consumer goods for mass consumption and raising the incomes of the lower income groups. Its main objectives were:
• Strengthening the strategies adopted for modernization
• Achieving economic and technological self-reliance
• Reducing the incidence of poverty
• Improving the excellence of life of the people in general with special reference to the economically and socially handicapped population
• Reducing income inequalities
• Promoting policies for controlling the growth of population; and
• Promoting the active involvement of all sections of the people in the process of development.

The basic objectives of the Seventh Plan (1985-90) are the same as stated in the earlier plans, but the stress is more on growth, modernization, self-reliance and social justice. The major goals of the plan are:

• To eliminate poverty and illiteracy
• To achieve close to full employment
• To achieve self-sufficiency in the basic needs of clothing and shelter and to give health for all
• To augment agricultural production; and
• To improve technology in the fast growth areas and control inflation.

Therefore all our plans have aimed at achieving economic growth, industrialization, self-reliance, modernization, and social justice in some form or the other.

ROLE OF PLANNING

Meaning of Planning

Planning means to determine what is to be done and how it is to be done. In a very broad and general method, planning may be treated as a systematic pre-thought out process of determining the objectives of administrative effort and of devising the means calculated to achieve them”. According to Seckler Hudson, “planning is the process of devising a basis for a course of future
action”. Planning, according to Urwick, is “fundamentally an intellectual process, a mental pre-disposition, to do things in an orderly method, to think before acting, and to act in the light of facts rather than guesses. It is the anti-thesis of speculative tendency”.

It is often said that planning is a rational method of decision-creation and organization. It means that planning involves the following steps:

- A clear perception and definition of the problem
- Determination of objectives and availability of possessions
- Choice of activities and means for achieving the goals
- Coordination of these mutually dependent means and activities
- Formulation of programmes
- Choice of constant and most effective methods of implementing the coordinated programmes
- Systematic review and feed-back in order to continue and sustain the process.

Therefore planning is the process of devising a sound basis for a future course of action. Planning is needed for all types of tasks, whether big or small. It can be used through countries at several stages of development and in dissimilar social and economic circumstances. Planning has to be flexible, dynamic and adaptable. It involves several methods for the achievement of defined objectives. These methods are based on foresight and clarity of goals.

**Need for Planning**

The role of planning varies according to the social and economic circumstances prevailing in a country. Planning plays a very crucial role in the developing countries. The need for planning arises on account of the nature, magnitude and complexity of several troubles persisting in a system. Planning has many advantages.
Planning Enables Comprehensive and Scientific Understanding of Troubles

Planning enables though does not necessarily ensure the emergence of comprehensive and scientific understanding of the troubles of a system. In the context of development planning, it is essential that a comprehensive and meaningful understanding of underdevelopment and the factors, forces and processes which hold back progress is arrived at this has to be the first step of development planning and it stresses upon the need for having a systematic planning mechanism.

Prevention of Wastage and Improvement in Productivity

On the basis of a comprehensive and scientific understanding of the troubles, planning plays a crucial role in assessment, mobilization and appropriate utilization of the possessions accessible. It prevents underutilization, mis-utilization and inappropriate allocation of possessions.

Highlights the Pros and Cons of Several Decisions

On account of extension of the field surveyed, sectorally and spatially, in order to arrive at decisions, planning plays a useful role. It highlights the external repercussions of several decisions. It brings out both the positive and negative dimensions of the decisions and enables the planners to take steps to create use of either the positive effects or to lessen the negative effects of decisions.

Augment the Rationality of the System

Planning plays a very significant role in rising the rationality of the system through avoiding arbitrariness, duplication, and inconsistency, neglect of communal and long-term interests. As a result, several of the defects of decentralized, uncoordinated decisions based largely on the motivation of individual gain can be rectified through planning.
Prevents Inconsistency of Individual Decisions on Inter-linked Matters

Through planning, it is possible to combine in a mutually constant method communal social decision-creation on significant issues of general social relevance with individual decision-creation in areas where minute details, local circumstances and regularly changing situations have to be taken into consideration.

Brings in relation to the Structural Change

Planning, through communal decision-creation and direct or indirect control in excess of social possessions, enables the country to undertake large tasks and bring in relation to the changes in the structure or the system. Through planning, motivational and informational handicaps, which are the feature characteristics of uncoordinated decisions, can be avoided.

Enables Orderly Reconciliation of Conflicting Interests

Plans play a significant role in ushering an orderly change and preventing counter- productive conflicts from emerging after the decisions are taken. It invites such conflicts in advance so that efforts towards their reconciliation may be made at the earliest Therefore, through ensuring in advance that the several planned activities and changes are mutually constant, plans prevent wastage of possessions and efforts.

So, planning is a very crucial component of any system oriented towards bringing in relation to the social and economic development Planning has to play an active organizational and decision-creation role from the stage of conception to the final implementation and evaluation of the schemes. It facilitates socio-economic change in accordance with predetermined objectives in a most effective and rational manner.

As we have read in the previous units of this block, India inherited a stagnant economy marked with abject poverty and lopsided growth. The
nature of the tasks and changes essential for development at the time of Independence was such, that it could not have been handled without per and concrete recourse to planning.

Private enterprises were not in a position to create full use of economic and human possessions. Agrarian relations, small size of land holdings, fragmented holdings, heavy indebtedness of the farmers, and persistence of low productivity methods of production had led to agricultural backwardness. Without a base of productive and prosperous agriculture, which was the mainstay of more than two-thirds of Indians, there was no possibility of modern industrial growth. The ruin of Indian handicrafts and absence of cottage industries aggravated the crises further. This called for a systematic planning process.

Modern infrastructural facilities for creation use of natural possessions, human possessions, science and technology, international trade and economic relations and for directly meeting the need for several social services was not developed in a method and to an extent conducive to development the colonial state neglected these vital investments and drained India of her valuable possessions. Winning of freedom, unification of the country after partition, institution of Sovereign, Democratic Republican Constitution made it clear that there was an urgent need for planning as a consciously adopted means of economic organization and decision-creation with a certain inevitable degree of centralized control. The state had to intervene in order to augment the possessions for development these tasks were not performed through the bureaucracy throughout the colonial rule. Therefore without conscious choice, coordination of activities, large level mobilization of possessions and centralized efforts, the troubles facing the country at the time of Independence could never have been tackled properly. Planning, so, became a method of responding to the multifaceted, interrelated and stupendous tasks of development.
Machinery for Planning in India

In a country like India where the bulk of the means of production are owned through private individuals, planning should be such that it regulates and controls private socio-economic activities that contribute to development and is constant with the aims and actions of public policy. Planning in India aims at ensuring social and economic development for fulfilling the basic objectives laid down in our Constitution. As mentioned in unit 6, Indian planning may be termed as development and regulatory planning in a mixed economy framework. It means that it is a planning process for both public and private sectors. To understand the nature of planning process in the country, we necessity have a thought in relation to the evolution of planning in India and dissimilar institutions involved in plan formulation and implementation.

Evolution of planning

Planning was not an unfamiliar concept for Indian leaders when freedom dawned in 1947. Awareness and importance of planning was clearly visible even in the pre-Independence period in 1936, Dr. M Visveswarayya had published an essay on the desirability and feasibility of planning for industrialization. In 1938, National Planning Committee under the chairmanship of Jawaharlal Nehru did substantial work in collecting material for planning. Later in 1944, the government recognized a Planning and Development Board. A Planning Advisory Board was also constituted in 1946. These pre-Independence efforts stress upon the unity of approach that our leaders possessed for the achievement of common goals. After Independence, a systematic process of planned development was initiated. Since then our plans have been trying to promote balanced socio-economic development and welfare of Indian people.

Institutions Occupied in planning

There are several institutions that are involved in plan formulation, implementation, monitoring and evaluation. The National Development...
Council (NDC), Planning Commission jointly with its working groups and advisory panels, State Planning Boards, District Planning Cells, Planning Cells in Central and State ministries and Parliament are involved in this effort. Association with private sector is also secured through several Development Councils and representatives of Commerce and Industry. It is a multi-stage, multi-stage and multi-agency planning system.

Planning Commission is a multi-member body which was recognized through the Cabinet resolution of March 15, 1950. Its objectives and functions are to create an assessment of the possessions of the country, investigate possibilities of rising these possessions, formulate a plan for the most effective and balanced utilization of the country’s possessions. Planning Commission has to describe the stages in which the plan should be accepted out, propose the allocation of possessions for due completion of each stage. It determines the circumstances and machinery for the successful implementation of the plan through pointing out the factors hindering economic development Planning Commission also has to review from time to time the progress achieved in the execution of each stage of the plan and recommend changes where required.

For evaluation of the plans, we have Programme Evaluation Organization (PEO). It was set up in 1952. It works under the general guidance of Planning Commission. The main functions of PEO are to undertake evaluation studies, to assess the programme results against the stated objectives, to measure their impact on beneficiaries and the socio-economic structure of the society and to provide advice to State Evaluation Organization that are involved with plan evaluation at the state stage. Another very significant organization that helps in planning is the National Development Council (NDC). The NDC acts as a bridge flanked by the union government, Planning Commission and state governments. It prescribes guidelines for the formulation of the plan. It considers the plan formulated through the Planning Commission. It also considers significant questions of social and economic policy affecting national development it reviews the work of plan from time to time and recommends events necessary for the fulfillment of plan objectives. "The
NDC tries to secure people’s participation in planning and pays attention to the improvement of administrative services and development of less advanced regions.

Each state has a State Planning Board or State Planning Cell to help in plan formulation. It prepares a plan for the state with the help of ministries and departments in the state, representatives of districts and members of District Planning Cells. The State Planning Board calls for the several projects from the district which is then combined on the basis of priorities and financial implications and a state plan is prepared and placed before the Planning Commission. The districts have District Planning Cells for plan formulation. Soon after state budget is voted in the assembly, the several departmental heads prepare a district-wise break up of the outlays provided in the plan. The district authorities jointly with District Planning Cells prepare a district plan which is an aggregation of departmental schemes received from the state government.

Planning Process in India

The Constitution of India comprises the subject of ‘social and economic planning’ in the Concurrent List India draws up plans in the form of five year programmes. The formulation of five year plan is a time-consuming and intricate process. This process can be divided into five stages.

- First Stage: This stage begins three years before the commencement of a new plan. Studies are undertaken through the Planning Commission to look at the state of economy and scrutinize the troubles. Tentative conclusions out of this effort are arrived at and a framework of the plan is drawn. This framework is submitted to the central cabinet after this it is placed before the NDC. The NDC designates the rate of growth and broad priorities to be assumed for the purpose of further work on the plan.
• Second Stage: Planning Commission works out general dimensions of the plan in the light of guidelines given through the NDC and a draft memorandum outlining the characteristics of the plan is prepared.

• Third Stage: Draft memorandum is placed before the NDC and after NDC’s consideration, the work for preparation of draft outline of the plan starts. This draft plan is open for the comments of state and central ministries. After NDC’s approval, this plan is circulated for public discussion. It is then measured through Informal Consultative Committee of Parliament and also through Parliament as a whole.

• Fourth Stage: Planning Commission holds detailed discussions with central ministries and state governments concerning their plans. Discussions are also held with representatives of major organised industries in the private sector. Planning Commission then prepares a paper in which principal characteristics of the issues needing more consideration are outlined. This paper is placed before the NDC and central cabinet for their consideration. Final report on the plan is based on the conclusions reached on this paper.

• Fifth Stage: A draft of the final report on the plan is measured through central ministries and state governments and then submitted for approval of the NDC and central cabinet after their approval it is presented before Parliament for discussion and approval.

Planning Commission and the NDC are not involved in plan implementation. Planning Commission only determines the machinery for proper implementation of plan; it does not through itself carry out the formulated plan. Monitoring and evaluation of plans is done through the Planning Commission and the NDC through Programme Evaluation Organization and other agencies occupied in appraisal of plans.

Limitations of Planning in the Country

Our Five Year Plans have broadly aimed at augment in growth rate,
extensive modernization, and establishment of socialistic pattern of society, attainment of self-reliance, upliftment of backward classes, balanced growth, systematic regional development, removal of poverty and promotion of heavy and capital goods industries. All these objectives will be discussed in detail in unit 8 of this block. But here it is essential to note that despite four decades of planning, we have not been able to solve the troubles of unemployment, under-employment, rise in prices and poverty. Regional inequalities continue to persist. We have not been able to utilize our manpower possessions to the maximum extent our growth rate has been inadequate.

Concentration of economic power has increased. Therefore there has been a wide gap flanked by targets and achievements. These troubles can be attributed to many limitations in our planning process. Administrative Reforms Commission (ARC) in its Report on the Machinery for Planning (1968). Private sector is only involved at the time of plan formulation, even here the consultations flanked by the two are held very rarely. The ARC criticized the functioning of Central Advisory Council on industries and several Development Councils which have been created through the government for consultations with the industrial sector. It noted that these councils suffer from lack of proper leadership and technical support and therefore have been usually ineffective.

The Planning agencies also suffer from lack of trained personnel with requisite caliber and experience. There is lack of coordination flanked by the related sectors of economy at the time of plan formulation and implementation. Moreover, implementation of the plans has been rather inadequate. While formulating plans, the practicability of the schemes necessity is kept in view. Proper attention has to be paid to agencies and people involved in implementation and evaluation of plans, and a proper feedback mechanism has also to be recognized.

Economic development alone will never lead to overall development of the country, it is, so, imperative to bring in relation to the structural and
institutional changes in the society. Usually it has been found that there is an absence of realism in planning. Though agricultural production has increased, process of land reforms has been very slow; the small and landless laborers continue to live in poverty. Planning in India is not geared towards undertaking continuous and scientific investigation of social obstacles such as the kinship and hereditary relations based on caste system which comes in the method of economic reforms and development. Financial incentives to reduce backwardness are not enough. Certain non economic, political and social factors have to be kept in mind.

Our plans have not been able to adhere to time schedules; as a result there have been cost overruns. The process of execution of plans is so slow that the financial outlays for plans-become insufficient after a certain period of time. Expenditure increases because with the passage of time the prices go up. There is no emphasis on sense of urgency in plan implementation and evaluation. Supervision of plans at all the stages has been ineffective. Plan execution and evaluation is marked with red tape and wastage of possessions.

Regional and Area Planning in the strict sense of the term has never been introduced in India. Planning in India has been sectoral. Plans at the state, district, block and village stages have just been mere break-ups of sectoral plans. Planning at the grass- root stage is very weak. The district, block and village bodies merely collect data for the state and central governments. No full-fledged planning is done at these stages. Usually the policies are handed in excess of from above and people at the local stages are required to fill in this framework. Participation of people and voluntary agencies in planning has also been quite inadequate.

**MIXED ECONOMY MODEL AND ITS RATIONALE AND SIGNIFICANCE**
Concept of Mixed Economy

The term ‘mixed economy’ is relatively a new term. It hardly appears as a systematically evolved economic system in the classical writings of economists, political scientists, and social philosophers. In popular discourse, we can come across this term in several dissimilar contexts. The term ‘mixed economy’ means prevalence of public, private and joint sectors side by side in a system. In a mixed economy, these sectors play a significant role in bringing in relation to the development in some systems one of the sectors may predominate, but the fact that these types of sectors coexist is enough to term an economy a ‘mixed economy’. Therefore, usually, this term is used for any economy in which one can see the coexistence of more than one mode of ownership, control and decision-creation.

With the change in the functions of state, widening of welfare activities, success of private sector, augment in people’s demands and cutthroat competition in manufacture and sale of goods, mixed economy model has become very essential. In a mixed economy system, state-owned means of production are so used as to promote social welfare. Privately-owned means of production in such a system serve private interests within the norms laid down through the state. The underlying theme of a mixed economy is to attain rapid economic development and ensure that no exploitative and restrictive tendencies emerge in the economy. In such a system, the state participates as an active partner with the private enterprise in the process of economic development. Therefore, we can say that under a mixed economy, the whole economic system in a country is split up into three parts:

- Sectors in which both production and sharing are entirely supervised and controlled through the state to complete exclusion of private enterprise,
- Sectors in which the state and private enterprise jointly participate in production as well as in sharing, and
• Sectors which are in exclusive and complete control of private enterprise. These sectors are subject to general control and regulation of the state.

Mixed Economy: Is not a Pure System?

In actual practice, there cannot exist any pure economic system following one single, well-defined set of principles of organization and management. The Soviet economy of the mid 1920s, when planning was centralized and the major means of production were under state ownership and control, has been described as a mixed economy. The same term is used for that of Great Britain of the 1950s, when private monopolies predominated the economy despite an extensive system of social security, nationalization of several industries and very active state policies for regulating and promoting economic activities. India of mid 1950s, when the public sector had just in relation to the made its debut, is described as a mixed economy. India of mid 1980s with the public sector contributing approximately one-quarter of her national income is also described as a mixed economy.

It is clear that there cannot be one definition of the term mixed economy. Mixed economy is an economy where more than one set of principles of economic organization and management are used at the same time. It means it does describe a mixed system but mixtures would be greatly divergent. These differences are not only quantitative but may even be qualitative. In some cases state structure and processes are predominant and in others it is the private sector with varying degrees of concentration of ownership and control that dominates. In some cases it is the market forces which determine prices, savings, etc., in others these decisions are made through the existing planning agencies with a view to serve some common ends.

The Mixed Economic Nature of Indian Economy

It is clear from the preceding section that all the economic systems in
which dissimilar shapes of ownership, control, decision-creation and sharing in production can be found to be operative in dissimilar branches of the economy can be termed mixed economies.

In this sense it is very hard to poem crossways an economy to which the term mixed economy may not be applied with justification. Before Independence, the British had developed a state sector in railways, posts and telegraph, irrigation, ordnance factories and opium industry. The Sindri Fertilizer Factory, the Visakhapatnam Shipyard and Aircraft factory in Bangalore were set up through the British. Therefore what we adopted from the British was already a mixed economy. To come to a conclusion, this problem can be solved through the fact that an economic system has to be described in conditions of its most influential and rising shapes of development of productive forces and associated social production relations. Therefore the economies where private capitalist ownership of means of production prevails in most of the dynamic sectors of economy and where production is organised on the basis of hired factors of production with a view to sell them in market for earning profits would be called a capitalist economy. Same would be the case for describing a socialist economy. It means an economy where there is state ownership of means of production in most dominant sectors of economy, where the goods are sold on the basis of prices fixed through the state and where social justice prevails in place of profit motive.

The attendance of a fairly large public sector and use of planning do not eliminate the basic capitalist character of the economies of the countries like Sweden, France, U.K., U.S.A. etc. In the same method, the use of private and cooperative shapes of organization beside with the use of market mechanism for some specific purposes does not change the essential socialist character of the Chinese and Soviet economies. It is the predominant pattern which is decisive in the characterization of an economic system.

The Indian economy neither has the basic features of a capitalist economy
nor a socialist economy. In India, the government has consciously, as a part of a well thought-out plan, decided to augment not only the promotional and regulatory roles of the government, but also to go for direct participative role through setting up or taking in excess of production facilities of a number of dissimilar activities. It is further assured that overall economy operates according to a national plan. This highlights the mixed economic nature of Indian economy.

**Rationale behind Mixed Economy System**

As we have discussed before, the socio-economic profile at the time of Independence was such that assignment of production and developmental tasks solely in the hands of private sector or public sector would not have solved any troubles. The troubles such as low per capita income, large proportion of population occupied in primary sector, high birth rate, chronic unemployment and underemployment, low rate of capital formation, uneven sharing of income and wealth assets, illiteracy, lack of technical know-how, poor excellence of human possessions, low per capita consumption, poor utilization of possessions, etc. made it imperative for the Indian planners to adopt a system which would bring in relation to the planned economic growth in a satisfactory manner and also be conducive to the circumstances prevailing in the country. The minority of feudal lords, land owners, merchants, financiers and industrialists did not have, throughout the fifties, the capability to discharge the large tasks essential for development The private sector was not even prepared to undertake developmental works in heavy capital and essential consumer goods production because of high initial investment and long gestation period. Moreover even in the British period the key sectors of the economy were in the hands of the state itself. Therefore a mixed economy system for attaining social and economic development was adopted.

Government’s role in economy is regarded as crucial because it can perform several functions through intervening in development process. The
government can coordinate the interrelated development activities and investments in an appropriate manner. State sector can take risks because it can provide preference to social gains in excess of financial profit. It can take a long-term view and tolerate low profits and financial losses to some extent. The state can also prevent the projects which take into view only financial gains and overlook sizeable diseconomies.

In a country with limited and lop-sided development, at least in initial stages, the state has to play a vital role for reaching the circumstances in which subsequent development may continue. The Indian planners also realized the limitations of the public sector and the positive potential of a regulated private sector. Hence neither the public sector was made all-embracing nor was the private sector reduced to non-significance. A well demarcated role was assigned to the private sector under the Directive Principles of State Policy, where it has been laid down that the state should strive “to promote the welfare of the people through securing and protecting as effectively as it may, the social order in which justice, social, economic and political shall inform all the institutions of national life.”

In the economic sphere, the state has to direct its policy in order to secure a better sharing of ownership and control of material possessions of the community and to prevent exploitation of labor and concentration of wealth in the hands of a few. It would be impossible for the state to attain these goals implied in the Directive Principles unless the state itself enters the fields of production and sharing. This explains the rationale behind the deliberate policy of expansion of the public sector to promote rapid industrialization and self-reliance.

Therefore for protection of the weaker sections of the society, control of sharing of essential commodities, promotion of infrastructural facilities, prevention of private monopolies, prevention of opening of the country to foreign capital, creation of egalitarian and just society, reduction of inequalities of income, India needed a mixed economy model with state
playing a major guiding role and private enterprise acting as significant means for achieving social and economic progress in the country.

**Characteristics of Mixed Economy**

Before dealing with the significance and growth of mixed economy in India, we necessity familiarizes ourselves with several characteristics of mixed economy:

**Large Public Sector**

As we read earlier in the unit, attendance of a big public sector beside with free enterprises creates the character of the economy ‘mixed’. In socialist countries, public sector plays a major role in approximately all the sectors of the economy. Even in the western capitalist countries, the state has not only intervened in their economies in a big method but has also occupied itself in several productive and distributive functions. The developmental role of the state is more pronounced in countries where industrialization has been somewhat delayed. In a mixed economy also the public sector plays a very crucial role.

**Private Ownership of Means of Production and Profit-Induced Commodity Production**

In several mixed economies as well as in India, at present a large segment of the industrial sector is in private hands. With the exception of some basic industries, all other industries, for instance, cement, vegetable oil, leather, etc. are with the private sector. Road Transport is mainly in the hands of private sector. Agriculture is also with the private sector. It means most of the goods are produced for the market and majority of economic activities are motivated through profit in a mixed economy.
Decisive Role of the Market Mechanism

Market Mechanism has a crucial role to play in Indian economy. India has markets not only for several products but also for productive factors. Prices of most of the commodities and factors of production are determined through interplay of demand and supply forces. Prices of several commodities and price fluctuations power the decisions of the producers and techniques of production. Though all banks have been nationalized, yet their working as well as business dealings with producers in the private sector are usually determined according to the laws of the market. The amount of investment and its form is also influenced through the interest rates that prevail in the money market. Still the market mechanism is not totally out of state control. Through licensing, sharing of essential goods at fair price shops and government purchase of agricultural products at support prices, government tries to regulate market mechanism in Indian economy.

Joint Sector

A joint sector gives a very significant avenue for balanced industrial development. It complements growth in the public and private sectors. It is a significant characteristic of a mixed economy; it is basically an extension of the thought of mixed economy. It is a tool for social control in excess of industry, without resorting to complete nationalization. It is needed for an equitable and egalitarian economic growth in the country; it can widen the scope of the industrial scenario. In India, the joint sector has yet to create its mark in conditions of its contribution to economic growth.

Significance of Mixed Economy

Mixed economy is needed as it gives an institutional balance flanked by the socio-economic forces under whose control and through whose efforts post-Independence India has achieved her growth. It mobilizes popular support for a state-led, state-directed process of capitalist modernizing
development of the Indian economy in general and impressive growth of industry and agriculture in scrupulous. Growth and significance of public and private sectors in a system is an essence of mixed economy.

**Infrastructure Development and the Public Sector**

That part of the economy which functions on the basis of state owned property shapes the public sector of the economy. It is a significant element in the socio-economic structure of society in India. The only national basis for modernizing the productive forces in the developing countries like India has always been entrepreneurship. This is the cause behind the emergence and expansion of public sector in our country.

There has been a rising recognition and acceptance of the state functioning as a catalytic agent for economic activities in all the core and basic sectors through the emerging public sector. For India, government regulation is a direct partner in most economic activities and a silent partner in all economic activities. The primary sectors came under the control and ownership of government much earlier than the others and sheltered functions without which the state could not exist and the government could not function. The sectors like central banking, treasury and state refinance, rail, roads and ports, posts and telegraph are today normally recognized with the basic functions of the state. These are infrastructural sectors and are instrumental to economic development.

In India, the emergence of the public sector gained momentum with the nationalization of minerals and metals, industries as well as the oil and petroleum sectors. The trend sustained with the nationalization of life insurance and a major portion of commercial banking. It was in fact in the form of the public sector that the state proceeded to undertake the responsibility for enlarging industrial growth and providing capital cover and entrepreneurship. The public sector has grown not only under the central government, but also under the ownership of the dissimilar state governments.
Public Sector’s contribution towards net domestic product has risen; its contribution towards capital formation has also gone up. Capability for labor absorption in public sector has been continuously constant. Rate of investment and capital stocks of public sector have shown a steady rise. The growth of public sector has laid the foundation for rapid industrialization of the economy through creating necessary basic industries. Almost 85% of needed capital goods are being produced at home as against 15% at the beginning of planning era. Public Sector activities now cover a bulk of significant areas of power generation, transport banking and insurance and have been extended to domestic and foreign trade in certain significant commodities. The role of the public sector is linked with the building of infrastructural projects and branches of the economy. It creates for private sector’s inadequacy in organising research and development, in mobilizing financial possessions and in utilizing new materials and methods in production.

Public Sector is not free from troubles. Low or no profits, low morale of its personnel, political interference, trade unionism, inadequate training and recruitment events for personnel, inappropriate pricing policy, etc., adversely affect the working of public sector. Therefore, though one cannot deny the importance of private sector, yet we still discover cases in which public sector undertakes to solve the problem of finance, construction, personnel training and raw material supply as well as to attract private initiative for the development of backward regions.

**Role of Private Sector**

In the core and basic sector, control has now been largely handed in excess of to the public sector, and further growth in these areas is also within the public sector. Nevertheless substantial development in basic industries like cement, fertilizers and iron factories is still within the private sector, even though, the commanding heights continue to be controlled through the public sectors.
The larger proportion of the growth of the Gross Domestic Product (GDP) has been contributed through the private sector. In absolute conditions, the production of consumer goods has gone up. Through manipulating production and supply in direct contrast with the forces of demand and supply, the private sector has in a large measure also manipulated prices and exerted inflationary pressures on national economy. Through widespread diversion of possessions to the parallel economy it has also led to the concentration of wealth and inequalities in the sharing of output and income thereby inhibiting the national and spontaneous growth of per capita income and GDP.

Still the dominant sector in India that is agriculture is totally supervised through the private sector. Trading, both wholesale and retail, has always been in the private sector. Small and cottage industries in India are in the private sector and they have a significant role to play in industrial development. They are particularly suited for the utilization of local employment opportunities, as they are labor-rigorous. The private sector also helps in the effective mobilization of human and physical capital. There is therefore tremendous scope for expansion of private sector in India and its importance in a mixed economy cannot be denied in any method.

Growth of Mixed Economy in India

The state’s role in mixed economy is crucial to its growth. The view that the state has to play a key role in rapid industrialization and economic development of the country had gained wide support even throughout the freedom thrashes about. The Indian National Congress had passed a resolution to this effect method back in 1931, which stated that “the state shall own or control key industries and services, mineral possessions, railways, waterways, shipping and other means of transport”. Actual course of action since Independence has, though, been guided more through pragmatic than through ideological thoughts. As we have mentioned earlier in the unit that the limited
economic and administrative capabilities of the state at the time of independence forced the government to seek the cooperation of the private sector in the task of economic development, slowly the public sector was expected to grow not only absolutely but also relatively to the private sector. The private sector was expected to play its part within the framework of the comprehensive planning mechanism.

From the very beginning state policy was based on the view that small level industries and a large part of finance and commerce were to be left in the domain of the private sector. Even in the domain of big industry, private initiative was not totally ruled out. The relative spheres of activity of the public and the private sectors were spelt out soon after Independence in the Industrial Policy Resolution (IPR) adopted through the Government of India in 1948.

The thrust of IPR of 1948 was on mixed economy i.e. coexistence of both public and private sectors. It emphasized on attainment of social justice through maximization of production. Industries were divided into four broad categories:

- Industries under the exclusive monopoly of the central government
- The industries that could henceforth be undertaken only through the state.
- The third category was made up of industries of such basic importance that the central government would feel it necessary to plan and regulate them.
- A fourth category, comprising the remainder of the industrial field was left open to private enterprise, individuals as well as cooperatives.

The 1948 resolution not only emphasized the right of the state to acquire industrial undertakings in public interest but it also reserved an appropriate sphere for the private sector. The First Five Year Plan (1951-56) emphasized the rapid expansion of the economic and social responsibilities of the state. It
gave a call for widening public sector and stressed the fact that private sector necessity be reoriented to the needs of planned economy.

The 1956 IPR customized the 1948 IPR a little. The resolution laid down three categories of industries, which were more sharply defined and were broader in coverage as to the role of the state than the classification of 1948 IPR. These categories were:

- Schedule A: those which were to be under exclusive responsibility of the state.
- Schedule B: those which were to be progressively state owned and in which the state would usually set up new enterprises, but in which private enterprise would be expected only to supplement the effort of the state; twelve industries were placed under this category.
- Schedule C: all the remaining industries and their future development would, in general, be left to the initiative and enterprise of the private sector.

These categories were not water-tight compartments. In appropriate cases, private units could produce an item in category A for meeting the industry’s necessities or as byproducts. Further, heavy industries in the public sector could obtain some of their necessities of higher components from the private sector while private sector in turn would rely for several of its needs on the public sector. Moreover, the state reserved the right to enter category C, when the needs of planning required. The basic objective of this resolution was to make a mixed economy in India. The resolution aimed at providing non-discriminatory treatment for the private sector, encouragement to village and small level enterprises, removing regional disparities and provision of amenities for labor.

The Second Five Year Plan (1958-61) emphasized on the independence of the public and private sector. The Third Five Year Plan also aimed at curbing the concentration of wealth through the public sector. The Fourth Five Year
Plan envisaged the emergence of an effective and dominant role of public sector. It called upon the private enterprise to assume greater responsibilities towards the community as a whole. The Fifth Plan stated that the public sector should ensure proper sharing of possessions to the weaker sections.

The IPR of 1970 had several objectives like prevention of concentration of economic wealth, expansion of production events and examination of the possibility of undertaking short gestation gaps for quick yield of profits through the government. The 1973 IPR aimed at economic growth, social justice and self-reliance.

The IPR of 1977 emphasized the development of small-level sector, the basic industries, capital goods industries and high technology industries. The resolution aimed at developing the public sector. It assigned an expanding role for the public sector and recognized the necessity for sustained inflow of technology in sophisticated and high priority areas.

The Industrial Policy of 1980 aimed at optimum utilization of the installed capability, minimizing production, correcting regional imbalance, strengthening agricultural base and promoting export-oriented and import-substitution industries.

The Sixth and the Seventh Five Year Plans have also emphasized promotion of public and private sectors in well-defined and properly demarcated spheres. Therefore all our plans and Industrial Policy Resolutions have aimed at strengthening the mixed economy system in India.

Planning in Mixed Economy

Mixed economy is necessarily a planned economy. Since mixed economy operates under divergent and in several situations conflicting set of motivations, the planning process in a mixed economy is very intricate. The
conflicting motivations are those of self-interest on the one hand and social gain on the other. The purpose of economic planning in a mixed economy is to reconcile the conflicting interests so that national interest is not neglected. The success of planning in a mixed economy depends upon the following factors:

- To what extent is the public sector able to pursue the socially determined goals,
- To what extent is the state able to guide the private sector to follow the socially determined goals,
- To what extent is the state able to check the distortions in investment decisions arising out of private sector interests from going against the public sector.

It was recognized that in a rising economy which gets increasingly diversified, there is scope for both the public and the private sectors to expand simultaneously. Moreover, the use of possessions in the private sector is not left entirely free but is sought to conform to national priorities through the instrument of economic planning. In a mixed economy, government uses several instruments to bring in relation to the planned development such as:

- Industrial Licensing
- Land Reforms
- Development of Services Sector
- Subsidies and Other Events like Capital Issue Control, Labor Legislation, Price Regulations and Foreign Collaboration Approval System.

**Industrial Licensing**

The primary objective of the licensing system is to provide effect to the industrial policy of the government. The broad objectives of the system are in consonance with those laid for the industrial policy. These are firstly, development and regulation of industrial investment and production according to priorities and targets of several plans. Secondly, prevention of concentration of economic power in the form of ownership of industries and thirdly,
balanced economic development of dissimilar regions with a view to reduce disparities in the stages of industrial development. The legislative framework for industrial licensing in India is embodied in two dissimilar Acts. These are (a) Industries Development and Regulation Act (1981) & (b) Monopolies and Restrictive Trade Practices Act (1969).

**Land Reforms**

The objective of land reforms is to bring in relation to the institutional changes to create property relations favorable to the tillers of the soil. It aims to remove all elements of exploitation and social injustice within the agrarian system. Its goal is to ensure excellence status and opportunity to the vast sections of rural population and to augment agricultural production. The government has sought to bring such reforms through events like abolition of zamindari, tendril reforms, consolidation of holdings and cooperative farming.

**Development of Services Sector**

In the tertiary sector, the mixed economy system has sought to explain the role of the state in the provision of several services. For this purpose, a number of nationalization events have been initiated, beginning with the nationalization of Imperial Bank of India to set up the State Bank of India in 1955. Life Insurance business was nationalized in the year 1956. The fourteen major commercial banks of the country were nationalized in July, 1969, followed through the nationalization of six more banks in April 1980. Coking and non-coking mines were nationalized in two installments in October, 1972 and January, 1973. The General Insurance business has also been taken in excess of through the government Statutory rationing has also been introduced in several cities.

**Subsidies**

Subsidies have become a significant part of India’s economic system. Subsidies to exports can be provided indirectly through deliberately running
railways etc., at a loss. Subsidies on foodstuffs etc., can keep down the cost of living. Farm subsidies can lead to expansion of the output of farm products. Several subsidies like the subsidy on land revenue, subsidized industrial housing etc., aim to augment the consumption stages of the poor, protect and promote traditional and labor rigorous industries, foster entrepreneurship, develop small level industries, set up industrial estates, support infant industries, develop backward areas and promote exports and so on.

**Other Instruments**

Government also tries to regulate the private sector through Capital Issues Control. It means that corporate sector is required to obtain government’s permission for the issue of any capital, equity, debenture or bond. Then, we have Foreign Collaboration Approval System. It means that any project envisaging foreign collaboration has to secure prior permission of the government. Through price regulations also, the government regulates the private sector, for several commodities, pricing of goods and services is under government control. Government is involved in fixation of maximum prices for commodities etc. The government has also accorded statutory protection to labor through enactment of several laws.

Government, so, has been uniformly creation efforts to develop the mixed economy system in the country. Private initiative and enterprise have been retained in all the three sectors viz., agriculture, industry and services. But the state has been providing direction and regulation to their economic activity through dissimilar events.

**INDIA’S SOCIO-ECONOMIC PROFILE AT INDEPENDENCE**

**The Social and Economic Circumstances of India throughout the British Period**

From the mid-eighteenth century to the mid-twentieth century, the British ruled in excess of India. Globally this was a period of tremendous scientific
and technological advancement. Europe, North America and Japan witnessed a fast and steady social and economic growth throughout this period. They also dominated the world politically and economically. But for India, this was the time of severe economic and social crisis.

The coming of Britishers in India proved ruinous for her self-enough village economy. As an inevitable result of foreign rule, India lost ground in economic, social and technological advancement. The worst affected were India’s village industries, handicrafts, agrarian economy and trade. The influx of British and non-British machine-made goods at cheaper prices in Indian market proved detrimental to the village hand loom industry. Import of cheap, aniline dyes adversely affected the village dyers. The condition of village potters also deteriorated due to the attendance of metal ware in the market. Village tanners and carpenters also lost their hold on market. The growth of modern industries in India was mainly dominated through the British capital. Though accumulation of enough savings in the hands of Indian merchant class did provide rise to some Indian-owned modem industries in India but these were really nominal as compared to the British-owned modem industries. The industries that flourished throughout this period were plantation industries such as indigo, tea and coffee, cotton and jute mills and coal mines. Engineering and railway workshops iron and brass foundries grew rapidly throughout this period. But there was a practical absence of basic heavy industry (metallurgical and machine producing industry) in the country. There was hardly any appreciable advance in shipping, aircraft industry, etc. There was a little development in the fields of banking and insurance but that too largely under the control of the British. One of the striking characteristics of economic development in India in the sphere of trade, industry and banking, was the concentration of a big proportion of enterprises in a few hands, which led to the establishment of monopolies and trusts. The trusts e.g., Tatas, Andrew Yule and Co. etc., in industry, transport and financial fields controlled economic enterprises of approximately all categories.

Indian handicrafts were approximately ruined throughout the British rule.
Our handicrafts became a prey to British goods and exploitative policies of the colonial regime. Heavy duties were laid on Indian goods. Artisans were not able to sell their products to Indian and foreign merchants. British put an end to the internal trade of Indian handicrafts. Destruction of native states which were the greatest customers of our handicrafts and also patronized the handicraftsmen came as a severe blow to Indian artisans. Due to the wide network of railways, Indian markets were flooded with British and other foreign goods. Iron smelting industries were also undermined. As a result of all this, several handicraftsmen migrated to cities and took to several types of menial jobs.

Some became wage workers, some diverted to agriculture and became farmers and land laborers. One of the most alarming and ruinous characteristics of Indian economy under the colonial rule was the change in agrarian structure and relations. The introduction of private property in land led to the division of family land which proved to be one of the major causes for disintegration of joint family system. The British introduced commercialization and specialization in agriculture. Agricultural produce began to be sold in market and special crops began to be produced for the purposes of sale. The new land revenue system eliminated the village as the unit of assessment. The new land revenue system, excessive land revenue, low productivity, etc., forced the farmers to take recourse to borrowing of money and seeds from money lenders. This led to a vicious circle of indebtedness and approximately every farmer became a victim of it. To meet the heavy taxes on land and basic necessities and debt interests, land usually passed on from the cultivator to the money lender who further let and sublet it. Therefore a new class of tenants, sub-tenants and absentee landlords appeared which never had any interest in land.

The pressure on agriculture increased to a large extent throughout this period. Due to ruin of handicrafts and village industries, artisans made farming their livelihood. This led to excessive overburdening of land. Even the pasture land providing fodder and livestock was increasingly encroached upon for
agriculture. Therefore a highly iniquitous agrarian system enabled its top sections of zamindars and landlords to live off the labor and toil of the working peasantry. Moreover fluctuating agricultural output dependent on the vagaries of monsoon made the farmers easy victims of the exploitative commodity and market operations.

The British rule was therefore a sorry story of the systematic exploitation of India. The benefits of British rule, if any, were only incidental. The main motive of the British policies and developmental programmes was to serve the interests of their own country. Therefore, in 1947, when the British transferred power to India, we inherited a crippled economy. As Jawaharlal Nehru in his book ‘Discovery of India’ put it, "India was under an industrial capitalist regime, but her economy was largely that of the pre-capitalist period, minus several of the wealth producing elements of that precapitalist economy. She became a passive agent of modem industrial capitalism suffering all its ills and with hardly any of its advantages.”

A Profile of India’s Stagnant Economy

In order to produce rising quantities and services, a society needs a framework of government, laws, policies, common facilities and institutional environment which foster and rewards work, enterprise and innovation. Such a framework creates people the means and ends of development. In this section we will discuss the condition in which the Indian economy was in 1947 in conditions of national income, work force, occupational structure, condition of agriculture, land, capital, foreign trade, monetary and fiscal system, etc. Since 1951 was the census year, we have a lot of information for that year. The first two or three years were spent largely in stabilizing economy and administration, the situation of 1951 may well represent the situation on the morrow of Independence as no concrete changes were introduced flanked by 1947 and 1951.
**Occupational Structure**

An economy is an interrelated set of activities or occupations through means of which people earn their livelihood. So an economic profile of a country necessity also describes the sharing of the population, particularly of the workforce in several occupations. Usually, the activities are clubbed into broad categories like agriculture and allied activities, industry and services. In the middle of these activities, some are formally organised whereas others are unorganized, given the basic rural and agricultural nature of the economy which witnessed sizeable de-industrialization under the impact of the British rule. As a result of exploitative socio-economic and foreign trade policies followed through the British, 72.3 per cent of our workforce was dependent on agriculture for its livelihood. Of these landholder cultivators were in excess of 50 per cent and landless agricultural laborers constituted a little under 20 per cent. In 1901, the agricultural workforce was a little in excess of 71 per cent and in 1921 it was as high as 76 per cent. The inter-war years did see a little growth in industrial sphere and trade but it was not much. Therefore at the time of Independence, agriculture was supporting practically the same proportion of workers as at the beginning of the century. As the population increased, the dependency on agriculture increased further.

Mining, factory establishments and several types of cottage, village and small enterprises were the after that significant users of India’s workforce. One and a half crore workers, that is, a little less than 11 per cent (10.7 per cent) of total workers were occupied in these establishments and enterprises. Even throughout 1901, the industry occupied 12 per cent of our workers. The remaining workforce was occupied in trade, transport, professions, government service and other services. In 1951, these activities occupied in excess of 17 per cent (6.6 were occupied in trade and transport, 9.3 in services 1.0 and 0.1 per cent in railways and banks) of our workforce.

This means that there existed a very unbalanced sharing of workforce, particularly in view of low productivity in agriculture and small size of landholdings. It means that the hold of traditional activities at the time of
Independence was extensive. Relatively small share of industry, particularly in the manufacturing sector, shows that we were really reindustrialized and whatever industries made their appearance in our midst failed to give a steady source of livelihood to a large number. The number of workers in factory establishments was just in relation to the 30 lakhs. It means high productivity activities could become accessible to only a very small number of people.

**National Income or Flow of Goods and Services**

Total value of current year’s production of goods and services, despite its limitations, is regarded through several economists as the single most significant indicator of economic circumstances. In a country like India with large agricultural and unorganized activities, the national income figures can never provide a true picture. At the then prevailing prices national income of India in 1950-51 was estimated to be Rs. 8,853 crore, which in conditions of 1970-71 price stage would be equivalent to Rs. 16,798 crore. On this basis annual average per capita income at the dawn of Independence amounted to Rs. 265. It means on the basis of that year’s prices, average daily income was less than Rupee One. Comparable per capita incomes in U.K., U.S.A., Japan, France and Australia were Rs. 3,598, Rs. 8,840, Rs. 820, Rs. 3,280 and Rs. 4,340 respectively. It is clear that in conditions of international comparisons, India had a very low stage of production per person. It was hardly enough for meeting even the minimum human needs. In view of the large inequalities existing throughout that period, it is clear that millions had an income even below the stage indicated through the per capita income figure.

Given such low and unequal stages of income and an agrarian system incapable of providing incentives for savings, investment and improvement of productivity, the rate of savings and capital formation were quite low. According to the First Five Year Plan, saving accessible for net investment amounted to Rs. 450 crore only. It means that the rate of savings was a little more than 5 per cent. According to the estimates of the National Income Committee Report, agriculture, animal husbandry, forestry and fishing
contributed 51.3 per cent of our Net Domestic Product (NDP). As 70 per cent of our population was dependent on these activities, in relation to the half our total product was produced through them. Mining and Industry produced 16.1 per cent of NDP. Of this, factory establishments produced 5.8 per cent and small and village industries 9.6 per cent. Trade, commerce, transport (including railways), communications, banking and insurance contributed 17.7 per cent of our NDP. The share of housing, construction, public administration and other professions and services in our national income was 15.7 per cent. Therefore it can be seen that the primary sector was the most prominent sector of the Indian economy in conditions of output. The secondary sector was not so well developed and hence its contribution towards the national income was rather small.

Agriculture (lh21)

Since agriculture is the most significant sector of economic activities in conditions of share in occupational structure as well as in NDP, it would be insightful to have a closer look at this group of activities. In a country with very low stage of income, food is the most significant item of consumption. A majority of poor people after attending to their food needs are hardly left with any purchasing power to spare for the other necessities of life. It means agriculture has a close bearing on the life of not only the people occupied in agricultural operations but others as well. At the time of Independence, tea, jute and raw cotton (all falling under the primary sector) accounted for the major part of India’s export earnings. Even the modern industries like textiles, jute, sugar, edible oils, etc. which developed throughout this period, obtained their basic raw material from agriculture. Agriculture’s contribution to public exchequer was also quite substantial. Therefore our economy was basically an agricultural economy.

In 1950-51, the total cultivated area was 324 million acres. Per capita cultivated area had started declining since 1901. In 1901 it was 3.2 acres. Through 1951, it had come down to 2.2 acres only. In relation to the 35.5 million acres were used for rising more than one crop, the rest were single
crop areas. Food was grown in 78 per cent of the cropped area. Plantation and spices accounted for just 1.1 per cent area but it was highly lucrative. In excess of the period 1917-1947 multiple cropped areas increased through 20 per cent and irrigated area increased through 10 per cent mainly through means of extension of canals. Irrigation was accessible to 18 per cent of the cultivated area in 1951.

Through the end of 1949-50, there was a decline in yield per acre from 619 lbs to 565 lbs. There was a food shortage in the country throughout this period necessitating imports. Throughout 1948 to 1950, total food imports amounted to 8.6 million tons. Total food production was almost 50 million tons, of this in excess of 40 per cent was rice (in excess of 20 million tons) and wheat approximately 6 million tons. The rest were several coarse granules, which in their total distant outweighed wheat. In the middle of non-food crops, cotton, jute, tea, coffee, oil seeds, sugar cane, rubber, tobacco, potatoes and spices were significant. Per capita food production continually declined after 1900. In 1905-06, it was 200.2 kgms per year, giving 594 grams of food per day. In 1950-51, the annual and daily availability was as low as 155.2 kgms and 425 grams respectively. It shows that throughout the colonial rule, economy was marked with hunger and chronic malnutrition.

According to Agricultural Labor Enquiry Report, 1954, in excess of 22 per cent of rural families were landowners, in excess of 27 per cent were tenants, in excess of 30 per cent were agricultural workers (of which in relation to the 50 per cent were without land) and 22 per cent were non-agricultural families. There were several intermediary interests in land and the actual tillers’ rights in land were limited and insecure. In 1950, agricultural laborers and their dependents were 18 per cent of the total population. In relation to the 15 per cent of the agricultural workers were attached and the rest were casual workers. The attached workers were made to work, on an average, 326 days in a year. Wages were very low. In the middle of agricultural workers 4.6 per cent were children, 77 per cent of child labor was casual and the rest attached.
**Industry**

Some modern industrial enterprises were started in India in mid 19th century. These enterprises were supervised usually under the managing agency system. At Independence the major industries were the textiles, jute, sugar, cement, paper, oil crushing and light engineering. Total finished steel production was in relation to the 89 lakh tons and steel inputs were 13 lakh tons. Per capita yearly steel production amounted to just 3 kgs. Other industrial achievements comprised in relation to the 4.3 thousand million yards of cotton piece goods, in excess of 10 lakh tons of jute products, in excess of 9 lakh tons of sugar, 3 crore tons of coal, in relation to the 15 lakh tons of cement etc. The production of rice, wheat and cereals was also very high.

In 1947, there were 14.5 thousand factories in India. Approximately 22.75 lakh persons worked in these establishments. There was a noticeable degree of concentration of industries in conditions of share capital and fixed assets, indicating the attendance of monopolistic traits. Twenty industrial houses controlled in excess of 34 per cent of total share capital, almost 38 per cent of net fixed assets and in relation to throne-third of gross capital stock of the corporate sector. It means that even in the early stage of industrial growth, monopolistic trends which are a characteristic of advanced capitalist economies were visible in India.

**Foreign Trade**

In 1947-50, exports, valued at Rs. 509 crore were less than 6 per cent of our national income. Imports amounting to Rs. 590 crore, were less than 7 per cent of our national income. India had negative trade balance that year, it was Rs. 82 crore. Principal exports composed of agricultural products, minerals and other raw materials. Other export items were tea, jute, raw cotton, hides and skins, iron and other ores, tobacco, spices, lac, gum and oil seeds, etc. Textiles were the major manufactured goods that we exported. Our imports
consisted of manufactured goods like machinery, metals, chemicals and dyes, food granules equipment and machinery, etc. United Kingdom, the USA, Pakistan, Egypt and Australia were the main sources from which our imports originated. These countries plus Burma and Canada were the main buyers of our exports. Overall balance of payments deficit for that year was in the range of Rs. 180-200 crore.

Other Characteristics

Education

The literacy rate in India in 1951 was very low. The overall literacy rate was 16.7 per cent, 24.9 per cent of the male and 7.9 per cent of the female population was classed as literate. In the middle of agriculturists, literacy rate was only 12 per cent Females occupied in agricultural activities had a literacy rate of 4.5 per cent. Total number of graduates was just 11.74 lakhs. Enrolment facilities were accessible to only 40 per cent of those in the age group of 6 to 11, to 10 per cent of those in 11 to 17 years and to 0.9 per cent of those in the age group of 17 to 23 years. In 1948-49, the total number of educational institutions from nurseries to universities was 1.82 lakhs only.

Health

There were only 5.56 thousand hospitals with in relation to the 8.5 lakh hospital beds. Epidemic diseases accounted for 5.1 per cent of total mortality. Hundred million people were estimated to have suffered from malaria and 2.5 million were active cases of Tuberculosis. Tuberculosis caused half a million deaths annually. Life expectancy rate was little in excess of 32 years.

Taxes

National income comprised 7 per cent taxes. Of this, 17 per cent came from import duties, 28 per cent from direct taxes and 8 per cent from land revenue. Total national debt in 1946-47 was Rs. 2,285 crore. In 1947, the
external debt of India stood at Rs. 36.52 crore.

Scheduled Castes/Scheduled Tribes

There were almost 5 crore persons who belonged to 779 scheduled castes and 245 scheduled tribes. In conditions of access to productive possessions, land, infrastructural facilities, employment opportunities, social services and modern technology, these groups were in a specially disadvantaged position. This was in addition to the social discrimination to which these people were subjected. Therefore in conditions of social and economic infrastructure, financial development and availability of social services, the situation of India was indicative of gross inadequacy. This shows how some of the basic circumstances of decent living and development were denied to us.

Colonial Legacy of Underdevelopment

Our social and economic profile at Independence paints a rather grim picture of the country. India, an ancient land of great diversity and potential became subject to a ruthless and exploitative regime. The British succeeded in extracting manifold support from India in conditions of secured markets, cheap raw materials, savings, and employment opportunities for the Englishmen, men and material for war and cheap labor for further expansion of British empire. To create things worse, the crucial state support needed for acceleration of the processes of development was totally denied.

The profile discussed in this unit shows that at Independence, an overwhelmingly large majority of Indians were living in abject poverty. They did not possess any productive skills, modern scientific knowledge, instruments and objects of labor and opportunities for participation in productive activities. The ignorance, disease, illiteracy and ill-health of millions of Indians living under the shadow of a system of colonial capitalism imposed on a system of decadent feudalism describe the nature of our underdeveloped economy. There were groups in India like the princes, kings,
zamindars, big landlords, industrialists, financiers, big merchants, highly qualified professionals and top echelons of bureaucrats, who being collaborators and underlings of the colonial rulers, commanded a lot of property, wealth, high incomes and all the luxuries of life. But the majority of population was denied even the fulfillment of basic needs. Transport, railways, communication system was developed to serve the British interests. In fact these were half-hearted efforts which had adverse effects on Indian economy. Lack of well-balanced and evenly dispersed infrastructural facilities of roads, railways, power, and technical and skilled man power exercised negative power on the growth of industries.

Vast surplus was extracted from the development of railways, plantations, industries, banking, etc. and this shaped a major part of the British capital. India was forced to contribute to British wars within India and abroad right up to the Second World War. To the exploitative nature of British rule were added the atrocities of native rulers, zamindars and feudal lords.

India was actually reindustrialized throughout the British period as the rate at which pre-modern indigenous industries were mined was much higher than the rate at which modern industries were recognized. Moreover British government did not grant any great degree of protection to Indian industries till 1924. Insufficient cadre of technicians accessible in the country was also one of the causes for lopsided industrial growth. The ruin of India’s well-integrated industries which had a high name for excellence and sophistication could not be compensated through some limited progress of modern light consumer industries based on imported technology and equipment located in some large cities.

The agrarian system neither provided incentives nor the means to actual cultivators to go in for methods of improving productivity. The destruction of urban handicrafts without parallel growth of substitute modern industries led to disequilibrium of industry and agriculture in India.
Greater mobility was introduced within the caste system in India due to several changes brought in relation to the British in the economic sphere. The high castes such as the Brahmins, Vaishyas and Kayasthas were at an advantage, as these were literate classes and could exploit new opportunities in a more profitable manner. Members of privileged castes became clerks, school masters, lawyers and doctors, etc. The new intelligentsia mainly came from these castes. The building of roads, introduction of railways, postage, telegraph, printing, etc., helped to organize the castes to a considerable extent. The civil and penal codes and the new principle of justice introduced through the British viz. all men are equal before the law, affected the caste panchayats adversely. Their power was considerably curtailed but they sustained to exist. The use of law courts did not put an end to the caste panchayats. Both the systems of justice were made use of. Though the traditional hierarchy of caste system was upset through the British, it did not become weak. This was due to the fact that the newly rich castes did not demand the abolition of caste system but only higher status for themselves.

With new social relations in production, sharing and exchange, appeared new institutions. The colonial period witnessed the emergence of new social class’s viz. absentee landlords, tenants, peasant proprietors, agricultural laborers, merchants, money lenders, wage workers, capitalists and petty traders. Professional classes of teachers, doctors, lawyers, journalists, managers, clerks, etc. also came up throughout this period.

India’s foreign trade was made subservient to British interests. We were turned into exporters of raw materials and agricultural produce and importers of manufactured goods. Indian trade was used to generate export surplus which was used through the British to finance Britain’s own external deficit. Through several devices such as funding of military and administrative expenses of the British, India’s wealth was drained absent to Britain in large quantities.

Therefore in addition to the sins of omission, that is, non-introduction of
steps for development, sins of commission, that is, introduction of steps that hampered and held back development in the country were also committed through the British. The result was a stagnant and crippled social and economic state of affairs, where the growth of domestic production barely kept pace with the growth of population and the per capita income remained very low.

REVIEW QUESTIONS

- Discuss the meaning of development and highlight its relationship with economic growth.
- Discuss the dissimilar objectives of our Five Year Plans.
- Discuss the meaning of planning.
- Explain the process of formulation of plan.
- Explain the several instruments of mixed economy in India.
- Discuss the role of planning in a mixed economy system.
- In what method did the British rule affect the agrarian system in India?
- Comment upon the profile of agriculture and industry in India in 1947.
CHAPTER 3
PLANNING PROCESS

STRUCTURE

- Learning objectives
- Grass roots planning
- District planning
- Planning commission and national development council
- State planning machinery
- Review questions

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

- Discuss the several steps taken to operationally grass roots planning in India
- Explain the purpose and characteristics of structures like the block and the samiti
- Highlight the troubles involved in the process of democratic decentralization
- Discuss the recent attempts at operational sing grass roots planning
- Discuss the meaning and importance of district planning
- Explain the structure and functions of the planning Commission
- Discuss the process through which Five-Year and Annual Plans are formulated and the role of agencies involved in the process
  - Highlight the composition and role of state planning boards
  - Discuss the relation flanked by state planning and national planning.

GRASS ROOTS PLANNING

Community Development Programme

The block stage administrative structure was the product of the Community Development Programme (CDP) launched in the early 1950s. The
The basic philosophy underlying the Community Development strategy was the belief that “all characteristics of rural life are interrelated and no lasting results can be achieved if individual characteristics of it are dealt in isolation”. It is because of this faith that the Community Development Programme was made multi-disciplinary in character though agricultural development remained the primary concern. Though, it was always stressed that the economic characteristics of village life cannot be detached from the broader social characteristics and that agricultural development is inextricably connected up with a whole set of social troubles. So, social change to enable economic development was central to the Community Development strategy.

The Community Development Programme, in its conceptual basis, was a good instance of grass-roots planning. The very essence of the programme, as the First Plan stressed, was “people’s participation”. Though, since small communities like the villages had limited technical, material and financial possessions, their initiatives had to be supported through the state. This needed the establishment of an extension organization which would provide developmental support to the villagers. So the two key elements of the CDP were people’s initiative and participation encouraged and aided through an extension organization. This, it was felt, would enable the mobilization of local possessions, including manpower, and promote the percolation of modern technology and possessions through the extension agencies. To take an instance from agriculture, what the CDP meant in practice was that extension would be used to motivate farmers to adopt improved techniques and also to develop the necessary infrastructure through utilization of rural manpower.

The extension organization set up under the CDP created the Community Development block as the key unit of the structure. It was put under the administrative control of a Block Development Officer (BDO) who had jurisdiction in excess of an area of roughly 100 to 120 villages, almost conforming to a tehsil or taluk. The BDO was assisted through a multi-disciplinary team of extension officers for dissimilar functional areas like
agriculture, animal husbandry, irrigation and works, cooperation, social education, village industries etc. It was stressed that the block stage set up was a “medium” through which the several developmental departments would function so as to synchronise their efforts and reach the people.

While there were a number of extension officers at the block stage, they all functioned through the multi-purpose Village Stage Worker (VLW) or gram sewak. The VLW was a crucial link flanked by the villager and the block stage administration. The rationale behind this structure was as follows: “The peasant’s life is not cut into segments, in the method the government’s activities are apt to be; the approach to the villager has, so, to be a coordinated one, and therefore to comprehend his whole life. Such an approach has to be made, not through a multiplicity of departmental officials, but through an agent common at least to the principal departments occupied in rural work”. Although, this may sound alright, in reality this meant that the VLW was expected to do too much as at the cutting edge the whole programme of decentralized development rested on his/her shoulders.

**Panchayati Raj**

The Community Development Programme had two pillars: people’s participation and governmental ‘extension’. Whereas the extension agencies—the Block, the VLWs, etc.—were organised fairly early and planned budgetary allocations were made for the CDP, the significant aspect of people’s participation was tackled only a little later. The most significant step in this direction was the establishment of the Balwant Rai Mehta Committee to study, inter alia, the question of popular participation in the CDP.

The recommendations of the Mehta Committee, brought out under the title “Report of the Team for the Study of Community Projects and National Extension Service”, were distant reaching. The Team recommended the establishment of a three tier structure for Panchayati Raj institutions with
elected Panchayats at the village stage, an executive body called the Panchayat Samiti at the block stage and an advisory body called a Zila Parishad at the district stage. These local bodies were to be statutory and largely elected bodies with necessary possessions, power and authority devolved on them and assisted through a decentralized administrative system working under their control. The team also recommended that the basic unit of democratic decentralization should be located at the block/samiti stage.

The Panchayat Samitis, with a jurisdiction co-extensive with a development block, were entrusted all these development tasks which the block was to undertake under the CDP. More specifically, these incorporated development of agriculture in all its characteristics, animal husbandry, rural industries, public health, primary education, social welfare and maintenance of statistics. It was also to be an agent of the state government in executing special schemes of development entrusted to it.

To enable them to discharge their developmental functions the Samitis were assigned specified sources of revenue like a percentage of land revenue, cess on land revenue, profession taxes, proceeds from tolls and leases, etc. In addition, the state governments were expected to give conditional and/or unconditional grant-in-aid. And finally, all Central and state funds spent in the block areas were to be assigned to the Panchayat Samitis to be spent through it either directly or indirectly. The Samitis were to have a budget which was to be approved through the Zila Parishad. Therefore the Panchayati Samitis were given possessions and assigned developmental functions and were therefore expected to formulate block plans on the basis of people’s felt needs which their (indirectly) elected composition was expected to ensure. To implement their plans the Samitis were given administrative powers in excess of the technical extension officers who were to be under the administrative and operational control of their Chief Administrative Officers, viz., the BDO.

Through early 1960s approximately the whole country had been sheltered through the twin programmes of Community Development through extension
and Panchayati Raj institutions. The atmosphere of confidence it created, reflected in Nehru’s characterization of this as “the most revolutionary and historical step”. It was unfortunately short-existed.

**Decline of Grass Roots Planning**

The ascendancy and decline of grass-roots planning, according to the Asoka Mehta Committee, had three separate stages; the stage of ascendancy, 1959-64; the stage of stagnation, 1965-69 and the stage of decline, 1969-77. Though, the failure of the grass-roots planning exercise were visible from its very inception. The causes of this failure were many and these should be cautiously studied so that future attempts at decentralized planning can be made successful.

In the middle of the more significant causes of failure was the absence of a clear thought and expertise concerning planning at the block stage. Indeed expertise and clarity concerning the meaning and content of planning was absent even at the district. In fact there was approximately no planning at the block stage as was discovered through scholars like Alice Ilchman: “To talk with assurance in relation to the Block Plan' assumes that a plan exists at every block headquarters and is accessible for examination and use... In fact, the block plan turned out to be a singularly elusive document... When it was demanded, several pieces of information appeared... In any event, at none of the blocks... was single document which could be copied or photographed as the definite ‘Block Plan’.” (Quoted in Walter C. Neale’s Article on Indian Community Development...)

The Block plans, Watter C. Neale reported, “contained a summation of the information recorded on the scraps of paper that... VLWs had composed, to which were added the programmes administered from block headquarters”. Therefore block plans were hardly existent and were no more than some summary statistics and accounts. Block planning never took off despite the
creation of an organization for the purpose and the absence of planning capabilities was a major factor for this.

The failure is also attributable, in part, to the rigidity in the CDP itself which was the result of the heavy reliance of the programmes on the bureaucracy. This causes continual disagreement flanked by the Samitis and the officials. “The history of economic planning and administration at the local stage”, writes Neale, “has, in several compliments, been the history of tensions flanked by the necessities of community development and the traditions and responsibilities of the state and national administrative services”. The BDOs role was an unenviable mix of an “extension officer” and a “programme officer”. As a programme officer he was expected to implement the government’s programmes and schemes. As an extension officer he was to help the Samiti to articulate their needs and help prepare a plan. Faced, with the choice of serving one of the two masters more devotedly, the BDO chose the government and not the Samiti. His choice was reinforced through the schematic budget of the Community Development Programme.

The ‘schematic budget’ for a block was the fixed budgetary allocation under the plan for the Community Development Programme which the BDO was required to spend on certain specified activities. Though the budget was multi-disciplinary, the bulk of the schematic budget pertained to agricultural development. Not only the heads of expenditures were specified, the BDOs were also given detailed instructions concerning the manner of operating the block budget. This gave little freedom to the Panchayat Samitis and the block officials to plan according to local felt needs. V.Venkateton refers to a case where faced with water logging problem certain villagers expressed the need for a nulla (drain). The BDO was not sure whether his block budget permitted the construction work and hence referred the matter to the state government which, in turn, passed the question on to the Government of India. There have been several instances of disagreement flanked by financial accountability to the authority providing funds and operational flexibility required for responding to local needs. How could grassroots planning operate when for
instance, the construction of a village drain, required the clearance of the Government of India?

There were other troubles also like the problem of co-ordination, the problem of interference through politicians and officials of the state and central stages and the problem of existing inequalities and vested interests opposed to egalitarian development in rural areas. But the decline of the CDP and Panchayati Raj experiment of the 1950s is directly traceable to the disagreement flanked by the urgent economic needs at the national stage and the local needs. This was most strikingly thrown up through the serious food problem the country began to experience since the late 1950s and which culminated in acute food shortages throughout mid 1960s. The food problem manifested itself in outflow of foreign exchange to buy food and in rising prices. Though food aid helped temporarily, the solution, it was realized, lay in rapidly rising food granules production. Growth in agricultural output through rigorous use of inputs like fertilizers, water, high-yielding diversities of seeds became the accepted government policy. This was the ‘green-revolution’ strategy.

This change in strategy of development at the national stage changed the content of the CDP and Panchayati Raj institutions. This major change took the rather silent form of the community development services being asked to drop “nonessential” activities and concentrate on raising agricultural production. “In effect”, writes Neale, “these orders destroyed community development as a joint project of experts and villagers and turned it into a system of administering specific programmes of rural credit, loans in type, subsidies, demonstrations... and minor social overhead capital works. The BDO became the man who checked on the conduct of these programmes. Instead of creation the authorities aware of the needs and attitudes of people at the village stage, the BDO started creation the villagers aware of the government’s plans and policies and the funds accessible for them. One might say that the “spirit had been taken out of community development. Another consequence of the same cause was to create Panchayati Raj increasingly
irrelevant to economic planning and administration.... When planning became individualized and administration became more centralized, the panchayats’ economic functions atrophied”.

The decline in the grass-roots planning, it necessity be emphasized, cannot be dated strictly as it was a gradual process. The change was visible from approximately 1960s and through the end of the decade the Community Development Programme had lost its spirit. But “at no time was a decision did not make to replace Community Development and Panchayati Raj nor have they been abolished”. They were simply made ineffective through neglect.

Attempts at Revival

Through mid 1970s the food problem had eased somewhat. Though, it was realized that excessive concern with growth in production has led to the neglect of the goal of equity. Studies showed that throughout the 1960s, while production increased, the percentage of people below the poverty-line remained virtually constant. Significant segments of the rural population, specially the small and marginal farmers and laborers, and large parts of rural India, specially the non-irrigated areas, were bypassed through the green revolution. As disparities grew and discontent mounted, often manifesting in violent movements as in Naxalbari, policy makers gave greater prominence to the removal of poverty (‘garibi hatao’) and attempted to broaden the base Of development. Many Centrally Sponsored Schemes were launched—for instance, the Drought Prone and Desert Areas Development Programmes; Hill Area Development Programme; Marginal, Small and Agricultural Laborers’

Programmes; and Employment and Rural Works Programme, reflecting the shift in emphasis towards “poverty alleviation”. Since mid 1970s a number of attempts have been made to revive the spirit of decentralized development.

The ‘Report of the Working Group on Block Stage Planning’ (1978) is one
of the significant attempts in this direction. This report, recognized as the report of the Dantwala Committee, grew out of the concern for a) generating employment, b) assuring basic minimum needs, c) effective spatial planning for rural socio-economic infrastructure, and d) promoting equity. In fact, the Committee in its report enumerated these, inter alia, as the goals of the block-stage planning. The achievement of these objectives through planning required technical competence to plan. The Dantwala Committee found that such expertise was absent at the block stage. It stated that the “The present staffing pattern at the block is mainly tuned to implementation tasks and not so much towards planning functions. The set-up basically consists of a Block Development Officer who is assisted through five Extension Officers, each in the fields of agriculture, animal husbandry, co-operation, panchayats and rural industries. The other staff consists of an Overseer, a Social Education Organizer, a Progress Assistant and VLWs. In the block, there are also Veterinary Stockmen, a Medical Officer, a Sanitary Inspector and a Lady Health Visitor, some of them with the necessary supporting staff. In some states there is also an Extension Officer for programmes relating to women and children. Therefore it may be seen that the staffing pattern at the block stage is essentially meant for getting the development programmes implemented in the field. There is a Progress Assistant who keeps record of the plan programmes and their progress and assists the BDO in sending regular progress reports. Beyond this, there is no other person assisting the BDO in the planning functions”.

Though, despite recognizing the absence of planning personnel at the block stage, the Dantwala Committee did not recommend that such personnel should be inducted at the block stage. Realizing that planning skills were scarce it recommended the constitution of a District Planning Cell which would be entrusted with the task of formulating both district and block plans: “... we are visualizing the planning team located in the district essentially as a peripatetic team, which will move down to the selected blocks and prepare the block stage plans in association with the BDO, the Panchayat Samiti, voluntary agencies and other concerned persons at the block stage”. Therefore
the Committee was trying to introduce block-stage planning without changing block-stage administration. It laid greater stress on the technical tasks, like collection of data and assessment of public opinion, to the block administration.

This emphasis on the technical aspect of planning led it to underplay the roles of both the administration and the Panchayat Samitis. In the absence of popular involvement, the Dantwala Committee’s recommendations fall distant short of what is understood through ‘grass-roots plan’ though its strength lay in its effort at upgrading planning capabilities at the sub-state stages.

The Asoka Mehta Committee in its report published in the same year as the Dantwala Committee report (1978) endorsed the latter’s proposal of locating the technical planning team at the district stage. The Asoka Mehta Committee gave primacy to the district as the basic unit of decentralization which was a fundamental departure from the system that had developed following the Balwant Rai Mehta Committee recommendations of creation the block and the Panchayat Samiti as the key units of decentralization. The Asoka Mehta Committee assigned practically no role to the block. It suggested a two-tier Panchayati Raj structure comprising the Zila Parishad at the district stage and Mandal Panchayats at the sub-block stage with a jurisdiction in excess of a number of villages and covering a population of 15,000 to 20,000. The existing block stage Panchayat Samitis were to be converted into “non-statutory executive committees of Zila Parishads and when the Mandal Panchayats become active, most of their functions would be taken up through the Mandal Panchayats”.

The Mandal Panchayats, the Asoka Mehta Committee suggested, would comprise directly elected members and representatives of Farmers’ Service Societies with provisions for representation of Women and of members of scheduled castes and tribes. As regards planning, (heir roles were seen as implementation and promotion. They were to be responsible for implementation of the schemes and projects assigned through the Zila
Parishad. They would also “play a promotional role activating community action, build up organization and project formulation”. To enable them to function effectively, the Mandal Panchayats should have “purposive work allocation and transfer of money component beside with the functions assigned to them for implementation”. Therefore the Mandal Panchayat was visualized as essentially an implementing authority with clear demarcation of functions and financial possessions. Their role in plan formulation was to be supplementary to the Zila Parishad role: “... the Mandal Panchayats... would have a key role in supplying the necessary information in relation to the several schemes and suggest the potential areas of development as well as their necessities to the Zila Parishad... The Planning unit at the district stage should take note of the views articulated through the Mandal Panchayats from time to time”.

Although both the Dantwala and Asoka Mehta Committees favored planning at the district stage, the troubles of implementation of anti-poverty programmes, sponsored through the central government, simultaneously increased the need for operational planning at the block stage. A set of guidelines were issued through the Ministry of Rural Development which sponsored most of these programmes and these guidelines slowly evolved into the “Operational Guidelines on Block Stage Plans for Integrated Rural Development Programme” (1982). This was definitely an exercise in planning to be undertaken at the block stage but it was planning for the purpose of implementing a centrally sponsored programme and hence had little of autonomy and people’s participation. But it did highlight the significant fact that even implementation of a programme requires planning at the grass roots stage.

The thought of comprehensive decentralized planning was again taken up through the Hanumantha Rao Committee (Working Group on District Planning, 1984). This Working Group reiterated the earlier recommendation that “block planning should also be entrusted to District Planning Team”. The purpose of block planning should be, in addition to the goals of district planning of which the blocks are components, the reduction of intra-district
disparities for which the district planners should develop appropriate intra-district variation indicators. Though, unlike the Dantwala Committee, the Working Group recommended the introduction of planning personnel at the block stage also: “There should also be a Planning Officer of BDO’s rank at the block stage assisted through two Research Assistants and a Typist and a messenger to help the (District) Chief Planning Officer to coordinate the Block Stage Programmes with regard to intra-block gaps in development and amenities”. To put multi-stage planning on a sound footing it also stressed the need for a “single planning cadre for the state comprising the technical planning staff at block, district and state stages”. Therefore the need for creation changes in the block stage administration was realized.

This need (of restructuring block administration) was a significant recommendation of CAARD (Report of the Committee to Review the Existing Administrative Arrangements for Rural Development and Poverty Alleviation Programmes, 1985). The CAARD noted that the “block-stage set up has lost its original pre-eminent position in development administration... (and) there has been proliferation of agencies and programmes in excess of the last three decades”. The size of the budget handled through the block has increased many fold and the complexities and technical content of the several schemes have also increased. The CAARD so recommended that the Block Development Officer should be upgraded and should be headed through an ‘Assistant Development Commissioner of the status of a Sub- Divisional Officer’. Though the Committee was of the view that the block should be “the sheet-anchor of the whole rural development process”, it was prepared to accept smaller units like the Mandals, as recommended through the Asoka Mehta Committee, as the basic unit of grass-roots planning (in addition to the Village Panchayats). In fact, it left the choice of the appropriate unit of area planning below the district to the state government. Some states (for instance, Andhra Pradesh and Karnataka) have adopted the Mandal as the basic sub-district unit for decentralized planning. But in most states there has been little change and grass-roots planning below the district stage remnants neglected.
DISTRICT PLANNING

Rationale behind District Planning

The Constitution of India gives for the sharing of legislative and financial powers flanked by the Centre and the states. Further, no political authority is specified in the Constitution for the districts. This raises the significant issue of the feasibility of district planning. Though, the Constitution can be amended given the necessary will. The significant question so is concerning the desirability of district planning. Should there be planning at an intermediate stage that is flanked by the state and the project stage? If so, then what should be the content of such planning under alternative-scenarios of decentralization of political power to the district stage?

The case for district planning arises, first, from the fact that a coordinated inter-departmental effort is likely to provide greater benefit from the same outlay than the sum total of uncoordinated departmental efforts. Usually, development activities at the sub-state stages are handled through several departments, each having their own hierarchies. Also, non-departmental public agencies like commercial banks, input corporations, marketing agencies, etc. also operate at the district and sub-district stages. Therefore development functions get highly fragmented in the middle of numerous departments and agencies. Immense benefits can be reaped through integrating and coordinating these individual efforts into a constant regional plan framework. This requires the setting up of planning agency which can benefit from the fact that most departments and agencies have their regional offices located at the district stage. District planning is so necessary for coordination, consistency and spatial planning.

Another cause in favour of district planning arises from the need to allow for diversity and dissimilar stages of development flanked by regions. A single plan even at the state stage, it is argued, cannot account for the great diversity
in natural possessions, terrain, soil and water availability, skills and cultural factors. It is so desirable that planning is decentralized at least upto the district stage so that effective use can be made of local possessions after identifying local needs and troubles. To plan at a centralized stage would mean either the neglect of diversity or would involve costly collection of data and information from a large area and the processing of such voluminous amount of information to evolve a constant and integrated plan. Decentralized planning would so reduce information costs and allow planning to be of manageable size while at the same time accounting for regional needs and possessions.

Though, although these arguments related to spatial planning and decentralized planning are undoubtedly significant, the emphasis on sub-state stage planning in India has primarily been the outcome of political values. The power of Gandhian ideals of self-managing small communities has underlined several of the efforts at decentralization of planning. In fact the ideas of “planning from below” or “grass roots planning” have been stated time and again since the inception of planning process in India. People's participation, from the stage of setting up of priorities to the stage of plan implementation, has been propagated not only as a means of effective planning but also as an end in itself. Planning at the district and lower stages has been seen as an input to the process of strengthening democracy in this country. The political ideals of democracy and socialism have been the concepts underlying whatever efforts that have been made to decentralize the planning process. And it is to the study of these efforts and the troubles they have encountered that we should now devote our attention.

**Role of Panchayati Raj Institutions in Local Planning**

Planning requires an agency and a process. At the district stage the thrash about for setting up planning machinery has been a torturous one. The earliest attempts in this direction were the Community Development Programme and its sequel the Panchayati Raj System. These were attempts of the 1950s to
build structures for people's participation in planned development. They laid
greater stress on people's participation in planned development rather than on
the technical characteristics on details of planning as such.

The Community Development Programme was started in 1952 to promote
better living for the whole community with its active participation and
initiative. The role of the government was to plan and organize the
programmes on a national basis and to give technical services and materials
beyond the possessions of the communities. As regards the people, community
development was seen as “essentially both an educational and organizational
process”. It was concerned with changing people's attitudes and practices and
was intended as nurseries of community action.

Though, the Community Development Programmes in its first few years
failed to evoke public participation. The Balwant Rai Mehta Study Team was
appointed in 1957 to study the Community Development Programme,
especially from the point of view of assessing the extent of popular
participation and to recommend creation of institutions through which greater
participation could be achieved. The Study Team concluded that “one of the
least successful characteristics” of the Community Development Programme
was “its effort to evoke popular initiative”. At the district stage this was due to
inappropriate agencies like District Boards being made responsible for
planning. The District Boards were too large, lacked expertise, legitimacy and
even power due to the fact that some states took in excess of some of the
Boards’ powers and in several others there was a dual control both through the
states and the Boards.

The Study Team so recommended that these bodies be replaced through
democratic institutions to take charge of all characteristics of development
work. At the district stage such a body was to be the Zila Parishad which was
to be an advisory body with the Collector as the Chairman. The members of
the Zila Parishad were to be indirectly elected mainly through ex-officio
members from lower tiers of the Panchayati Raj institutions. In fact, the Zila
Parishad was to be the highest stage of the three-tier Panchayati Raj institutions viz., Village Panchayats, block-stage Panchayat Samitis and district-stage Zila Parishads. The Team’s recommendations concerning the establishment of statutory and elective institutions with definite duties, functions, powers and possessions received considerable amount of support. Through 1961 most of the states recognized the Panchayati Raj system, sometimes with minor modifications, on lines proposed through the Balwant Rai Mehta study team.

But planning under the Panchayati Raj institutions was not much of a success. Perhaps this was not due to any inherent weakness in the decentralization process. The main cause seems to be that decentralization did not go distant enough. The Panchayati Raj institutions were never really given a chance to actively engage in local planning. Their operations were severely restricted on account of four principal factors: 1) lack of experience, ability and help in planning; 2) domination through the bureaucracy; 3) inadequate devolution of financial powers, and 4) the subordinate status of these institutions vis-à-vis the state government. We will now briefly discuss these factors.

**Lack of Experience, Ability and Help in Planning**

The lack of experience and skill meant that the Zila Parishads could hardly engage in meaningful planning. The district plan was drawn up through the officials who in turn lacked the requisite skills. In fact district plans wherever they existed were no more than a compilation of departmental schemes and outlays at the district stage with the sum total of block ‘plan providing a statistical summary. Although the post of the District Planning Officer or its equivalent existed in several cases, there were no clear procedures outlined for formulating the district plan. The so-called ‘district plan’ once prepared was presented before the Zila Parishad approximately as a formality and was then passed. The legislative process was rushed through giving little time for elected members to articulate their necessities, create modifications and
suggest alternatives. Walter C. Neale reported a case where the Five-Year Plan was placed before the Zila Parishad at ten 10 O’clock in the morning and passed through the same evening. All tasks required in the process i.e. formation of sub-committees, hearing, scrutiny of proposals etc. were rushed through in a matter of hours. People’s participation was so reduced to a token with Zila Parishads taking the role of mere rubber stamps of official plans.

**Domination through the Bureaucracy**

The role of the bureaucracy was a factor contributing to the erosion of the power of the Zila Parishads. The officials prepared their departmental plans and pooled these into a ‘district plan’ and their primary objective was to get these passed through the Parishad. Since they had more adequate information and were better educated they succeeded in obtaining the Zila Parishad’s approval for the proposed plan. The fact that the Zila Parishad members knew little in relation to the technical details only helped in confusing issues. The role of the Zila Parishads in planning was so only peripheral.

**Inadequate Devolution of Financial Powers**

The Zila Parishads had little financial powers. Adequate financial powers are really necessary for planning. The concept of a district budget which was voted through the Zila Parishad did exist but the Parishad did not have the right to alter most of the schematic budgets. For instance, they could not alter the cost and other specifications of road construction proposals of the Public Works Departments. Estimates showed that the Parishad had powers to alter items accounting for in relation to the 10 to 15 per cent of the budget amount. With time, this

**Subordinate Status of Panchayati Raj Institutions**

In addition, in most cases, the District Magistrate had the power to veto acts of the Zila Parishads. Therefore in matters of planning, the Parishads could not force their views on the administration. The interference through
state stage politicians (MLAs, etc.) also increased in excess of Zila Parishads reducing the role of local participation. With the introduction of Centrally Sponsored Schemes the powers of the Zila Parishads got further curtailed. The staff under the Parishads would execute the Schemes though the programmes were kept outside their purview. The staff spared through the state to the district also slowly came to consist of officers who were not wanted through the state governments. And filliially there was a tapering off of plan allocations for Panchayati Raj institutions and a gradual curtailment of powers of the Parishads resulting from several enactments of the state legislatures. The decline of Zila Parishads was completed with their super session and the practice of not holding elections. Barring a few exceptions, the initial experiments with democratic decentralization were not successful.

As distant as decentralized planned development is concerned we could not achieve much. To rectify this defect and to improve the working of democratic institutions at the district and lower stages the Government of India appointed a Committee headed through Asoka Mehta in December, 1977. The Committee recognized as the Asoka Mehta Committee recommended a two-tier structure for Panchayati Raj with the district being the first point of decentralization below the state. The district stage was also to be the basic unit of planning.

Unlike the Balwant Rai Mehta Committee, the Asoka Mehta Committee recommended direct elections to the Zila Parishads with reservations for scheduled castes, tribes and women. For planning purposes, the recommendation was for setting up a Committee of the whole Zila Parishad with MLAs (Members of Legislative Assembly), MLCs (Members of Legislative Council) and MPs (Members of Parliament) from the area as ex-officio members. The Zila Parishad was to be the basic unit of decentralization with a comprehensive range of developmental responsibilities. In fact the Committee went even further through recommending that all developmental functions related to the districts be transferred from the jurisdiction of state governments to the Zila Parishads. The Zila Parishads, to be able to perform
the developmental role, were to have all the staff under the supervision of the Parishad. The Parishad was also to have financial powers and earmarked devolution of funds for developmental purposes. In short, the Committee visualized a separate tier of development administration below the state with comprehensive and clearly defined developmental, administrative, financial and legislative functions.

The recommendations of the Asoka Mehta Committee, although fairly radical, did not discover much favour with the state governments. To discuss the Committee’s report a Conference of Chief Ministers was held in 1979. The discussions led to the preparation of a model bill to ensure uniformity in the Panchayati Raj system. As things stand today only a few states, most notably Karnataka, has gone ahead and implemented the Panchayati Raj system on the lines recommended through the Asoka Mehta Committee. Perhaps greater involvements of the Centre in the process, including perhaps an amendment to the Constitution to ensure democratic decentralization upto at least the district level may be necessary. In fact, two Constitutional Amendment Bills (64th and 65th) were prepared one through the Congress and the other through the National Front Government with this broad objective in view. Till now no further action has been taken on these lines and the issue of effective decentralization on an all-India basis below the state stage appears to have been shelved for the time being.

**District Planning Machinery**

We saw that the ideal of people’s participation in plan formulation has had limited success. The attempts at democratic decentralization have not been very effective. Despite this, the attempts to strengthen the machinery of planning at the district stage have sustained. Due to the limited success of Panchayati Raj institutions, the attempts at establishing and strengthening of the technical side of the planning machinery have gained momentum. In fact the efforts for strengthening district planning machinery began in the mid
1960s only; this was the period when the weaknesses of district planning had become clearly visible.

As a part of the Community Development Programme the states were asked to prepare district and village plans as early as in 1954. Though, decentralized planning got a slightly clearer form with the recommendations of the Balwant Rai Mehta Committee report in 1957. The Committee stated that local plans under the Community Development Programme were to be the joint responsibility of people's representatives assisted through the development staff. The states were expected to lay down the “broad objectives, the general pattern and the measure of financial, technical and supervisory assistance accessible”. The concept of block and district budgets were introduced. While the Zila Parishad was the forum of people's participation the officials in charge of development departments at the district stage were placed under the overall guidance of the District Collector who was to be assisted through an Additional Collector and a District Statistical Officer for planning and evaluation purposes. The District Statistical Officer was to function under the technical control of the Director of Economics and Statistics and the administrative control of the Collector.

A decade after the Balwant Rai Mehta Committee's recommendations, the Administrative Reforms Commission noted that the attempts at district planning have not been effective. According to the Commission this was due to the absence of a clear thought concerning the aims and resource availability for district planning. This was compounded through the fact that “the district had no planning expertise as such”. The Commission so recommended that appropriate planning machinery for the formulation of plans should be provided at the district stage. The planning team in the district would essentially consist of a Planning Officer who may be either an administrative or a technical officer capable and trained for coordinating developmental work. This officer would work full time on the planning side. The district stage technical officers belonging to sectors such as agriculture, forestry, minor irrigation etc. should be responsible for plan formulation and
implementation at their stages. Planning at the district stage, the Commission felt, should primarily be in conditions of physical planning for the development of local possessions. The Commission also felt that since Zila Parishads normally have no representation from urban areas they are so not the best agencies for balanced district planning as a whole. The Administrative Reforms Commission so recommended that “there should be a District Planning Committee consisting of the representatives of the Zila Parishad, Municipal Bodies in the district, professional talent in the district and with appropriate association of the district officers”. It recommended that the District Planning Committee, unlike the Zila Parishads, should be small in size to ensure effective participation through its members. The District Planning-Officer should be the Secretary of the Committee which should meet at least once in two months.

The Administrative Reforms Commission recommendations were closely followed through “guidelines” issued through the Planning Commission in 1969. The guidelines stressed the need for decentralized planning and suggested the involvement of government, local self-government bodies and progressive farmers and entrepreneurs in the assessment of accessible possessions and the existing administrative situation and in the fixing of priorities. It suggested that officials of dissimilar departments are to be responsible for the preparation of schemes pertaining to their departments for inclusion in the district plan. The task of the planning agency was to integrate these departmental plans into a constant and comprehensive plan for the district. In this process of plan formulation the planning agency was to consult not only several departments but also lower and higher stage agencies and other district stage public institutions like banks. Therefore the guidelines went into great detail in relation to the process of plan formulation. Though, it paid approximately no attention to the problem of setting up of adequate planning machinery at the district stage. An appropriate planning machinery at the district stage sustained to be absent even a decade later as the Working Group on Block Stage Planning (the Dantwala Committee) observed: "... there are a number of departments located in the district, each with its own vertical
hierarchy and separate subsistence at the state stage... The District Collector performs the role of a coordinator. Even this role is largely undefined and informal and is limited to issues pertaining to implementation”.

Therefore even in 1978 the Planning machinery at the district stage was either non-existent or very deficient. Concerning the district planning machinery the Dantwala Committee made the following observations:

- “In majority of states, no effort seems to have been made to improve personnel possessions at this stage. Even in the case of states which have set up something like ‘District Planning Machinery’, the composition of the staff reflects that there has been no serious effort to induct technical skills in planning. The staffs who have been appointed in these units perform only routine secretariat functions, assisting the District Development Council under the Collector but do not give much technical support in the tasks of plan formulation, monitoring, review and evaluation. Therefore in several states, the District Planning Cell consists of District Planning Officer assisted through Statistical and Research Assistants and clerical staff who mainly look after the implementation of the district plan somewhat in a routine manner.”

The Dantwala Committee so suggested the strengthening of the District Planning Cells and recommended that a minimum core staff should consist of, besides the Chief Planning Officer, six other technical officers—viz., economist/statistician, ii) cartographer/geographer, iii) agronomist, iv) engineer, v) industry officer, and vi) credit planning officer. In addition to the above core staff, specialists may be occupied according to the needs of the area/programme. The Chief Planning Officer should be a person who can coordinate the work of the planning team with that of the departmental officers. He can be from any discipline and should be the principal aid to the District Collector and second to him on the planning side.

The recommendations of the Working Group (Dantwala Committee) were
followed through the first serious effort through the Planning Commission to set up a competent district planning machinery. In June 1982 the Planning Commission circulated a document entitled “Scheme for Strengthening of Planning Machinery at the District Stage—Guidelines”. The scheme envisaged the induction of technical personnel with knowledge and skills required for scientific district planning with minimum supporting staff. Half the cost of the scheme was to be borne through the Centre and the rest through the states. The proposed planning team was to consist of a Chief Planning Officer and one economist working with a team of five other specialists chosen from a suggested list of six specialists—viz, area/programme specialist, planning officer (social development), agronomist, engineer, credit planning officer and a geographer/cartographer. The guidelines also laid down in detail the functions of the several specialists and officers of the planning team. It also laid down other details like the status, qualifications and pays of the personnel, the selection of consultants and also gave some suggestions relating to planning procedure. It clarified that only those states which take concrete steps to create district planning a reality would be eligible for financial assistance.

To transform the district planning Endeavour from a concept to a reality, the Planning Commission also set up a Working Group on District Planning in 1982 itself. The Working Group which submitted its report in 1984 was headed through Prof. C.H. Hanumantha Rao. The Working Group was set up with the objectives of defining the scope, content and procedure of district planning and to establish links flanked by planning from the block to the state stages. The Working Group noted that there was some form of District Planning Body in most of the states though they were called through several names like District Planning Board/Committee/Council or Zila Development Board, etc. In some states (Maharashtra, Gujarat, U.P. and Bihar) the body was headed through a Minister of State. In two states there was a non-official Chairman and in Sikkim the body was chaired through an MLA. But in most states the District Collector/Deputy Commissioner was the Chairman. The Working Group also found that purely technical personnel in the district
planning bodies in the states ranged from two to six officers, they did not necessarily belong to dissimilar disciplines. They were usually on deputation from other departments and did not possess any scrupulous planning qualifications. Therefore though through early 1980s district planning machineries had been set up in states their technical competence was poor.

The Working Group, as per its conditions of reference, laid down the functions of district planning bodies as follows: a) crystallization of local needs and objectives, b) taking stock of the natural and human endowments, c) listing and mapping of amenities, d) formulation of district plans, e) formulation of policies, programmes and priorities, f) coordinated implementation, and g) monitoring and review of district plans and programmes. For these tasks the Working Group suggested the setting up of a broad-based District Planning Body comprising of representatives from the Zila Parishad, Panchayat Samities, municipalities/corporations, MLAs and MPs from the district, prominent personalities, workers’ and entrepreneurs’ representatives, bank representatives, etc. The total membership of the body could be approximately fifty. In addition to the District Planning Body there should be a smaller Executive Body or Steering Committee with the District Collector as the Chairman, the Chief Planning Officer as the Member-Secretary and other members drawn from significant officers of development departments and agencies. The Working Group so was a de facto group. It favored the transfer of the planning function to a body other than the Zila Parishad till the time Zila Parishads become effective and active. These non elected bodies, the Group suggested, may be constituted through an executive order. To aid the District Planning Body in technical matters, the Working Group further recommended that there should be a District Planning Cell/Office headed through a Chief Planning Officer with a status after that to that of the District Collector. The Chief Planning Officer should be specially trained in regional/area planning and should be assisted through a team of experts from several disciplines and subject areas. The Group also suggested the strengthening of the Collector’s role and clear definition of financial and administrative powers for the district stage government and adequate
desegregation of outlay according to districts. Therefore the Working Group made distant reaching recommendations on the technical and administrative characteristics of district planning.

In 1985, just after the Working Group’s report, the “Committee to review the existing Administrative Arrangements for Rural Development and Poverty Alleviation Programmes” (in short CAARD) submitted its report which broadly supported the recommendation of the Working Group. More specifically, it endorsed the Working Group’s recommendation for setting up District Planning Bodies and the suggestions for decentralization of financial and administrative powers. Though, it differed in one significant respect in that it called for the separation of developmental and regulatory activities at the district stage and suggested the creation of a post of District Development Commissioner entrusted with developmental responsibilities. The regulatory role was to be performed through the District Collector. The Development Commissioner should be much senior in rank to the District Collector and should possess wide developmental experience. The CAARD also recommended the setting up of a State Development Council (on the analogy of the National Development Council) so that district and state plans can be brought into a common framework. Therefore once again fairly detailed suggestions were made to restructure the district administrative machinery in order to handle the gigantic task of developmental planning.

Troubles of District Planning

District planning, despite the fact that its importance has been realized and its need has been stressed again and again, has yet to become a reality. Large number of Committees, Working Groups, Commissions, etc. have squarely faced the issue and made a large number of suggestions. Though, very little concrete action has been taken. It is only when the Planning Commission decided to finance a scheme for strengthening the technical side of district planning that most districts were able to have a District Planning Cell.
Though, these cells have done very little actual planning in most districts although it appears that their role is likely to augment in the close to future.

There are several causes for the relative failure of district planning in India. This unit has tried to highlight them, though certain major troubles need to be emphasized. First, there is the basic problem that planning and authority necessity go hand in hand. Since the district stage government is not recognized as a separate tier of government, like the State and the Centre, it becomes virtually impossible for it to set targets, decide on priorities, mobilize possessions and decide on allocations. Planning at the district stage is so reduced to a formality in the absence of adequate autonomy. The second, and a related obstacle, is the inadequacy of financial powers at the district stage. If the districts are provided with adequate possessions, they can decide on an optimum pattern of allocation. Though, devolution of free possessions to districts is small as most planned schemes are either Centrally sponsored or promoted through the state government. The districts have negligible revenue raising powers and no power to borrow possessions. So, in the absence of financial possessions planning loses its meaning.

Another problem is the absence, in most states, of elected district stage bodies to articulate the needs of the people. The process of decentralization and Panchayati Raj has had only limited success. In the absence of popular initiative planning reduces to a bureaucratic exercise of formulation, sanction and implementation of departmental schemes. District planning requires strong and enlightened Zila Parishads. Finally, district planning suffers from the inadequacy of trained and competent planning personnel at the district stage. The officers of the District Planning Cells are so normally occupied in routine work and not in technical exercises. For district planning to be successful a band of competent district planners and a popular and relatively autonomous district administration are being increasingly recognized as the basic prerequisites.
Functions of Planning Commission

The role of the Planning Commission is directly related to the economic and social tasks assigned to the government through the Indian Constitution in its Directive Principles. The Directive Principles of State Policy urge upon the state to secure right to adequate means of livelihood for its citizens and control the inequalities in the ownership of wealth and means of production. In other words, the state is required to ensure reduction in mass poverty which implies that it has to ensure growth in production and its equitable sharing in the middle of the several sections of people.

In March 1950 when the Planning Commission was set up through a resolution of the Government of India it meant that the state had decided to play a major role in socio-economic transformation as required through the Directive Principles of State Policy. The functions of the Planning Commission with which you necessity be already familiar are as follows:

- Planning Commission creates an assessment of the material, capital and human possessions of the country, including technical personnel, and investigates the possibilities of augmenting such possessions which are found to be deficient in relation to the nation’s necessities;
- Formulates a plan for the most effective and balanced utilization of country’s possessions;
- On a determination of priorities, defines the stages in which the plan should be accepted out and proposes the allocation of possessions for the due completion of each stage;
- Indicate the factors which tend to retard economic development, and determines the circumstances, which in view of the current social and political situation, should be recognized for the successful execution of the plan;
• Determines the nature of the machinery which will be necessary for securing the successful implementation of each stage of the plan in all its characteristics;
• Appraises from time to time the progress achieved in the execution of each stage of the plan and recommends the adjustments of policy events that such appraisal may illustrate to be necessary; and
• Creates such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it or on a consideration of prevailing economic circumstances, current policies, events and development programmes or on an examination of such specific troubles as may be referred to it for advice through the Central or state governments.

In addition to the functions referred to above, the Planning Commission has been entrusted with responsibility in respect of the following matters as provided for through the Government of India Allocation of Business Rules:
• Public Cooperation in National Development;
• Hill Area Development Programme;
• Perspective Planning;
• Institute of Applied Manpower Research; and
• National Informatics Centre.

The functions appear to be really colossal. But a little explanation will create them clear. In simple conditions it means that the Planning Commission has been made responsible for approximately all aspect of planning except its execution. To plan us necessity has a set of objectives or goals which we try to achieve like the growth of national income, reduction of the percentage of people below the poverty line and so on. We necessity also decide on the time-frame and the stages, in which these goals are to be achieved. But to do this we need to estimate our Possessions. For instance, do we have enough possessions to provide gainful employment to everyone in say five years? Jointly with estimating possessions we necessity also determine a strategy
through which we can create the best use of our limited possessions. For instance, the decision whether to use our foreign exchange for importing petrol or food has to be made or not? In short, the formulation of a plan implies the setting up of priorities and stages; estimating the possessions and deciding on a strategy. This is the task of the Planning Commission.

After the plan is formulated, its execution is the responsibility of the Central ministries and the state governments which through their departments the plan through building bridges, setting up factories, importing oil and raising taxes. The Planning Commission has to keep an eye on the progress of the plan and necessity identifies impediments and suggests remedial events. Further it necessity also create a postmortem of the past plan and learn lessons which can then be used to build subsequent plans. Monitoring and evaluation of plans are so essentially the responsibility of the Planning Commission. The Planning Commission is assisted in its tasks through the National Informatics Centre which runs a national computer based information and data system and through the Programme Evaluation Organization which periodically undertakes detailed or quick studies of the implementation of selected development programmes for the Commission. Under the present scheme of things the National Informatics Centre and the Programme Evaluation Organization are attached to the Planning Commission and jointly the three forms the Department of Planning.

Planning Commission: Structure

We have seen that the Planning Commission was set up through a resolution of the Government of India. It is so not a statutory body and the plans formulated through it have so no legal status. Further, we noted that its tasks are primarily the formulation, monitoring and evaluation of plans and not their execution or implementation. All this creates the Planning Commission appear as an advisory body though in practice it wields considerable amount of power. To understand this we have to understand the structure of the
Planning Commission and its position relative to other governmental agencies. Let us now explain the internal structure of the Planning Commission.

**Chairman**

The Prime Minister of India has since the very inception been the Chairman of the Planning Commission. This has sometimes been a subject of variation of opinion. It lends status to the Planning Commission and is a great aid in coordinating functions of ministries. Though, the Administrative Reforms Commission recommended against this practice. It necessity be noted that the Prime Minister attends only the most significant meetings of the Commission which ensures that the Commission’s proposals coming up before the cabinet are viewed objectively.

**Deputy Chairman**

The day-to-day work of the Commission is looked after through a full-time Deputy Chairman who is usually a politician of standing belonging to the ruling party at the Centre. He has the rank of a Cabinet Minister although he/she may not necessarily be a member of the ministry. If this be the case, then for answering to the Parliament a Minister of State, sometimes assisted through Deputy Minister, is given the portfolio of planning.

**Members**

There are two types of members of the Planning Commission in addition to the Minister of State for Planning who is also an ex-officio member of the Commission. First, there are a few full-time members who are eminent public persons, administrators, economists or technical experts. In addition, the Commission has as its members a few significant Cabinet Ministers who attend only the most significant meetings of the Commission. The meetings of the Commission which all members, full-time and minister-members, attend are called the meetings of the full Commission. These are few and cover only significant decisions. Otherwise the Commission consisting of full-time
members alone meets regularly and acts as a team.

The day-to-day work of the Commission is looked after through the Deputy Chairman and the full-time members. The full-time members are appointed through the Prime Minister after consulting the Deputy Chairman from in the middle of prominent public persons and experts. They are given no tenure but normally continue till there is a change in government. Only in 1990 we had the odd case of three Planning Commissions in a single year (the full-time members were changed thrice). Each member looks after a specific set of subjects as indicated in Chart I... Though, the Commission has communal responsibility and works as a communal body. While each member individually deals with the technical and other characteristics of his/her allotted subjects, all significant cases requiring policy decisions and cases of differences of opinion flanked by members, are measured through the Commission as a whole.

**Office of the Commission**

The Commission is assisted in its tasks through an office comprising several technical and subject divisions. Each of the divisions is headed through a senior officer or expert often designated as the ‘advisor’. Though, officers with other designations like Chief Consultant, Joint Secretary, and Joint Advisor may also be put in-charge of divisions. The advisor normally has the rank of an Additional Secretary of the Government of India. The heads of divisions function under the guidance of the member in-charge of the subject. The tasks of co-ordination and overall supervision and guidance of the work of the division, specifically relating to non technical matters, is the responsibility of the Secretary, Planning Commission who is a senior civil servant.

The divisions concerned with plan formulation, monitoring and evaluation are classified as (a) subject divisions and (b) general divisions. The subject divisions look after some specific subject areas like the agriculture division, education division, rural development division, transport division, etc. The
number of subject divisions have slowly increased and at the end of March 1990 stood at eighteen. The creation of divisions seems to be based on short-term thoughts.

The general divisions are concerned with broad matters which have either to do with overall planning or with coordination or with technical matters which are relevant to all divisions. One instance is the project appraisal division which is required to technically appraise large projects being undertaken through dissimilar departments Other examples are perspective planning division concerned with long-term overall planning and the plan-coordination division responsible for coordination. In March 1990 there were eight general divisions. The functions of these divisions are (a) the setting up of steering groups and working groups to help in plan formulation, (b) the sponsoring of studies and seminars, (c) liaison with ministries for formulation of projects and schemes, (d) analyzes of proposals received from ministries and (e) formulation of plans for ministries and states in specified subjects.

Chart: The chart below will provide you a clear picture of the structure of Planning Commission.
Clearly, so, the task of formulation of a plan is a huge effort requiring technical inputs of several types and specialized knowledge of the subjects. The precise manner in which national plans are formulated and concretized through the Planning Commission needs to be discussed in detail. This will also help in understanding the relation flanked by the Commission and other agencies of the government. But before that we need to look at the National Development Council, the other significant body associated with national planning.

**National Development Council**

The National Development Council is the product of the Planning Commission’s recommendations. In the draft outline of the First Five-Year Plan, the Commission recommended the need for a body comprising the central and state governments to enable the plans to have a national character. It laid down that “In a country of the size of India where the states have under the Constitution full autonomy within their own sphere of duties, it is necessary to have a forum such as National Development Council at which, from time to time, the Prime Minister of India and the Chief Ministers of States can review the working of the plan and its several characteristics”.

The National Development Council was set up in August 1952 on the basis of a resolution of the Government of India. The Council is composed of the Prime Minister, the Chief Ministers of States and the members of the Planning Commission. Though, other central ministers who are not members of the Planning Commission also have attended the Council’s meetings. Sometimes outside experts have also been invited to the Council’s meetings whenever measured necessary. The functions of the National Development Council (NDC) as laid down in the Government of India resolution are as follows:

- To review the working of the national plan from time to time;
- To consider significant questions of social and economic policy affecting national development; and
- To recommend events for the achievement of the aims and targets set out in the national plan, including events to secure the active participation and cooperation of the people, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and sections of the community and, through sacrifice borne equally through all citizens, build up possessions for national development.

As you can see for yourself the functions assigned to the NDC are fairly general. The NDC can take up approximately any issue related to national development. In the past, the NDC has deliberated and decided on a number of diverse issues like inter regional disparities, panchayati raj, prohibition, agrarian cooperation and even irrigation levies. Though, given the large size of the NDC and the fact that it comprises of very significant and busy personalities it has not been possible for it to meet regularly and go into great details on specific matters. The NDC is required to meet at least twice a year though it has sometimes met more often. The agenda for these meetings usually contain the approach paper to the Five Year Plan, the draft Five Year Plan and the final Five Year Plan. Other matters form a part of the agenda if raised through the Central or State governments. The Secretary of the Planning Commission is also the Secretary of the NDC.

The decisions of the NDC have been in the nature of policy formulation. It would not be an exaggeration to call it the highest policy creation body in the country. Though the NDC is a non-statutory advisory body which creates recommendations to the Central and State governments, the very stature of the Council has ensured that these 'recommendations' have the prestige of directives which are usually followed and obeyed.
Planning Procedure

We shall try to familiarize ourselves with the planning process in the country in a little detail. But before that we necessity know the meaning of the term national plan. A national plan comprises the plans of the Central government, the State governments, the Central and State public-sector undertakings and the whole private sector of the economy especially the private corporate sector. If you take a look at any Five Year Plan document you will discover the size of the plan—i.e. the amount of money that is proposed to be spent under dissimilar plan heads throughout the five years is broken up into public sector outlay and private sector plan outlay. The total is the proposed national plan outlay. The public sector plan is the more significant part as the government has only indirect and limited control in excess of what the private sector would spend throughout a five-year plan period. The private sector plan, in practice, is only slightly more than an estimate or a projection. The public sector plan, with which we shall be concerned here, is further divided into the Central plan and state plans indicating projects and schemes to be launched through the dissimilar stages of governments. There is also an indication of the amounts to be spent and the projects and schemes to be undertaken through several departments and public sector undertakings. The preparation of the national plan so is a mammoth effort involving several parties and encompassing approximately the whole economy.

The national plan, if it is to be a meaningful document, necessity therefore has the willing involvement and broad agreement of the concerned parties. Therefore every plan involves a large amount of discussions and meetings in addition to a considerable in relation to the technical work. Through discussions, through an interactive process, a consensus is built up through the Planning Commission.

The need for building a consensus arises principally from the facts that India has a federal and democratic polity. The federal system lays down
demarcation of powers flanked by the central, the state and the concurrent lists. Planning as a subject falls under the concurrent list and is so the responsibility of both the Central and State governments. Though, several areas like agriculture are the primary responsibility of the states while some others like communication are Central subjects. The national plan necessity therefore is able to carry beside the Central ministries and state governments on a usually accepted course of action. Moreover, the democratic structure requires that the national plan is formulated through consensus and not through a Central ‘Directive'. The people are to be persuaded and not coerced into accepting the plan. This involves widespread discussions and participation of non-departmental agencies. Besides involving a large number of specialized institutions like the Reserve Bank of India, the Central Statistical Organization etc., the discussions are aimed at involving non-governmental institutions also like universities, research institutions and the press. Representatives of the people are also involved at several stages and the general public opinion is also sought to be gauged on the more significant characteristics of the plan.

**Five Year Plans**

This elaborate consensus-building process—the process of plan formulation—has three clearly distinguishable stages. The first and the preliminary stage involve the preparation of an ‘approach’ to the plan. The approach paper is a brief document broadly outlining the goals to be achieved throughout the proposed Five Year Plan period. The approach paper reflects the basic economic and social objectives of the political leadership (the government in power) and also has a background of a long-term (15 to 20 years) perspective. The approach paper is discussed through the full Planning Commission and then through the Union Cabinet and the NDC.

The broad five year targets of the approach paper finally accepted are then given as guidelines to a number of Working Groups. These Working Groups are set up through and work with the assistance of the divisions of the Planning Commission. They are usually subject or area-specific and function
under the concerned divisions. For instance, the education division of the Planning Commission set up in August 1988 thirteen-working Groups on several characteristics of educational development for the eight plans (1990-95).

The Working Groups usually consist of economists, concerned technical experts and administrators in the concerned Central ministries and in the Planning Commission. The primary task of the Working Groups is to work out the detailed plans for each sector and sub-sector on the basis of the preliminary guidelines. They are expected to spell out the details of policies and programmes needed for achieving the targets. Since there are a large number of research studies on several of the areas, the Working Groups are expected to benefit from them. In cases of gaps in knowledge, the concerned division often promotes specific research studies or holds seminars, etc. Therefore a large amount of technical and detailed subject-specific work goes into this second stage of plan formulation. The state governments are encouraged to have their own Working Groups and the Central Working Groups are also expected to interact informally with their state counterparts. On the basis of the exercises done in the second stage, the Planning Commission prepares a ‘draft’ Five Year Plan. As in the case of the approach paper, the draft plan that provides tentative details of the plan is first discussed through the full Planning Commission and then through the Union Cabinet and is then placed before the National Development Council.

The draft plan is subjected to public scrutiny in the third and final stage of plan formulation. It is discussed with and commented upon through several central ministries and state governments. Also the draft plan is published (like the approach paper) for wide public discussions. The draft plan is discussed through the Parliament first in a general method and then in greater detail through a series of parliamentary committees which individual members join according to their preferences. In this stage the Planning Commission also holds detailed discussions on the plans of individual states. With each state the discussions are held at the expert’s stage as well as the political stage
culminating in a meeting with the Chief Minister. These meetings with state
governments lead to an understanding flanked by the Commission and the
states concerning the details of the plan including central financial assistance,
etc. On the basis of these several discussions at dissimilar stages with diverse
parties and on the basis of reactions from elected representatives, experts and
the general public the Planning Commission prepares the final plan document.
This document is again scrutinized through the FULL-COMMISSION, the
Union Cabinet and the NDC. Thereafter, it is presented to the Parliament
which after discussions provides its assent. In India the general approval of the
Parliament is measured to be enough and no law is required for taking up the
plan for implementation.

Annual Plans

The discussion above broadly highlights the formulation of Five Year
Plans. In the course of actual implementation though the effective instrument
is the annual plan. Due to delays in the formulation of Five Year Plans or due
to political or important economic changes throughout a Five Year Plan, a
great deal of importance has come to be assigned to annual plans. Since a
considerable part of the Central and State governments, expenditures are for
plan-projects, the annual plan has become an integral part of the budgeting
exercise at both the Central and state stages. It has also become a significant
characteristic of our federal financial structure.

You are aware that the financial year in the government starts on 1st of
April and the budget is prepared through February end. The task on the annual
plan so has to start a few months earlier, usually approximately September, of
the preceding year. The Planning Commission designates to the state
governments the significant objectives of the annual plan and the likely
quantum of central assistance they may expect. The states then propose draft
annual plans detailing, in the middle of other things, mobilization of
possessions. These drafts are discussed in meetings, held in November-
December every year, flanked by the Planning Commission and state
governments. The state annual plan outlays are decided in these meetings which also decide the significant item of Central plan assistance. This channel of transfer of possessions from the Centre to the States is outside the purview of the transfers recommended through the Constitutional body—namely, the Finance Commission. Fiscal transfers through the Planning Commission, a non-statutory and supposedly advisory body, have so been a subject of controversy. But this is the practice that is being followed. The state budgets are crucially dependent on annual plans, but so are the budgets of Central ministries. The Central ministries’ budget allocations are also to a great extent dependent on their annual plans which are worked out in consultation with the Planning Commission. The Planning Commission so is in practice not merely an advisory body as it is supposed to be. It wields considerable power in the allocation of substantial volume of financial possessions flanked by Centre and States and flanked by dissimilar departments. Through going into details of developmental schemes and projects it wields considerable power concerning their acceptance or substantial modification.

Role of Planning Commission

We have through now got a fair thought in relation to the how national plans are formulated. The functions of the Planning Commission and the NDC in this process necessity have also become clear. We have also seen how significant these two bodies are despite the fact that they are non-statutory advisory bodies. This expectedly has been one of the subjects of controversy. The Planning Commission has been criticized for trying to assume the role of a super-cabinet and being yet another bureaucratic hurdle in the initiation of development schemes. Though, diametrically opposite views have also been expressed. It is sometimes argued that the Commission is practically ineffective as it has little power in the process of implementation of the plans. And even throughout plan formulation, the Commission is guided more through political pressures or expediency than through its expert judgment. The truth perhaps lies somewhere in flanked by. As we have seen, the
Planning Commission creates the plan but cannot do so without the active involvement of Central ministries. State governments, public sector undertakings and other agencies. Its non-statutory character perhaps helps the process as it is seen as an agency independent of the Central and State governments and ministries. It also has some control in excess of plan implementation through the mechanisms of annual plans, project appraisal, plan allotments, etc. It is so neither an ineffective ornamental body nor a super-cabinet but merely a coordinator in the process of evolving a framework for governmental schemes and projects for development. In this process it also has to create compromises and provide weight age to political thoughts in addition to its own technical inputs.

This brings us to the actual process of plan formulation which some consider has lost its meaning and has become merely a ritualistic and cumbersome exercise. We have seen that the process of plan formulation is a lengthy one and crucially dependent on the political leadership’s development perspective. So either due to political changes or due to the elaborateness of the process or other causes, Five Year Plans are seldom prepared on time. The Eighth Plan’s approach paper alone is ready after approximately a year of the plan-period has passed. Annual plans though have been continuing de facto as budget time tables have to be met. But annual planning in the sense of an overall, coordinated and directed multi-instrument governmental initiative is often absent. Important changes need to be brought in relation to the planning procedure if its relevance is to remain.

The final, and a related question, is that why should we have a Planning Commission? With planning going out of fashion in even the centrally planned economies and with the re-emergence of the free market economy ideology, this question is being increasingly asked. It is obviously related to the question ‘why plan?’ The Department of Economic Affairs in the Ministry of Finance, it is argued, is adequate to decide upon macro-economic priorities and policies. The other ministries can decide likewise on sectoral matters. But in India the economic role of the State involves not only macro-economic
policy formulation, as in fully capitalist countries, but also substantial public sector involvement in production and sharing. The public sector is a very substantial part of the Indian economy and has been developed keeping in view the Directive Principles of State Policy. The need for a Planning Commission arises from this fact. The role of the government in our mixed economy involves market regulation and public sector initiatives. The Planning Commission likewise is a product of the mixed economy logic. Its functions lie somewhere in-flanked by those of the Department of Economic Affairs and the planning agencies of centrally planned economies. As long as our commitment to a mixed economy continues the Planning Commission will remain relevant.

STATE PLANNING MACHINERY

Role of State Planning Boards

At the central stage a non-statutory advisory body, the Planning Commission, was set up in 1950. This body, as we have seen, had technically competent personnel and necessary independent infrastructure and was separate from the ministries or departments. In the states though no analogous institution existed for a long time.

It was the state planning department which had the sole responsibility of planning in the first decade. Though the absence of an agency on the lines of the Planning Commission at the state stage had been felt since the early 1950s, it was only in 1962 that the Planning Commission specifically suggested that the states should set up State Planning Boards (SPBs). The State Planning Boards, the Planning Commission recommended in 1962, should be entrusted the tasks of preparation of Five Year Plans and long term perspective plans. In addition, the SPBs should recommend policies and events for the mobilization of financial possessions and devise strategies for the achievement of social objectives. They were also to be entrusted the tasks of project appraisal and were to evolve policies for selection of project locations.
Administrative Reforms Commission’s Recommendations

Following the suggestion of the Planning Commission, a number of state governments constituted SPBs. In some states the names were dissimilar, like State Development Board or State Advisory Committee for Planning. Though, as the Administrative Reforms Commission discovered in 1967, the SPBs were not given clearly defined functions and their progress was not very satisfactory: “The appointment of the Boards or other similar bodies has therefore not helped in the past to strengthen either the Planning machinery or the process of planning in states.” The problem, according to the Administrative Reforms Commission, was partly due to the fact that "the functions assigned to the State Planning Boards have been rather vaguely defined”. The Commission so in its recommendations explicitly suggested the following functions for SPBs:

- To create an assessment of the state’s possessions and formulate plans for the most effective and balanced utilization of those possessions;
- To determine plan priorities of the state within the framework of the priorities of the National Plan;
- To assist district authorities in formulating their development plans within the spheres in which such planning is measured useful and feasible and to coordinate these plans with the State Plan;
- To identify factors which tend to retard economic and social development of the State and determine circumstances to be recognized for successful execution of Plans; and
- To review the progress of implementation of the Plan programmes and recommend such adjustments in policies and events as the review may indicate.

Clearly, the proposed functions would provide SPBs the pivotal role in state planning. The SPBs would formulate plans, create assessment of possessions, determine priorities, promote and coordinate district planning, devise development policies and strategies and be responsible for monitoring
and evaluation. The SPB was so to be built in the image of the Planning Commission. It was also to have a secretariat of its own dealing with subject matters (like agriculture) and other planning tasks (like evaluation) on lines similar to the divisions of the Planning Commission.

**Planning Commission Guidelines**

The recommendations of the Administrative Reforms Commission did not discover warm acceptance from both the central and state governments. The need for an expert advisory body for planning at the state stage could not though be ignored. The Planning Commission so in 1972 issued guidelines for strengthening the state planning machinery. The 1972 Planning Commission proposal suggested that SPBs should be set up at the apex stage and should contain a number of technical experts. The work of the SPB should be effectively supported through the constitution of steering groups dealing with subjects like agriculture, irrigation and power, social services, etc. Each steering group was to be under the overall charge of an expert member of the SPB. This arrangement clearly was similar to the Planning Commission system where full-time members are responsible for specific subject-matters. Though, unlike the Planning Commission, the SPBs were to function only through steering groups. The actual planning was to be done primarily through the Planning Department as before. And to strengthen the department’s planning capabilities more technical units were to be added. The Government of India simultaneously came forward with a scheme providing financial assistance for strengthening the state planning machinery. These efforts have met with some degree of success. States have set up SPBs, or their equivalent organizations under dissimilar names, to assist in planning. Though, as the Sarkaria Commission discovered in mid-1980s, the functioning of the SPBs has been unsatisfactory in several cases.

**Sarkaria Commission’s Recommendations**

The Sarkaria Commission, or the Commission on Centre-State relations,
noted in its 1988 report that although SPBs had been created in all states except one, they have not been involved in “real planning work”. The state planning departments sustained to discharge this responsibility. Only some technical studies were assigned to SPBs.

The SPBs in general did not command due status and authority in the state governments. The Sarkaria Commission so recommended that SPBs should perform functions for the state governments as the Planning Commission does at the national stage. The state planning department’s role should be similar to that of the Union Ministry of Planning and limited to legislative assembly work and some executive functions.

So even after forty years of national planning the role and functions of the SPBs in practice remain somewhat ambiguous. Studies relating to state planning machinery have thrown up the disturbing conclusion that only in a few states do SPBs has a direct and specific involvement in plan formulation. The SPBs have usually not been involved in the preparation of annual plans and so in discussions with the Planning Commission. The Sarkaria Commission has recommended the active involvement of SPBs in annual planning exercises. The efforts at setting up SPBs with functions similar to that of the Planning Commission have so had only limited success until now.

**State Planning Boards: Composition**

The after that stage of re-organization of SPBs followed the Planning Commission’s letter to states written in 1972. The Planning Commission suggested the setting up of an apex planning body at the state stage constituting of the Chief Minister, the Finance Minister, other significant ministers and a few respected professional experts. The SPB was to have a full-time non-official Deputy Chairman having previous experience and association with the planning process. The SPB was to be associated in its
work through a few steering groups constituting of several technical experts drawn preferably from outside the government. The SPB would have as its secretariat the State Planning Department. This, in brief, has been the evolution of guidelines concerning the structure of the SPBs. The actual structure of the SPBs presently illustrates a number of similarities as well as differences flanked by states. We will now briefly outline the actual structures of the SPBs in the states.

**Chairman and Deputy/Vice Chairman**

The Chief Minister of the state is the Chairman of the SPB. Though, if the state is under President’s rule, the Governor holds the position of the Chairman. The SPBs have the position of Vice Chairman in some states whereas in others the nomenclature is Deputy Chairman. The position has been held usually through the State Finance Minister or the Minister for Planning. In some cases even non-official experts have held the post. Throughout President’s rule an Advisor to the Governor and even the Chief Secretary of the state has filled the position. The position is so similar to that in the Planning Commission where the Deputy Chairman’s post has usually been held through a politician of a Cabinet Minister’s rank.

**Members**

There is considerable inter-state variation concerning the composition of SPBs. First, the SPB has what is called ‘official’ members, or ex-officio members. They are government officials. These contain the Chief Secretary, development commissioner, finance commissioner, planning secretary, (who is usually the MEMBER-SECRETARY of the SPB), finance secretary and heads of development departments. The second category is of non-official members which can be further split into either full-time and part-time categories or into the expert and non-expert classification. The non-official members contain ministers, Members of Parliament, members of the State Legislature, members of district councils or development committees and non-
official experts. The non-official experts are drawn from the fields of economics, technology, science, industry, law, education, etc. They are usually eminent people in their respective fields. The non-official experts quite often, though there are exceptions, serve only as part-time members of the SPB.

The number of members and their sharing flanked by part-time and full-time or flanked by expert and non-expert varies considerably flanked by states. The total number of members has been seen to range from one to almost forty flanked by states. The number of part-time members exceeds the number of full-time members in perhaps a majority of the states although the proportion varies considerably flanked by states. Likewise, there is no uniformity in the ratio of expert to non-expert members flanked by states. In fact there are cases of SPBs having no expert member and, at the other extreme, all members who are economists. Nevertheless, a common characteristic seems to be the attendance of a large number of politicians in the SPBs in several states. Clearly the heterogeneity in the composition of SPBs, both concerning the number and excellence of members, is a source of problem. This is compounded through the fact that in a large number of states there is no clear division of work (subjects) flanked by members. The whole planning is supposed to be done collectively. This has contributed to the inadequate effectiveness of SPBs in a large number of states. The SPBs in only a few states have been effective instruments of planning.

**Secretariat/Office of the State Planning Board**

A key administrative post in the SPB is that of Member Secretary. In a majority of states this post is held through the Secretary of the Planning Department. Officers of other designations and sometimes of slightly lower ranks have also filled this position. Only in exceptional cases have non-officials served as the Member-Secretary. The Member-Secretary plays a pivotal role in state planning and serves as a link flanked by the SPB and the Planning Department.
As already mentioned, in a large number of states the SPBs do not have independent secretariats. In a few states where independent Secretariats exist the work of plan formulation and evaluation is divided into a number of subject divisions and/or Working Groups as in the case of the Planning Commission. The number of such divisions and their subject titles differ flanked by states. Though, it has been a common observation that through and large the SPBs are inadequately equipped—both in conditions of number and technical competence of the staff to handle the huge task of state planning, monitoring and evaluation. Some states have only a small office attached to the SPBs and in others the Planning Department looks after all the detailed work relating to planning. We will now look at the role and structure of the State Planning Department.

**State Planning Departments**

**Evolution**

The principal agency for planning at the state stage has been the Planning Department. Its tasks and role have undergone some changes in excess of the years though its primacy in the state plan, process continues. In 1968, the Administrative Reforms state planning—from plan formulation to progress reporting in which it is aided through the State Bureau of Economics and Statistics. Despite this parallel in functions, the Planning Departments in dissimilar states illustrate considerable variations and inadequacy for the task of planning: “Therefore the organization, pattern of Planning Departments vary from state to state. Further, the Planning Departments have not been organised with any conscious design so as to enable them to undertake the heavy responsibility of planning. Even though some of the states have recognized independent Planning Departments, in practice, the Departments are guided only through junior officers. Very little consideration seems to have been given to selection and training of officers for the Planning Departments. The Planning Departments are therefore not very dissimilar from the other Secretariat Departments in the States.”
Clearly lot needs to be done to strengthen the technical capabilities of the Planning Departments. In 1972, the Planning Commission suggested to the states that the Planning Departments should be made technically competent through establishing the following stages wherever they did not exist:

- Perspective Planning Unit to prepare long-term perspective plans;
- Monitoring, Plan Formulation and Evaluation Unit;
- Project Appraisal Unit;
- Regional/District Planning Unit;
- Plan Coordination Unit, and
- Manpower and Employment Unit.

The process of strengthening of the Planning Departments was to be aided through central financial assistance for the purpose.

*Structure*

Though there are some inter-state differences, a few common points concerning the structure of the Planning Departments in dissimilar states can be noticed. States have full-fledged Planning Departments in their Secretariat which is headed through a Secretary or an officer with a dissimilar designation, like Development Commissioner. Historically, the Planning Departments in a number of states have evolved into a separate identity rather than being a part of the state finance departments.

The numerical strength of Planning Departments shows extra ordinary inter-state variations. The planning function of the department is performed through civil servants drawn from the Indian Administrative and State Civil Services and through officers with technical expertise and their supporting staff. Though, it has been found that in a large number of states the personnel occupying key positions in the Planning Departments are administrators rather than persons with experience and expertise in planning techniques.
The work of the Planning Department is divided flanked by divisions with usually a Deputy Secretary in-charge. The number of divisions, the subjects they deal with and the strength of the personnel in each division show a great deal of inter-state variation. Approximately all Planning Departments have a division/unit concerned with plan formulation. Likewise, divisions dealing with agriculture, plan, finance, evaluation, monitoring, manpower appraisal and employment exist in a number of states. Some states also have divisions dealing with regional and district planning in their Planning Departments. But on the whole there is little uniformity in the manner in which planning departments operate. They are also responsible for the presentation of the state plans to the Cabinet and the Legislature. Outside the state, their duties contain the maintenance of liaison with the Planning Commission and the Central Working Groups. They hold discussions with the Planning Commission and are actively involved in the preparation, monitoring and evaluation of the national plans, both annual and five-yearly.

The Planning Departments so do the bulk of planning exercise in the states. But the states also have the SPBs which are supposed to perform similar functions. In this context it is often asked as to which of the two agencies should have primary responsibility for planning? A related issue is the division of functions flanked by SPBs and Departments and their relationship with each other. We have seen that specialized committees, like the Administrative Reforms Commission, have favored a greater role for the SPBs. The state governments, on the other hand, appear to through somewhat reluctant to hand in excess of planning to a nongovernmental expert body. The arguments for the primacy of the SPB are as follows. First, the Department being a part of the normal secretariat would not be able to operate independently. Second, it would be hard for the Department to attract and retain outside expertise. Third, the nature of the work of a planning agency is dissimilar from routine secretariat work but no Department can function in a manner which is radically dissimilar from the other government departments. A separate planning agency, it is argued, is free from these shortcomings.
Though, there are arguments forwarded against diluting the role of the Planning Departments. It is feared that if the SPB is to decide on expenditure size, allocation and project selection, it may become a rival and parallel authority vis-à-vis the State Cabinet. It is also argued that planning work in states is essentially that of implementation and so there is no need for a policy creation and plan formulating expert agency at the state stage. But these are weak arguments. The SPB is an advisory body and its expert advice should only help the Cabinet reach rational decisions. Further, one principal drawback of planning in India has been its centralization. Setting up of SPBs is perhaps the first, though not the only, significant step in the direction of development through democratic decentralization.

In general, the relationship flanked by the Planning Department and the SPB has been somewhat awkward. Although the Planning Secretary is the ex-officio member-secretary of the SPB, the two agencies have often functioned with little practical interaction or dialogue. A clear demarcation of functions and meaningful interaction flanked by the two agencies, on the lines suggested through the Sarkaria Commission, needs to be taken up as a priority item.

**State Plan Procedure**

We shall study the manner in which state plans are formulated and discuss some of the significant issues relating to centre-state relations with respect to planning. Centre-state issues are significant because state plans cannot be prepared in isolation from national plans which means, in practice, that the Planning Commission has a large role to play in the formulation of state plans.

**Five Year Plans**

The preparation of the Five Year Plan is inter active process with both the Planning Commission and state planning agencies getting involved in many rounds of dialogue. Since the planning calendar is well recognized to states, they start ‘advance action’ on plan formulation even before they receive
guidelines from the Planning Commission. The advance action is a preliminary exercise in formulating the broad contours of the proposed plan and in this process the dissimilar departments are involved. The exercise is particularly useful when the Planning Commission invites suggestions from states concerning the approach paper for the national plan. After states provide in their suggestions, the Planning Commission prepares a draft approach which is circulated to the states for their response.

After the National Development Council approves the ‘approach paper’, the states are requested to formulate a draft Five Year Plan keeping in view the objectives and strategies as given in the approach paper. The states too have their own approaches to the Five Year Plans. In formulating the states plan approach the state cabinet, the planning secretary and sometimes other persons (like the Chief Secretary) or agencies (like the SPB) play a key role. The state’s approach deals with troubles specific to the state. Based on the national approach and the state’s own resource position, development experiences and priorities, the planning department embarks on the task of state draft plan formulation. This process involves discussions with several state departments and district and regional planning agencies on the one hand and discussions with the Central Working Groups, the Planning Commission and Central ministries on the other. Several states have set up their own Working Groups to formulate sectoral plans, schemes, and projects. The state plan proposals are then discussed through the central working groups and the Planning Commission and serves as an input in the formulation of the draft national plan. The states are asked again to respond to the draft national plan and in the NDC meeting, convened to discuss the draft national plan; the chief ministers express their views on the proposed plan. With the endorsement through the NDC, the national Five Year Plan is accepted through the states. The whole process of formulation of Five Year Plans usually takes in relation to the two years.
Annual Plans

The process of formulation of the annual plan is simpler than that of the Five Year Plan. The process begins in August or September when, after a preliminary review of possessions and economic trends, the Planning Commission issues guidelines to the State Planning Departments. These guidelines contain the formats for submitting schemes, possessions forecasts, etc. and highlight the short-term priorities that need to be taken into account while formulating the annual plan. The state finance department, on request, designates the likely resource position to the State Planning Department. The Planning Department creates tentative plan allocations to development departments and calls for sectoral plans from them. Once these sectoral plans are received, they are first scrutinized through the State Planning Department and a tentative plan frame is prepared after discussions with the concerned departments. The draft plan, after, it is discussed and cleared through the State Cabinet, shapes the basis for negotiations with the Planning Commission.

The outlays proposed through the state government are examined through Central Working Groups concerned with the specific subjects and this process also involves the relevant Central ministries. The recommendations of the Working Groups are further customized and consolidated into a report on the state plan through the Advisers (state plans) of the Planning Commission. In the meeting flanked by the Deputy Chairman, Planning Commission and the State Chief Minister the state annual plan is finalized after considering the Advisers’ reports. The State Finance Department, in consultation with the Planning Department, prepares the ‘Budget-Plan link’ on the basis of the final annual plan. The budget is placed before the legislative assembly and, with its passing; the annual plan implementation process starts with the new financial year.

Relations flanked by the Centre and the States concerning Planning

Clearly, in the procedure of plan formulation, both annual and five-yearly, the state governments and the Planning Commission are closely interacting.
This relation though has not been free from difficulties. One of the major complaints of states is that they have little freedom in the formulation of even state plans due to excessive interference through the Planning Commission. Some of the points of disagreement are discussed below primarily in the light of the Sarkaria Commission Report.

The first irritant relates to the procedure of scrutiny of state plans and schemes through the Planning Commission. Not only is the total size of the state plan examined in detail but even the sectoral plans are scrutinized in such detail that the details of individual schemes are thoroughly discussed. Though the Sarkaria Commission concluded the “the alleged overbearing approach through the Planning Commission, in the process of formulation, scrutiny and finalization of state plans, is more apparent than real”, it nevertheless recommended that the “Planning Commission should not try to scrutinize in detail all the individual sectoral schemes in the state plans, but concentrate on the key ones involving large outlays.”

The second area of disagreement relates to financial possessions—the mechanism of Central assistance and the practice of earmarking of possessions. Concerning central assistance the states objections mainly relate to the facts that (a) too much of it is in the form of loans and not grants, (b) the formula of central assistance has a component of discretion, and some states hold that (c) the formula itself should be revised to provide greater weight age to the needs of the weaker states. Besides the adequacy and nature of central plan assistance the system of earmarking of possessions through the Planning Commission has been a source of complaint. In relation to the sixty per cent of the possessions are earmarked reducing the freedom and flexibility of the states in utilizing possessions in accordance with their priorities. But the Planning Commission claims that only the significant sectors are earmarked and states have all the freedom to utilize the earmarked possessions of these sectors for schemes and projects of their choice. But the fact remnants that given considerable inter-state diversity in possessions and developmental needs, the inter-sectoral allocation of possessions becomes less flexible
through having a large chunk of possessions earmarked.

But perhaps the most controversial area has been that of the Centrally Sponsored Schemes. A Centrally Sponsored Scheme refers to a scheme relating to a state subject which is sponsored and financed, at least partly, through the Central government. To provide an instance, the Sarkaria Commission noted that though agriculture and rural development are state subjects in relation to the 43 per cent outlay on this had been in the Central sector in the Sixth Plan. The states have complained that such schemes are launched without adequately consulting them and involve detailed scrutiny of the projects and its implementation through the concerned central ministries and also do not take into account the inter-state diversities. They also distort the process of transfer of possessions and the state budgets as the states have usually to contribute an amount matching the scheme-specific central assistance. In 1967, the Administrative Reforms Commission had suggested that limits be put on Centrally Sponsored Schemes.

Later, a committee set up through the Planning Commission under the Chairmanship of Shri K. Ramamurti suggested a set of criteria to form the basis of a policy for Centrally Sponsored Schemes. Recently the Sarkaria Commission has stressed once again the need to accept the Ramamurti Committee criteria and minimize the number of Centrally Sponsored Schemes. This would, jointly with events like the strengthening of state planning machinery, help in promoting more meaningful planning at the state stage.

**Evolution**

Following suggestions from the Planning Commission in 1962 a majority of states set up SPBs or similar organizations. The Administrative Reforms Commission noted that there was no uniformity flanked by states concerning the functions and the composition of the SPBs. According to the Administrative Reforms Commission the composition of the SPBs constituted a major defect in the state planning machinery. First, the SPBs had too large a membership for them to function as effective planning agencies. For instance,
in Rajasthan the SPB had 65 members and in West Bengal and Kerala there were 27 and 26 members respectively. Second, the choice of members was rather whimsical with only “a sprinkling of few specialists and experts.” Usually, members were drawn from state ministers, members of Parliament, government officials, members of state legislature, vice-chancellors, and representatives of commerce, industry and districts. Clearly, there was no rational criterion for the selection of members. “Most of the Boards”, the Administrative Reforms Commission observed, “can better be described as 'Consultative Bodies’ or ‘Public Relations Committees' of the government on the subject of planning. Because of the large membership, their 'meetings cannot be held regularly nor can there be any pointed and purposive discussion’.

The ARC so suggested a scheme for re-organization of the SPBs. It stated that each state should have a SPB with the Chief Minister as its Chairman. There, should be four other full-time members chosen on the basis of their expertise and experience of dissimilar characteristics of state development. The members should be people of eminence and able to command respect of dissimilar political and regional interests.

**REVIEW QUESTIONS**

- What were the objectives of the Community Development Programme?
- Highlight the structure and functions of Panchayati Raj institutions.
- Discuss the causes for the failure of grass-roots planning.
- What were the causes for subdued involvement of Panchayati Raj institutions in local planning?
- Discuss the recommendations of Administrative Reforms Commission concerning the strengthening of the planning machinery at the district-stage.
- Discuss the functions of the Planning Commission.
- Discuss the procedure of formulation of Five Year Plan in India.
• Discuss the procedure for formulation of Five Year Plan at the state stage.
• Highlight the structure and functions of the State Planning Department.
CHAPTER 4
BUREAUCRACY AND DEVELOPMENT

STRUCTURE

- Learning objectives
- Enhancing bureaucratic capability
- Bureaucrats and politicians and their relationship
- Neutral versus committed bureaucracy
- Social background of Indian bureaucracy
- Role of bureaucracy
- Colonial heritage of Indian bureaucracy
- Review questions

LEARNING OBJECTIVES

After reading this chapter you should be able to:

- Identify the factors related to bureaucratic capability;
- Discuss how the several factors power the bureaucratic capability;
- Suggest events for enhancing its capability;
- Describe the relationship of politicians and permanent officials;
- Discuss the troubles of their relationship;
- Discuss the meaning and significance of neutrality and commitment;
- Describe the troubles in the method of achieving neutrality and commitment;
- Describe the several characteristics of the social background of bureaucracy;
- Discuss the power of the social background of bureaucracy;
- Understand the expanding role of state and bureaucracy;
- Explain the role of bureaucracy in policy formulation;
- Understand the political heritage of bureaucracy in the form of its sustained power and prestige;
- Describe the inherited restriction on the political rights of the bureaucracy;
ENHANCING BUREAUCRATIC CAPABILITY

Personnel Development

A bureaucracy is an instrument which is devised for the fulfillment of certain purposes. As these purposes change, the nature of the bureaucracy should also undergo changes. In most developing countries like India the bureaucracy was originally devised through the imperial power for serving its own ends. Several of the colonial characteristics of the bureaucracy have sustained to exist even after the attainment of independence. Hence changes in personnel administration are needed for having a bureaucracy, suited to democratic administration. Further, the role of the state has expanded; in developing countries particularly, the state has the responsibility of bringing in relation to the development. Since the bureaucracy is the prime instrument of the State, it has to be customized and attuned to the new purposes. Hence it is necessary to bring changes in the nature of bureaucracy. The argument that what has served well in the past is likely to do so in the future also, does not hold good. In the following, we shall deal with the several characteristics of personnel administration one through one.

In India, Government employment has been classified on the rank system into services, classes and grades since colonial times. A person may move from one job (or position) to another, and yet his rank can remain unchanged. Obviously, this system of classification is not suited to a bureaucracy with a diversity of positions having varying functions and responsibilities required through the large number of developmental activities. The system of position classification, in which jobs rather than persons are classified, is more suited for our present needs.

In the system of position classification, each job has its functions; the qualifications for recruitment are fitted to these functions. Hence recruitment is for scrupulous jobs. In this method, persons, who are most suited to the jobs (which they have to perform), can be recruited. Naturally, such a bureaucracy
is likely to be much more efficient than one recruited in bulk without much thought in relation to the functions which the individuals have to perform.

If recruitment were for scrupulous jobs, we would be more careful in relation to the special qualifications of each candidate. Specialized knowledge tends to become more and more significant in the modern world. Members of the bureaucracy have to perform several jobs requiring highly specialized knowledge. It is true that at present also there are several types of specialists in the bureaucracy. Though, they are often recruited as members of service rather than for scrupulous jobs. Hence several members of the bureaucracy do not possess the knowledge required for the jobs which they hold. Therefore several managers of public undertakings do not possess knowledge of managerial sciences; private business, through contrast, nowadays usually appoints persons trained in management.

In recruitment for public services, usually there continues to be too much emphasis on the “cultivated person” with a liberal education, rather than on the specialist. Even for services requiring specialized knowledge and scrupulous abilities, we often tend to recruit those with a general, liberal education, and do not test for the necessary abilities. Therefore accounting and auditing require specialized knowledge; it takes many years for one to become a chartered accountant. Though, recruitment to the prestigious Indian Audit and Accounts Service continues to be made from in the middle of graduates with a liberal education who may have no knowledge of accounting. Much of the expenditure incurred through the Government on training those recruited to this Service can be saved through recruiting from in the middle of those having some knowledge of accounting. Likewise, for the police we need persons with special knowledge and abilities. Criminology and forensic science nowadays tend to be developed disciplines. Police officers also need certain psychological and physical abilities, such as those of courage and endurance. High officers who have to deal with gangs of dacoits or terrorists need such knowledge and abilities. Though, recruitment to the Indian Police Service does not take these into account. Recruitment to the armed forces,
through contrast, is based on tests of several psychological and physical abilities. It is obvious from these examples that the capability of our bureaucracy can be greatly increased through basing the selection on tests of psychological and physical abilities and of specialized knowledge required for the jobs for which the recruitment is being made.

**Classification, Recruitment and Placement**

The capability of the bureaucracy can also be enhanced through paying attention to the aptitude and interest of an officer while creating the placement (or posting him to a scrupulous place). This is especially significant so long as we recruit people to services and not to jobs. Therefore members of the Indian Administrative Service have dissimilar types of knowledge, interest and aptitude. All graduates are eligible for entry into the Service; still, they have dissimilar educational backgrounds. While some of them have studied arts, others have studied sciences; while some have studied engineering, others have studied management. Their interests also vary. While some of them may be interested in managing governmental business undertakings, others may be more interested in programmes for the welfare of women and children. Likewise, the aptitude also varies from member to member. Aptitude means the natural skill to acquire a scrupulous type of knowledge or ability. Therefore one may have an aptitude for policing, while another may have more of an aptitude for helping farmers to augment production. Obviously, the performance of the bureaucracy would improve if the knowledge, interest and aptitude of officers were taken into account while posting them in dissimilar places. At present Bureaucracy and Development this is done only in a few, special cases. Through and large, members of generalist services are treated like standardized parts of machines which can be fitted without reference to their differences. Though, the science of psychology lays great stress on individual differences that is variations or deviations from the average of the group, with respect to mental or physical characters. While parts of machines are sought to be made more and more similar to each other through excellence control, the development of human beings requires the unfolding and growth
of their scrupulous talents. Hence a policy of personnel development necessity is associated with recognition of their special interest, aptitude, knowledge and ability. This would lead to greater motivation and job satisfaction on the part of employees and also better fulfillment of programme objectives.

**Promotion and other Incentives**

Everybody’s performance is dependent upon his/her motivation that is the extent to which he/she has been stimulated to achieve certain goals. Motivation results from rewards and punishments. Modern psychological theory puts greater emphasis upon rewards than upon punishments. Rewards are positive in character and can lead to an unlimited improvement in performance. Punishments, on the other hand, are negative and tend to lead to the minimum acceptable performance. Hence rewards are of greater significance than punishments for improving performance.

In Indian personnel administration there is very little scope for giving either rewards or punishments. Therefore one of the most significant incentives is promotion. Promotion can be attractive for two causes, first it can imply recognition of an employee’s contribution, and secondly it means a higher salary and status. At present, though, promotion is mostly based on seniority. It is true that according to the declared policy, merit at higher stages is more significant than merit at lower stages. In practice, though, it is only rarely that anyone is promoted out of turn. This is mainly so because if any such out of turn promotion is made, there is a lot of heart burning in the middle of those who are superseded. As a result, while the performance of the promoted employee may go up, that of all those who are superseded goes down, leading to a net fall in performance. Hence in Indian Administration at present promotion is based mainly upon seniority. Though, if promotion is based upon seniority, it ceases to function as a reward; instead it comes to be treated as a “right”. We therefore discover that while promotion could function as the most significant reward, in our present situation it no longer plays that role.
In order to create promotion function as a reward, greater mobility in the public bureaucracy is required. In other words, there should be more opportunities for all for moving up, sideways to other departments and in and out of the bureaucracy. This requires economic development in the first place, so that there are more employment opportunities. Within the administration, though, it requires greater flexibility, or less rigidity. Flexibility can be increased through doing absent with the colonial classification into services, classes or groups, and grades, and introducing in its place position classification coupled with open competition for all jobs. Age restrictions would also have to be reduced so that qualified and experienced persons in all walks of life could take up jobs at all stages in the public bureaucracy. In the colonial period, the civil service functioned as if within a shell, with little possibility of entry or exit in the course of one’s career, since Indians at that time were not trusted enough to hold high office unless they had been tested for a lifetime. Such distrust has no justification now. Introduction of greater flexibility and mobility will lead to an improvement in performance all in excess of.

If promotion is to function as a reward, it necessity be based upon objective criteria. The present system of annual confidential reports leaves much to be desired. Employees often perceive that their evaluation is subjective, that is based upon the whims of the superior officer, and that factors of sycophancy and relationship, caste and creed have an important role in it. A satisfactory system of performance evaluation would be one which the employees themselves perceive as being based upon objective criteria. The criteria would preferably be evolved in advance jointly through persons whose performance is to be evaluated and those who do the evaluation. They would also be quantifiable as distant as possible. Therefore targets could be agreed upon and performance could then be judged against them.

While promotion can be given only once in a while, other incentives can function more often. The most significant of incentives is job satisfaction or
the satisfaction which the employee gets from the work itself. Such satisfaction can be increased through job enrichment that is providing greater opportunities for achievement, responsibility, recognition, growth and learning. Each one of these factors can take several shapes. Material incentives can become more effective if they function in combination with non-material ones. Therefore monetary rewards, such as increments in salary, can be better motivators if they are seen as constituting recognition of good work done.

**Training**

Training of personnel is of rising importance due to the continuous and great expansion of knowledge. The use of science and technology creates it possible to immeasurably augment productivity. Therefore the green revolution, or great augment in agricultural productivity, has come in relation to the Punjab, Haryana, and Western U.P., through the use of high yielding diversities of seeds, fertilizers, pesticides and mechanical implements such as pump sets and tractors. Hence it is significant to impart this new knowledge to functionaries of agriculture departments of all State Governments in the country. Likewise, other employee’s necessity also updates their knowledge like the doctors, engineers, architects and managers.

Training is necessary also because the adoption of new technology tends to render those trained in the earlier technology useless. Hence re-training of those trained earlier is constantly needed. To create training attractive for employees it should be associated with advancement, or promotion. Therefore selection for training should be made from in the middle of those who illustrate promise; those who do well at training should be rewarded. Promotion should be made as a reward for those who provide the best performance as a result of their training.

At present, officials who have made a nuisance of themselves are often sent absent for training so as to get rid of them at least for a short while. Trainees also often tend to regard the training period as one of holiday. This
situation can be remedied through evaluating what each employee has learnt in the course of training, and creation the evaluation report a part of the record of his performance. Training, at present, is not sufficiently related to the work which the employee has to perform. Often the posting of officers after training does not take into account the new expertise they may have acquired. Hence much of the expenditure on training tends to be a waste.

Training methods also need change and improvement. The lecture method, which is commonly adopted, is not the most appropriate one for teaching techniques and skills and for inculcating judgment and understanding. Other methods, such as those which create use of cases, business games and workshops, need to be adopted keeping in view the content (such as knowledge, skills, and attitudes), and the stage and maturity of the employees.

**Disciplinary Action**

We have noted earlier that Indian Administration suffers from a lack of use of reward and punishment. We have also noted that reward is more effective than punishment for influencing performance. What we need, so, is a system which combines rewards and punishments. The possibility of punishment necessity is there, for it is required through accountability. Punishment of Civil Servants is governed through Civil Services (classification, control and appeal) Rules, which were originally made under the Government of India Act, 1919. They give for punishment in case of breach of conduct prescribed under rules of conduct relating to the Service to which the employee belongs. These Rules give for the following punishments in the ascending order: censure, withholding of increments, reduction to a lower stage, recovery of Government’s loss from pay, suspension, removal (which does not disqualify from future employment), and dismissal. Though, Article 311 of the Constitution gives that a civil servant cannot be removed or dismissed through an authority subordinate to that which appointed him; it also gives that no dismissal, removal or reduction in rank can be ordered unless the civil servant has been given a reasonable opportunity of being heard in respect of the
charges brought against him.

In practice it has been found that the process of disciplinary action takes a long time, and often involves the Government and the superior officer in litigation. Hence disciplinary action is taken rarely; it is taken where breach of the law can be easily recognized but not for poor performance. In effect, the Government of India does not function like most other governments, and employers in general, who would not tolerate poor performance. Civil servants in India tend usually to feel that no action is likely to be taken against them (except perhaps transfer) even if their performance is poor.

The situation can be remedied through several events, such as expediting the process of disciplinary action, amending the rules of conduct, and creation short-term contracts with employees. The protection, so often given to erring employees through politicians, would also have to be curbed.

Organizational Development

So distant we have discussed how the personnel can be developed for enhancing their capability. Now we propose to look at how the organizational structure can be developed. The distinction flanked by the system and the individuals who constitute the system, is significant. Therefore in a dictatorship, large numbers of individuals may be prevented from doing, or even saying, that which they consider to be right. Hence a political system which gives freedom to the individual is better than one that does not. Likewise, the excellence of an administrative structure is dependent upon the extent to which it allows the utilization of the potentialities of its members. A structure is a set of relationships. Most modern organizational structures are too restrictive in nature. This is specially so in ex-colonial developing countries like India.
**Decentralization**

J. Ramsay MacDonald, who later became the Prime Minister of England, described Indian Administration under British rule as follows:

- The tendency has been to centralize the working: The machine of Government has become a thing separately, and through separating itself from the organic life of India it has overemphasized the fact that India is ruled through foreigners. The evolution of such a system is inevitable.... Secretariats become all-powerful; not a sparrow falls but is recorded, reported and re-recorded, docketed, initialed and minted; not a suggestion emanates from below but is regarded with suspicion or hostility as something of a foreign origin; not a thing is done without involving the whole machine in the doing of it.

- Centralization continues to be one of the prime characteristics of the Indian Administration. It has several characteristics and ramifications; though, its most significant indicator is the secretariat — a citadel of bureaucratic power such as does not exist in any developed country. The interposition of the colonial institution of the secretariat flanked by the minister and the executive head of the department interferes with both, proper political control in excess of the bureaucracy and adequate participation of specialists in decision-creation.

- It is significant to bring the minister into closer touch with the executive agency consisting of specialists. At present control in excess of specialists is exercised through bureaucrats in the secretariat in the name of the “Government”. This creates for great power for the generalist officers in the secretariat. Executive agencies function under the restrictive control of these generalist officers who often have little understanding of the technicalities involved. Since the so-called heads of departments (such as the Director of Agriculture, the Director of Public Instruction, and so on) themselves function under the stringent control in excess of officials in the field. What is more, field officers function under dual control, they are answerable to the office of the head of the department for performance, but in matters like transfer,
promotion and disciplinary action they are not dealt with through the
secretariat. As a result, functionaries in the field often feel that they do
not have the autonomy necessary for effective functioning.

The Administrative Reforms Commission in its Report on the machinery
of the Government of India and its procedure of work in 1968 recommended
doing absent with the distinction flanked by the secretariat and the executive
departments at least in some cases. Enough action has not yet been taken to
implement this recommendation. Indeed, the passage of in relation to the
quarter of a century is likely to have made the recommendation more widely
applicable than conceived through the Commission.

Enhanced Role of Specialists

The role of modern science and technology cannot be in excess of-
emphasized when dealing with development administration. While several
specialists are employed through the Governments in India, they often do not
have a role which would create an enough impact upon the policy and its
implementation. An impact on policy would require keeping close contact
with the minister. Though, the main advisers of ministers are the generalist
officers in the secretariat. It is true that heads of departments are asked to
comment in writing on policy proposals; though, they do not have an enough
role in initiating policies. This would require more authority and personal
interaction with the minister. It is notable that the minister and the secretary
are both usually amateurs in the sense of not having specialized knowledge,
and hence may not be able to think of new events for dealing with hard
troubles. Nor can a Planning Commission do* all the policy-creation, since
situations differ so much from place to place and time to time. Hence close
association flanked by specialists and the minister is essential. The
Administrative Reforms Commission, in its Report on Personnel
Administration, recommended that officers in the secretariat should come
from in the middle of specialists. This recommendation has not been
implemented through the Governments. The least that should be done is to
induct more specialists into the secretariat, so that the minister can hear them as well as the generalists.

A motivating new experiment is nowadays being made of appointing junior ministers from in the middle of scientists. This does indicate the desire to bring power of scientists to bear on the administration. Though, with the explosion of knowledge there tend to be so several dissimilar disciplines that the inclusion of a few scientists as ministers is not likely to give the full benefits of science and technology.

**Reorientation of Staff Agencies**

Agencies which deal with planning, financial administration, personnel administration, administrative reform, law creation, and central purchasing and building activities, are recognized as staff agencies. Examples of staff agencies are the Planning Commission, the Finance Ministry, and so on. Staff agencies are said to be advisory in nature, but as Simon pointed out, in reality they exercise control on behalf of the cabinet. The controls which staff agencies exercise are, to some extent, necessary. Therefore having a single coordinated plan for the government as a whole requires a planning agency: its advice to the government relating to the size of the plan for a certain ministry implies some controlling power in excess of that ministry. Though, if the staff agencies in large organizations like a State Government go beyond laying down broad policy guidelines, and tend to deal with details they can hamper the fulfillment of governmental objectives through the executive ministries. In India, staff agencies were used throughout British rule for exercising checks in excess of the executive or line agencies (such as departments of education, health and so on) in the interests of the foreign power. Therefore ministers of provincial governments under the Montague Chelmsford Reforms of 1919 complained that the finance department did not give them with money for developmental programmes like those of roads and education. This restrictive nature of the staff agencies became enshrined in rules and precedents. Hence staff agencies have remained restrictive partly due to their colonial heritage.
Paul Appleby, in his reports on Indian Administration submitted in relation to the forty years ago, pointed out another significant cause why the staff agencies tend to become restrictive unless preventive action is taken. As the functions, number of personnel, expenditure, and general size of an organization increases, the staff agencies necessity restrict themselves more and more to giving general policy guidelines. If they continue to create as detailed an examination as before, they tend to be in excess of burdened with routine work while the functioning of the line agency being regulated tends to become more and more constrained due to the closeness of control. This, says Appleby, has happened in India. The size of the administration has grown several times in India. Though, the rules contained for instance in the budget manual remain much the same; the exercise of as minute a control in excess of a large organization as was exercised in excess of it when it was much smaller, greatly hinders its functioning and retards performance.

A third factor creation for too restrictive a control through staff agencies is their large number. Appleby puts it pithily in the statement that there are many brakes but no accelerator in Indian Administration. Therefore for a programme for the control of an epidemic, the health department of a State Government would need the approval of the Union Planning Commission and the State Planning department for its inclusion in the five year and annual plans, that of the State finance department for its inclusion in the budget, that of the law department for the necessary legislation, that of the public works department for the necessary buildings, that of the State Personnel agencies in regard to the personnel, and so on. Therefore the line agency has to deal with too several staff agencies. What is more, the functioning of these coordinating agencies is itself uncoordinated. Differences flanked by them cannot be resolved through the line agency, but it is the work of the line agency which is hampered through such differences.

Several steps need to be taken to deal with the above mentioned troubles. The staff agencies should be reoriented to function at their stage; they should restrict themselves to giving policy guidelines. The line agencies should
develop their own staff offices for looking into the details of their plans, budgets, and so on. Once such staff offices have been developed in the line agencies, the staff agencies should delegate more authority to them. The coordination of coordinating agencies (or staff agencies) can be improved through combining the several staff functions in one or two of them, as is done in advanced countries.

Delegation of Authority

Delegation means conferring authority from one administrator or organizational unit to another in order to accomplish scrupulous assignments. Therefore a State Government can delegate authority in a certain matter to the Deputy Commissioner. The administrator who delegates authority continues to have his original authority and responsibility even after delegating it.

Delegation is essential in every large level organization. Officers at lower stages mainly exercise delegated authority. If there were no delegation in a corporation, its chairman would have to manage it alone. One of the significant faults of Indian Administration is a general lack of delegation. Throughout British rule, Indian officials were not trusted. Hence ICS officers directly exercised authority as distant as possible. If authority was delegated to Indian officers and any mistake was made through the officer to whom it had been delegated, it was withdrawn. Rules therefore came to give a low delegation; subordinates were required to take prior sanction for every little thing.

Low delegation could continue throughout British rule since the functions of the administration were limited. Maintenance of law and order and tax collection did not require the exercise of much initiative or innovations. Though, in developmental activities field official’s necessity exercise initiative and create innovations; they need to be given more authority for fulfilling the objectives of development. Hence there is a need to review the rules and regulations for enhancing delegation. Financial matters call for special
attention in this regard. As prices rise, there is a need to augment the financial powers of officials at several stages. Otherwise their authority gets reduced in real conditions.

**Reduction in Number of Stages**

Hierarchy is measured to be an essential element in an organization. Though, if the number of stages in the hierarchy is large, the chain of communication flanked by the field and decision-creation stages tends to become so long that communication ceases to be effective. Lack of effective communication means that those at lower stages are unable to understand the changing objectives of administration, and those at higher stages are unable to comprehend the needs and troubles in the field.

In Indian Administration there are too several stages. For instance, even within the Secretariat, where all the civil servants sit in the same office, there are the following stages in the ascending order: clerk, assistant, and superintendent, assistant secretary, under secretary, deputy secretary, joint secretary, additional secretary and secretary. In other words, a certain matter may have to be measured through nine civil servants before the minister provides his decision. The larger the number of stages, the longer is the time taken. Hence both effectiveness and efficiency tend to suffer due to the multiplicity of stages. There is a need to review the structure so as to bring the number of stages down.

**Procedural Development**

The colonial heritage of Indian Administration also results in procedures which are underdeveloped. Throughout the British rule, the administration was accepted on according to rules made under laws made through the British Parliament. After Independence, laws made through Indian legislatures, and rules made under them, should have taken the place of the old provisions. Though, in most cases the old rules have been allowed to continue.
This interfere with the fulfillment of values and objectives of the present administration and hence leads to ineffectiveness; it also leads to delay and frustration and hence to inefficiency. Let us take the case, for instance, of procedures relating to personnel administration. The Constitution gives that "Acts of the appropriate legislature may regulate the recruitment, and circumstances of service of persons appointed, to public services and posts in connection with the affairs of the Union or of any State” (Article 309). In practice, though, instead of passing laws under this constitutional provision, old rules have been allowed to continue. Some of the old rules were originally made in relation to the century ago and have only been tinkered with from time to time. Therefore the Civil Services (Classification, Control and Appeal) Rules were made under the Government of India Act of 1919, but continue to govern classification and punishment. The spirit behind such rules can hardly be in consonance with that of the Constitution.

The disagreement flanked by the spirit of the old rules and the new Constitution is apparent in every field of administration. Therefore the old police manual provided for the handcuffing of every person who was arrested. Though, the Supreme Court has now laid down that handcuffing should be done only in certain special cases. There is, therefore, a clear disagreement flanked by the old rules and the new law as laid down through the Supreme Court. The ordinary policeman reads the police manual, but hardly ever judgments of the Supreme Court. His behavior is, so, guided mostly through the manual and often goes against both the spirit and the letter of the law.

The above discussion has brought out the need to create new laws and new rules. In Europe, most countries have a single law for regulating personnel administration. If such a law were made through the Indian Parliament also, the present dependence upon a large number of scattered rules would be done absent with.

Separately from the old rules, Indian Administration is, to a large extent,
governed through precedents also. This is related to the general lack of delegation and decentralization. Officials at lower stages have remained bound through rules. Though, there can be many interpretations of a certain rule. To avoid creation a mistake in interpreting a rule, they tend to depend upon earlier interpretations, or precedents. Hence they are hindered from finding new solutions to hard troubles, creation innovations and usually exercising their initiative. Officials at lower stages have to send several reports and returns to higher authorities. The expansion of governmental functions requires changes in the shapes and periodicity of several of these. Hence there is a need for frequent re-examination of the required reports and returns.

Record-keeping needs to be improved in most government offices in India. The records are often tied up in files and put one on top of another. Hence it is often hard to discover them, therefore creation much of the effort involved in record keeping approximately useless. The above discussion has shown that defective procedures can greatly interfere with effectiveness and efficiency. Hence it is significant to improve and develop them for enhancing bureaucratic capability.

**Development of the Society**

Public Administration constitutes merely an aspect of the society. Other characteristics of the society — economic, social, political, cultural and educational, constantly interact with the administration. Hence enhancement of bureaucratic capability requires changes in the social environment. So long as the majority of the people remain poor, uneducated and unaware of their rights and duties, they cannot properly participate in programmes of development. Import of high technology cannot deliver the goods in a situation of general economic backwardness. Therefore if the data received from the field are defective (say because of lack of means of transport and communication), the processing of the data on a computer through highly trained specialists is of no use. In short, economic development is a pre-
Political development is also required for administrative development. For administration to become democratic and participatory, as against colonial, the development of interest groups, political parties, the electoral system, and mass media is essential. Social and cultural development is also a significant aspect of modernization. Superstition and the exploitation of people of so called low caste, women and children, interfere with the attainment of health, education and productivity. In short, the several characteristics of the society are, necessarily, interrelated. Development in one requires development of all others. Enhancement of bureaucratic capability, so, requires development of the society usually, even as administrative development helps all-round development.

BUreaucrats and politicians and their relationship

Relationship in the Course of Policy Formulation

It was earlier whispered that while policy was formulated through politicians, it was there is no such separation of functions. This is so in all countries: politicians and the bureaucracy cooperate in the course of both policy formulation and implementation. In developing countries, particularly, it has been found that the bureaucracy plays a significant role in policy formulation also. In the following we shall consider the relationship of politicians and permanent officials in the course of policy formulation in some detail.

Communication with the People

Public policy results from the interaction flanked by the people, functioning individually and in groups, on the one hand, and the politicians
and the bureaucracy on the other. In the course of their interaction, all the three seek to power each other and communicate for this purpose. Therefore the several sections of the people try to articulate their scrupulous interests through interest groups, such as trade unions and associations of farmers, lawyers, doctors, engineers and others. Political parties take note of these several interests and try to satisfy all of them as distant as justifiably possible. This is recognized as interest aggregation. For this purpose politicians remain in close touch with the people. Therefore Jawaharlal Nehru worked in the middle of the farmers of the Allahabad district. He not only listened to their troubles but also helped them to organize for the freedom movement. Likewise, V.V. Giri was a leader of industrial labor. It is notable that in developing countries, where associations of the poor often do not exist, politicians usually have to take the initiative in organizing them. Usually political parties depute their significant members to organize scrupulous sections of the people. Therefore every significant political party in India tries to set up its own trade union, farmers’ association, women’s wing, youth wing, and so on. Hence in developing countries, the role of politicians consists of both interest articulation and aggregation: they become both spokesmen and arbiters. Their leadership function requires that they rouse the consciousness of the people, set communal goals for them, and unite them in the pursuit of these goals. In practice, there are several hindrances, such as lack of education in the middle of the people, factionalism within political parties, lack of internal democracy within parties, division of the people, and factionalism within parties, on the basis of caste, religion, language, and so on. Still, the fact remnants that politicians play a significant role in organising the people and ventilating their demands and grievances. Hence politicians come to be seen as being aligned with scrupulous sections and, so, partisan, to some extent. The bureaucracy, on the other hand, is usually seen as being neutral. Also, due to the weakness of interest groups and municipal and Panchayati Raj bodies, the bureaucracy has been the main channel of communicating the felt needs of the people to the government. Hence, while both, politicians and civil servants functions as links in the chains of communication flanked by the people and the government, civil servants sometimes tend to look upon
political as mere rabble-rousers. On the other hand, politicians tend to consider that bureaucrat is unresponsive and insensitive to the troubles and needs of the people. This perception is heightened through the cultural and status differences flanked by the higher bureaucracy and the common people. At the same time the political and bureaucratic channels of communication have to meet at several points. Hence politicians and civil servants have to cooperate at all stages, despite their somewhat dissimilar roles and view points.

**Provision of Information**

Politicians and civil servants are repositories of dissimilar types of information, and both these are needed in the course of policy formulation. Civil servants usually have the advantage of longer experience; they also keep their command on organizational memory in the form of files and other records. Hence they can give valuable feedback-information in relation to the results of earlier efforts as well as ongoing programmes. Now policy can, then, be formulated in the light of these results: modifications can be introduced to avoid past mistakes or troubles faced earlier. Politicians, on the other hand, are more likely to successfully assess the mood of the people; particularly, they are expected to be able to tell what the people will not stand. Therefore more, or better, social services such as education and health, would cost money which necessity come from the people in the form of taxes. The politician is expected to give information as to whether the people would prefer better service or fewer taxes. Once the ruling politicians have given their assessment, civil servants can proceed to provide concrete form to policy proposals in the form of new programmes or budget proposals. If the assessment of politicians is faulty, they may be punished through the people at the after that election. Politicians are also answerable for mistakes committed through civil servants working under them. Hence it is also their duty to exercise proper control in excess of the bureaucracy.
Technical Consideration

Technical examination of policies and programmes is of utmost importance for ensuring that they fulfill the desired goals at the minimum cost. There are many characteristics of technical consideration. The first is the substantive aspect. Therefore health policy necessity is examined through doctors, educational policy through educationists, and so on. That is why specialists of all types are nowadays employed through governments. They function in the several departments at approximately all stages. Therefore in the Health Department not only is the Director a doctor, but doctors are to be found in the primary health centers in the remotest villages. Troubles and suggestions of specialists at several stages are measured and lead to new policies and programmes.

Another type of technical examination may be related to feasibility. Therefore there may be a question whether a certain policy or programme is feasible or practicable. For instance, if the proposal is to teach sewing to destitute women for providing them with employment in a city, it is first necessary to discover out whether there is a market for clothes produced through them. If a feasibility study shows that such clothes are not likely to sell, the policy necessity is customized. Hence administrator’s necessity ensures the practicability of policies and programmes through feasibility studies.

Techno-economic analysis constitutes another type of technical examination. Here the effort basically is to discover out whether the technology proposed to be used is economically viable. Technology is related to the necessities of raw materials, personnel, the size of the undertaking, the nature and quantity of the output, and the financial outlay. All these factors have to be taken into account while taking decisions relating to policy and programmes.

Finally, it is significant to create a social cost benefit analysis of every policy, programme and project. This analysis has to contain consideration of
hidden costs and benefits also. Therefore the building of a dam may involve hidden costs in conditions of destruction of the environment and the uprooting of people. Likewise, there may be hidden benefits. For instance, a road connecting a village with a city may help in changing the attitudes of the village people, separately from leading to economic gain.

The several types of technical examination mentioned above indicate the great contribution of specialists in policy formulation. It is significant, so, that specialists should be allowed to power decision-creation in the interests of effectiveness and efficiency. In practice, though, political thoughts are sometimes allowed to outweigh technical ones. Therefore decisions in relation to the where industries, roads, hospitals and schools should be located are often taken, not on technical bases, but in the interest of powerful politicians. For instance, it may be technically more feasible to locate an industry close to its source of raw materials. Though, a powerful chief minister may insist upon its location in his state. Likewise, a powerful legislator may insist upon having a road in his constituency rather than where it is more needed for economic causes. Powerful politicians often in excess of-rule members of the bureaucracy in their narrow interests. Sometimes members of the bureaucracy also provide recommendations which are not justified technically, but which please ministers or powerful legislators. Such deviations from norms hurt the public interest.

**Coordination**

All policies and programmes are to a varying extent interrelated. Therefore agriculture development also requires industrial development for the provision of fertilizer, pesticides, and mechanical implements; it requires educational development so that farmers may be able to read and benefit from new scientific knowledge; it also requires development of farmers’ health so that they may be able to work properly. Hence policies of agricultural development have to be drawn up so that they harmonies with other policies. Hence coordination of a high order is necessary. Coordination is needed at all stages
and all stages, as Mary Parker Follett has stressed. At the top stage it is sought to be brought in relation to the through the cabinet. All significant policies are reviewed through the cabinet. Here the ministers have an opportunity to look at the implications of other policies for those of their own department. Any inconsistency, gap or duplication is ironed out.

Below the cabinet, there are certain agencies which function on behalf of the government and help in achieving coordination. Staff agencies, such as those for planning, financial administration, personnel administration, administrative reforms, law and public works help in coordinating both policy-creation and implementation. Therefore the Planning Commission examines the policies and plans of all Ministries and all State Governments. Here specialist and generalist members of the bureaucracy create significant contributions to policies and programmes. While detailed examination of a certain policy is made in the concerned Ministry, the Planning Commission takes a government-wide view and suggests modifications. Likewise other staff agencies participate in policy-creation. The contribution of the higher bureaucracy is here of paramount importance. Though, the bureaucracy necessarily functions under the in excess of-all control of politicians. Final decisions necessarily rest with politicians; civil servants help them to reach these through providing a comprehensive view based upon a mass of data, analytical studies, and expert advice.

Politicians and civil servants have to cooperate at the field stage also. Therefore a Deputy Commissioner and M.L.A. are both concerned with the several policies related to the development of a certain area. Although district planning has yet to become a reality, district politicians and civil servants do create suggestions which are taken into account through authorities at higher stages. Joint efforts of politicians and civil servants bear more fruit.

Cooperation flanked by politicians and civil servants is essential for the proper functioning of bodies of local self-government like municipalities, and Panchayati Raj bodies. In developing countries like India, though, these bodies
are often so weak that they have to depend upon civil servants who are employees of the state government. Hence local politicians often have little control in excess of the permanent officials serving the local bodies. If dissimilar parties happen to be in power at the state and local stages, state politicians tend to use the bureaucracy in the field in their party interest. Solution to such troubles lies, ultimately, in the strengthening of local-government. This is a significant aspect of the required political development.

**Authorization**

The final stage of policy-creation is its authorization. The legislature authorizes or approves policies and programmes usually in the form of laws. Laws are necessary because without their sanction the government cannot allocate social possessions. Therefore taxation is the prime method for creation possessions accessible to the government. Imposition of taxes requires laws. Therefore a law for the imposition of a certain tax may imply a policy for the redistribution of wealth. Approval through the legislature is taken to mean approval through the people, since the legislature consists of representatives of the people. Hence the passage of a law puts the stamp of approval through the people’s representatives on the policy contained in it and also empowers the executive to enforce it.

The function of giving legal form to a policy is mainly performed through the bureaucracy. After a certain policy has been approved through the cabinet a draft of the bill is prepared through the Law Ministry. It is then examined through the civil servants and the minister from whom the proposal emanated. Therefore while cooperation flanked by politicians and civil servants is a must, it is significant to appreciate the contribution of those who draft the bill. The details of the policy as it is enforced are determined through the legal terminology of the bill. The minister is usually unaware of legal niceties. The result is that the bureaucracy determines the details, some of which can be highly important.
The significance of the bureaucracy’s contribution can be gauged from the fact that sometimes the very success or failure of the policy may depend upon the legal terminology used in the law. Therefore the widespread failure of land reforms in India was to some extent due to the loopholes in the laws which sought to enforce the policy. The National Commission on Agriculture noted that, “These legislative events were full of loopholes which were taken advantage of through the bigger landed interests to circumvent the laws”.

Therefore while a policy needs the approval of the minister and the cabinet, and it is enforced through a law passed through the legislature, the bureaucracy plays a significant part through giving it the form of laws. Cooperation flanked by politicians and civil servants is, so, again a must.

**Relationship in the Course of Implementation**

While in policy-creation politicians have the dominant role, in implementation the bureaucracy has a greater role. While a politician only heads a department as a minister, civil servants function at all stages. Members of the bureaucracy at the top stage advise ministers and manager the departments, those at the middle stage supervise field officials and keep the top informed of the progress, and field officials like policemen, tax-collectors and factory inspectors enforce the law. It would, though, be a mistake to think that politicians have no role in implementation. The minister is the political head of the department and bears responsibility for both, its policies and their implementation. He is questioned in the legislature even on the details of implementation if anything goes wrong. It is the duty of the minister to ensure that civil servants in their department function according to the law and that no injustice is done either to a member of the clientele or the bureaucracy. The minister has to ensure that implementation of policies is done lawfully, effectively and efficiently. The minister deserves criticism if he/she tries to impose his/her will on officials in the performance of quasi-judicial functions, for instance as members of a tribunal; if she withdraws delegated powers from
officials in scrupulous cases; and if he/she acts in a partisan or selfish manner. Hence responsibility for proper implementation of policies is borne through politicians as well as members of the bureaucracy, the role of the politicians as ministers being to exercise control in excess of the bureaucracy on behalf of the people.

**Rule-Creation**

A law as passed through the legislature is in general conditions. It does not go into details. Therefore a law may prohibit trade in harmful drugs. Though, it would not list the drugs, leaving this to be done through the executive. There are many causes why laws are stated in such general, rather than specific, conditions. One cause is that the legislature is busy with a large amount of business having to do with control in excess of the administration, discussion of policies, and legislation. It does not have the time to go into the details. Another cause is that the legislature consists of representatives of the people rather than experts: their proper role is to protect the interests of the several sections of the society and not to get involved in the intricacies of scrupulous pieces of legislation. Members of the bureaucracy are employed as experts to deal with the details falling within their area of specialization. Finally, situations keep changing but the law cannot be changed so regularly. Therefore new harmful drugs may create their appearance in the market. If the law were to provide their names, it would have to be amended every time a new drug appeared. For these causes the law is stated in general conditions.

The function of filling in details is left to the executive. The executive performs it through the creation of rules and regulations. The creation of rules and regulations under authority given through the legislature is called delegated legislation. The term legislation is used for the creation of rules because they come to have the force of law. After all, rules provide effect to the will of the legislature through filling in the details.

While the legislature provides the authority to create rules and regulations
to the government, this authority is mainly exercised through civil servants. The cause is that civil servants possess the specialized knowledge, the experience and the detailed information necessary for drawing up the rules. The minister is usually not likely to have either the specialized knowledge or the time for doing this himself; he is busy with his political duties of meeting delegations of the people, looking into complaints, and so on.

The function of drawing up rules and regulations under delegated authority tends to confer a lot of power on the bureaucracy. This is specially so in developing countries where the bureaucracy is very powerful otherwise also. The role of delegated legislation in conferring power on the bureaucracy has been discussed for more than half a century. In England the Committee on Ministers’ Powers measured this issue in 1932. The consensus now is that while there is the risk of giving too much power to the bureaucracy, there is no alternative to giving this function to it. Hence it is measured to be significant that the rules be laid on the table of the house of the legislature, and that they are scrutinized through members of the legislature. The minister’s role in exercising check in excess of the bureaucracy in the drawing up of the rules goes without saying. In short, in this respect as in others, democratic theory emphasizes the need for effective political control in excess of the bureaucracy.

**Supervision, Monitoring and Evaluation**

After the notification of rules, implementation becomes mainly the responsibility of field officials like tax-collectors, factory inspectors, doctors in government hospitals, and policemen. Supervision in excess of them is exercised through superiors of the department. This supervision usually remnants lax in Indian administration. The main cause is that superior officials have very little real authority for rewarding or punishing their subordinates. Promotion, particularly at lower stages, is not based mostly on seniority; nor can a superior provide any other rewards. As distant as punishment is concerned, the procedure for taking disciplinary action is very cumbersome
and it takes a lot of time, sometimes years, before the final decision in regard to punishment are taken. Though, another, and more significant cause for laxity of supervision nowadays is the protection often given through politicians to civil servants in excess of the heads of their superior. The politicians usually extend such support to civil servants in the hope of getting their help at election time. The patronage of politicians which civil servants therefore enjoy results in widespread loss of efficiency, effectiveness, and probity in administration. We shall consider the solution to this problem later. Here we only note that instead of exercising control in excess of the bureaucracy, politicians often are instrumental in eroding even the authority of bureaucratic superiors in our developing society.

The progress achieved in the fulfillment of targets is regularly monitored at higher stages. Several shapes are prescribed for submitting periodic reports. Such reports can be of great value if they are properly used. Though, they can also come in the method of achievement. Research work has shown that officials who are responsible for achievement have to fill too several returns; this takes absent much of the time which should have been spent on the work itself. What is more, the returns and reports are often not even read through superior officials but merely tied up in files to gather dust and occupy valuable space. The responsibility for this state of affairs belongs to both senior bureaucrats and politicians. There is a need, in every organization, for constant re-examination of structures and procedures. Therefore returns which were prescribed long ago may no longer be needed. Some, perhaps, can be cut down in their length. The initiative for such changes necessity comes from the top through cooperation flanked by high stage politicians and civil servants.

Every programme should be evaluated after its completion for ensuring that the objectives have been fulfilled, that the work has been done at minimum cost, and that there has been no dishonesty. Evaluation is made, first and foremost, through superior officials in the department. The evaluation is likely to be more effective if the minister takes interest in it, discovers time for seeing evaluation reports, and demands explanation for non-performance.
Overhead (or staff) agencies, like the Planning Commission, also create evaluation of policies and programmes. Therefore the Planning Commission prepares a “mid-term appraisal” in the middle of every plan period; it also creates an evaluation of past policies at the beginning of every plan period in the document containing the new plan. The Planning Commission consists of politicians and experts and is assisted through high stage members of the bureaucracy. It sometimes uses a special agency, such as the Programme Evaluation Organization, for creation in-depth studies. Evaluation through the Planning Commission carries great weight because of its pre-eminent position. This also gives a thought of the achievement possible through cooperation flanked by politicians, civil servants, and experts who belong fully to neither of these two categories.

Evaluation is also made through the Comptroller and Auditor General who is an independent authority under the Constitution. He examines not only whether funds have been spent only for purposes for which they were provided through the legislature, but also whether the work has been done efficiently and wisely. His organization gives a good instance of how the bureaucracy itself can be an effective instrument of exercising check in excess of administration as whole—civil servants and also ministers.

Though, the Comptroller and Auditor General also functions conjointly with the legislature, which is a political body. His report is presented to Parliament and State Legislatures where it is measured in detail through the Public Accounts Committee. The members of the bureaucracy working with the Comptroller and Auditor General, and the politicians in the Public Accounts Committee give support to each other for evaluation at the highest stage. Cooperation flanked by politicians and bureaucrats can take several shapes and for diverse purposes.

The Estimates Committee, of Parliament and of State Legislatures, creates an in-depth evaluation of the performance of a few departments selected every
The Committee on Public Enterprises, of Parliament and State Legislatures, evaluates the performance of public enterprises. These committees of legislatures, consisting of elected politicians, give an opportunity to politicians who are not members of the executive to exercise check in excess of the bureaucracy.

The above discussion of supervision, monitoring and evaluation shows that while politicians and members of the bureaucracy necessity cooperate, politicians are also duty-bound to keep the bureaucracy under control. If the bureaucracy were not kept under control, the government would cease to be democratic. It is true that there may be more knowledgeable people in the bureaucracy than in the middle of politicians; though, that does not entitle the bureaucracy to rule in excess of the people, for in a democracy the people wish to rule in excess of themselves through their elected representatives. If politicians allow the bureaucracy to become too powerful they fail in their duty towards the people.

**Administrative Management**

Administrative management refers to the management of the organization as a whole. In India the principal agencies for this purpose are the ministries or departments (in the Union and State Governments respectively) of finance, planning, personnel and administrative reform or reorganization. The Planning Commission and planning boards in the States, and Public Service Commissions also participate in the function of managing the governmental organization as a whole. While the management of programmes or projects for fulfilling the substantive purposes of the government are the responsibility of line agencies like the Ministries of Defense, Industries and Health, administrative management relates to organising, financing, planning and staffing in all the ministries or departments. Effective implementation of policies and programme requires effective administrative management.

The importance of administrative management has not yet been
sufficiently recognized, particularly in developing countries. Substantive concerns, such as those for defense, provision of employment and the maintenance of law and order, are so pressing that administrative management tends to be ignored. Administrative management does not receive the attention at the political stage which it deserves. Therefore several of the recommendations of the Administrative Reforms Commission have yet to be attended to. It is a mistake to think that substantive programmes can be successfully implemented without providing proper groundwork of administrative management. Therefore maintenance of law and order and dealing with terrorism require a well-supervised police force. Unless more attention to personnel administration in regard to the police is paid, it is idle to expect that terrorism can be wiped out. There is obviously need for more attention at the highest political stage to administrative management. Minister’s necessity becomes more conscious of their managerial role. They necessity provide for more support to administrative reform; there is need for a new relationship flanked by politicians and the bureaucracy in which politicians accept more responsibility for management of organization and procedures.

Troubles in the Relationship

So distant we have described the relationship that develops flanked by politicians and the bureaucracy in the course of policy-creation and implementation. Now we shall try to look at somewhat more closely the troubles of this relationship. It is significant to realize that most of the troubles that arise in countries like India are basically related to underdevelopment. The several characteristics of underdevelopment are interrelated. Economic, social, political and administrative underdevelopment power, and sometimes cause, each other. Hence the solution of administrative troubles ultimately lies in development; they can rarely be solved in isolation.
The term “interference intricate” has been coined through Fred Riggs to refer to complaints through politicians against what they call “bureaucratic interference” and countercharges through administrators against what they call “political interference”. These politicians often complain that the bureaucracy sabotages policies and programmes of progressive social change. The National Commission on Agriculture expressed agreement with this view while dealing with the failure of land reforms. It said, “The question is, who has failed? Is it the legislator or the administrator? In a measure both have failed. Though, the major responsibility lies on the shoulders of the enforcement agencies, that is to say, the administrative set up entrusted with the task of implementation.” The Commission went on to provide the cause that the bureaucracy had been “trained and conditioned to function as the guardian of status quo and the defender of existing property relation.” On the other hand, civil servants often say that legislators and ministers exercise patronage through interference with recruitment, selection, transfer and promotion of government employees for obtaining support at election time.

There may be some truth in both these complaints. Most of our higher bureaucracy is drawn from the urban professional middle class. Hence the majority of the population consisting of farmers and workers discovers very little representation on it. The attitudes of the bureaucracy may, so, not be in consonance with the aspirations of the majority of the people. The solution to this problem, to some extent, lies in the introduction of tests for testing several physical and psychological attributes of the personality of the candidates at the time of initial selection. Hopefully, this will help to recruit a more representative and also more capable, bureaucracy. Changes in education and training can also help to better inculcate in the bureaucracy human and constitutional values such as justice, liberty, equality, fraternity, nationalism, democracy, socialism and secularism. Such a bureaucracy is likely to cooperate better in bringing in relation to the desirable economic, social and political change, or development.
The problem of political patronage can, to some extent, be solved through strengthening interest groups and political parties. At present some of our best parties also have a substantial non genuine membership, elections within the parties are sometimes not held for decades, there is a high degree of centralization in the functioning of parties, they are overly dependent upon a few rich capitalists or big farmers for election funds, there are within them factions owing allegiance to dissimilar leaders, there are divisions based on caste, religion and language, and sometimes criminals manage to get significant positions in them. Removal of these deficiencies is likely to reduce their dependence upon patronage, as happened in the West.

Improvements in, political parties and the bureaucracy, are likely to help in bringing in relation to the better relationship flanked by them and in doing absent with the “interference intricate”.

**Bureaucratic Power**

Writers like Riggs, Weidner and Heady pointed out long ago that the bureaucracy tended to be more powerful in developing countries than in developed ones. The greater the power of the bureaucracy, the more hard it is for politicians to control it. Hence there is a tendency for dictatorship through the civil and military bureaucracy in developing countries. Democratic administration requires that the bureaucracy should be properly controlled through the elected representatives of the people.

The great power of the bureaucracy is part of our colonial heritage. Indian bureaucracy appears to have the attitudes and behavior of the colonial bureaucracy but do not seem to have recognized themselves with democratic norms of a political system. S.N. Eisenstaedt has pointed out those colonial powers strengthened central institutions of the society but left local ones unchanged. Therefore they developed central services but not local self-government. Fred Riggs has pointed out in his book entitled The Ecology of Public Administration that the bureaucracy in India has become very powerful
also because members of All-India Services hold the highest posts at Central, State and local stages. Therefore the highest official in a district has been a member of an All-India Service like the ICS or the IAS and not an elected politician. In developed countries like the U.K. and the U.S.A. local self-government is very powerful. Therefore a country is ruled through an elected government headed through a representative of the people as a mayor.

The bureaucracy at the local stage is employed and controlled through the local authority. In India, through contrast, the Deputy Commissioner is not employed and controlled through the Zila Parishad; the Deputy Commissioner functions mainly as the agent of the State Government and regulates and controls the Zila Parishad and the municipalities in the district on behalf of the State Government. The bureaucracy at the district and block stages are mostly employed through the State Government, and hence are not under the control of local politicians. This relationship flanked by politicians and the bureaucracy at the local stage constitutes a continuation of the colonial practice.

Development involves doing absent with colonial practices and introducing in their place democratic ones. This requires strengthening local self-government. People in the villages need to be educated and organised, political parties at the grass-root stages activated, and more possessions provided to local governments. Once local governments become powerful they can employ their own bureaucracy instead of depending upon the State bureaucracy. Only after local representatives of the people begin to exercise power on their behalf can the felt needs and aspirations of the people be fulfilled through local (village, block and district) planning. Implementation of policies and programmes can also be much more effective if the bureaucracy strictly controlled through local politicians who are on the spot, instead of through those who are distant absent at the State headquarters. In other words, democratic decentralization constitutes a significant aspect of development.

Democratic decentralization, though, can succeed only if other types of
development also take place. For instance, the spread of corruption at the local stage can be prevented through strengthening associations of the people (or interest groups) and political parties. Experience has shown that corruption has been curbed in villages where the people organised themselves. Local political leaders can take the initiative in organising the people. The functioning of political leaders is related to that of political parties usually. The functioning of political parties can be improved through removing their bureaucracy is merely an aspect of the political system: improvement in it requires development in all characteristics of the society, since they are all interrelated.

**Loyalty**

Members of the bureaucracy are expected to be committed to human and constitutional values and nationals objectives. They are expected to be neutral flanked by political parties. In the recent past, though, there have been complaints that some politicians in power have demanded from the bureaucracy loyalty for their party and themselves. For instance, members of the bureaucracy have stated that they could not express their disagreements with ruling politicians freely throughout the Emergency. Some civil servants were perceived to have lost their neutrality. The Shah Commission noted, “In some cases the administration and administrators ceased to be insulated from politics with disastrous consequences”.

The Shah Commission recommended institutional safeguards to protect civil servants from politicians who create unjustified demands, as follows: “It is necessary to point out the need to give certain institutional safeguards to look after the interests of the whole run of officials, and particularly those who are involved at the decision-creation stages in the several departments of the Government in the States and at the Centre. When unscrupulous and unprincipled politicians and their associates are in a position to harm the public servants refusing to fall in line with wrong and illegal orders, it becomes necessary in the interest of the basic unity and integrity of the country, as also of the fundamentals of the Constitution and the rule of law, to
protect the officials who are called upon to function at dissimilar administrative stages.” Since the Shah Commission reported, administrative tribunals have been recognized to which members of the bureaucracy can take their complaints.

There have been complaints that some ministers obtain the help of civil servants at election time. While solution to this problem in the short-run lies in strengthening the election law, in the long-run it can be solved through strengthening political parties so that they become capable of providing all the help and support which their candidates need at election time.

**Collusion**

Sometimes politicians and civil servants cooperate in wrong doing. The Shah Commission noted that, “It is necessary to face the situation squarely that not all the excesses and improprieties committed throughout the emergency originated at the political stage. In a large number of cases it appears that unscrupulous and in excess of-ambitious officers were prepared to curry favour with the seats of power and position through doing what they thought the people in authority desired”. After the Emergency also, cases have come before courts showing wrong doing jointly through politicians and civil servants. It is an accepted fact today that the Indian bureaucracy has a vested interest in the industrialization of India. This explains the easy adjustment flanked by bureaucracy and business and industrial pressure groups in the country. There has for long been widespread public concern with corruption in administration arising mainly from such collusion.

Separately from ordinary courts of law, there is now the institution of the Lok Ayukta in some states. This is the most appropriate institution for looking into complaints of this type. If wrong doing is found through the Lok Ayukta, prosecution can be launched in courts of law. With the institution of the Lok Pal at the Centre, as now proposed, complaints against Central ministers will also be likewise attended to.
The ultimate check upon both politicians and civil servants lies in a vigilant public opinion. The public is aided through a free press. The proposed legislation for ensuring freedom of information and amending the Official Secrets Act is likely to go a long method in giving even more scope to the press for exposing wrong doing in public interest.

NEUTRAL VERSUS COMMITTED BUREAUCRACY

Neutrality

The society consists of several sections, groups and classes. Each one of these tries to protect its interests. The several interests often come into clash with each other. It is the function of the government to maintain peace through keeping this disagreement within limits. The government achieves this objective through trying to fulfill the just demands of each section. This involves a changing allocation of possessions. Therefore in most democratic countries there is progressive taxation through which the rich are taxed more than the poor; the possessions so obtained are then utilized more for the welfare of the poor. In this method, possessions are transferred from the rich to the poor. Therefore governmental policy determines the allocation of possessions in the middle of the several sections of the people. The bureaucracy participates in drawing up the policies for such allocation through negotiating with representatives of the several interests, advising ministers on the pros and cons of alternative policy proposals, and drafting reports, proposals, resolution and legislative events. In view of such participation through the bureaucracy in policy-creation, and also in putting it into effect, it is significant that the bureaucracy should be non-partisan or neutral flanked by the several sections. In our society, neutrality of three types is significant: neutrality flanked by classes, neutrality flanked by cultural groups, and neutrality flanked by political parties. We shall consider the significance and troubles of each type of neutrality; we shall also consider how neutrality of each type can be increasingly achieved.
**Neutrality flanked by Classes**

The society is made up of several classes such as those of landlords, capitalists, traders and workers. The government is expected to take care of the interests of each one of them, and to allocate possessions to them justly. The bureaucracy is the government’s main instrument and necessity is neutral flanked by classes if justice is to be done.

Justice flanked by classes is hard to achieve because their interests often disagreement. Therefore if a manufacturer pays higher wages to his workers, his profits get reduced to that extent. Likewise, if a landlord provides a higher share of the crop to his tenant farmers, he suffers a loss. It is precisely because of such disagreement that neutrality flanked by the classes is hard to achieve. It is only if the government and the bureaucracy are seen to be neutral that the disagreement can be kept within limits and peace maintained. If, though, a class has the feeling that injustice is being done to it, it may take to the war path. Therefore disputes flanked by capitalists and workers result in lockouts or strikes, sometimes there is even violence and bloodshed. Hence the neutrality of the bureaucracy, which is the main instrument of the government, is essential for the maintenance of social order.

The disagreement flanked by classes is greater in developing countries like India, than in developed ones. This is because there are greater disparities in developing countries. Therefore while a few are very rich, millions continue to starve. What is more, those who are poor also lack of education, social status and political power. In other words, the poor often do not even know how to improve their condition, and even if they try, the richer and more powerful sections often thwart their efforts, because of the disagreement flanked by of the poor and their protection from exploitation. Therefore in India, workers are through and large poor, uneducated and unorganized, only in relation to throne-tenth of them are organised in trade unions. Due to the prevailing poverty, unemployment and lack of education, the trade unions also remain
weak. Hence in the case of an industrial dispute the government often intervenes through requiring adjudication through a Labor Tribunal or Court. Now, a Labor Tribunal or Court performs the function of administrative adjudication: it is a bureaucratic mechanism for ensuring justice to both, the employers and the workers. It is significant that this bureaucratic mechanism should be seen as being neutral flanked by the contending parties, if peace is to be maintained. This instance designates the great significance of neutrality of the bureaucracy in developing countries.

The neutrality of the bureaucracy is significant also because of its role in helping to bring in relation to the development. The government gives loans, subsidies, tax concessions, raw materials (such as steel and cement), and inputs (such as coal, electricity, fertilizer and seeds) to industrialists and farmers. The classes of big industrialists and big farmers have a lot of political and economic power and, so, tend to monopolies these gains. Though, development requires that small industries and small farms should also prosper: they are large in number and create substantial contribution to the national product. Justice also requires that they should not be ignored. Hence it is significant that the bureaucracy, which distributes these facilities, should do so impartially and justly.

In other words, just support to small industrialists and farmers requires that the bureaucracy should not be influenced through the power of the big industrialists, big farmers and landlords. For causes discussed above, there is general agreement in relation to the need for neutrality of the bureaucracy. Though, there are some troubles in attaining this ideal. One of these is related to its social background. Most of the higher bureaucracy comes from a single class. Therefore in relation to the 70 per cent of the IAS officers come from the urban, salaried or professional, middle class. This designates that farmers and workers, who constitute the majority of the population, remain grossly under-represented. If the bureaucracy were more representative, it would likely be more neutral. Members of every class tend to be partial to the interests of their own class. If a large majority of members of the bureaucracy come from a
single class, the bureaucracy is likely to be partial to this class. This problem can be solved to some extent through creation the examination for recruitment more broad based. The present examination provides preference to those who can write and speak English well, and are able to commit facts and formulas to memory. If the examination is diversified, so as to contain tests of the several psychological and physical abilities, more persons are likely to be recruited from the families of farmers and workers, therefore creation it more representative and more neutral.

Another problem relates to the power of interest groups. A department that serves a certain interest is, in the course of time, likely to become recognized with it. It has to come into close and continuous touch with persons having this interest, and it often has to function as the advocate of this interest. Therefore the department of agriculture has to serve farmers through providing several facilities, and has to obtain funds for this purpose. In this process, the farmers’ lobby and the department of agriculture are likely to become mutually supportive. If the interests of farmers and industrialists clash, as they often do, the department of agriculture is likely to take the side of farmers. Hence such specialized agencies are in danger of losing their neutrality. This problem has arisen in an acute form in the United States in regard to several ‘constituency agencies’. In developing countries like India, it tends to arise mainly in regard to agencies dealing with powerful interests, like those of big industrialists and big farmers. The solution to it lies in the development of organizations of hitherto weaker sections of the society. Efforts are now being made in India to help landless labor to organize itself. Likewise, if several interests organize themselves, and demand better political control in excess of the bureaucracy, so as to ensure its responsibility and accountability, it is likely to remain more neutral also.

Neutrality flanked by Cultural Groups

Our society consists of groups based on religion, caste, language and region. While all these groups have several common interests, they also come
into disagreement to some extent the blacks have remained poor and exploited. In the USSR also there have been ethnic conflicts, for instance flanked by Armenians and Azeris. The bureaucracy is required to hold the balance flanked by the several groups. Hence it is significant that it should be neutral flanked by them. Since the disagreement flanked by cultural groups is usually greater in developing countries, the significance of the bureaucracy’s neutrality is also greater in these countries. The method to the achievement of such neutrality, and also to the general reduction of disagreement flanked by cultural groups, lies through better education. If the attitudes of the people can be changed through education, so that they come to regard themselves more as belonging to the Indian nation than to a scrupulous group based upon religion, caste, language or region, the disagreement flanked by groups can be reduced. Members of the higher bureaucracy are recruited mostly from in the middle of those who have received higher liberal education. If higher liberal education really broadens the mental horizon, members of the higher bureaucracy should be in the middle of the most broad-minded people in the society, and hence neutral flanked by cultural groups. To some extent this is already so. Conscious effort at improving the excellence of education can further help to modernize the attitudes of the bureaucracy leading to even greater neutrality.

The disagreement flanked by cultural groups is often accentuated through socio-economic factors. Therefore Muslims in India have usually been poorer than Hindus. Most Sikhs in Punjab have a rural background, while most Hindus have an urban one. Members of the scheduled castes all in excess of India are usually poorer and have a lower social status than others. Several of them are landless laborers. Disagreement flanked by cultural groups can be reduced through narrowing the disparities flanked by them. One of the effects of such disparities is that a cultural group having a lower social and economic status has a lower representation in the bureaucracy also. Such a bureaucracy, with higher representation of certain groups than others, is often not perceived as being neutral. Hence the reduction of socio-economic disparities flanked by cultural groups will not only reduce disagreement flanked by them, but also create for a more representative and neutral bureaucracy. Programmes aiming
at poverty removal (such as the Integrated Rural Development Programme),
better health and education services, and loans to small farmers and
industrialists, constitute part of the governmental effort to reduce disparities.
Further, if a cultural group suffers from poverty and exploitation and is unable
to discover adequate representation in the bureaucracy, special events are
taken to help it in getting such representation. Therefore, some universities
and state institutes run special courses for preparing those belonging to weaker
sections for competitive examinations for entry into the bureaucracy. The
Constitution of India permits reservation of posts in the bureaucracy for any
backward class of citizens under Article 16(4). Under this provision, 15 per
cent for scheduled tribes, that is in proportion to their population in the
country. For other backward classes the quantum of reservation varies from
State to State. Several of the reserved seats, though, remain unfilled due to the
non-availability of candidates with requisite qualifications belonging to the
weaker sections. Still, these events are able to help in having a more
representative and more neutral bureaucracy.

Neutrality flanked by Political Parties

Competition flanked by political parties is an essential feature of a
democracy. If there is only one party, the voter can hardly exercise his/her
choice. Democracy becomes meaningful only if the voter can choose flanked
by candidates of dissimilar parties. The exercise of choice through voters at
general elections results in the formation of the government through one of the
contending parties. Every party that fights an election puts forward its
manifesto before the people. If it wins, it is rightly inferred that the people
have approved of its manifesto, indeed, it is said that the manifesto now
becomes the mandate, or command, of the people to the new government. This
mandate consists of policies which the people have approved. Fulfillment of
the wishes of the people requires the implementation of these policies. The
main instrument of the government for the implementation of its policies is the
bureaucracy. Hence it is significant that the bureaucracy should be neutral
flanked by parties: such neutrality alone can ensure the fulfillment of the
wishes of the people.

While the neutrality of the bureaucracy is accepted as an ideal, several troubles arise in practice and come in the method of the fulfillment of this ideal. One such problem has been the spoils system, under which the winning party appoints its followers or supporters at dissimilar positions in the bureaucracy. Such a bureaucracy, naturally, lacks in merit and efficiency. Since a new government, shaped through another party, throws out the supporters of the party earlier in power, the bureaucracy also tends to lack permanence, knowledge gained from experience in the service and the motivation which the career system might have provided. The spoils system brought home the advantages of neutrality of the bureaucracy. The spoils system tends to arise with democracy but has to be curbed later on. It prevailed in the United States throughout most of the nineteenth century. The effort to replace it through the merit system, through selection of permanent officials through a Civil Service Commission, began with the passage of the Pendleton Act in 1883. In developing countries, where democracy arose approximately the middle of the twentieth century, the spoils system has often tended to exist despite a Civil Service Commission. Therefore if members of the Civil Service Commission themselves are chosen from in the middle of the supporters of a political party, the neutrality of those whom they select can hardly be ensured.

In India, the Constitution contains many provisions for the maintenance of the independence of Public Service Commissions. These are as follows:

- The Chairman or a member of a Commission can only be removed from his office through the President on the ground of misbehavior according to the report given through the Supreme Court after holding an enquiry.
- The circumstances of service of a member of a Public Service Commission cannot be to his disadvantage after his appointment.
- The expenses of a Commission are charged on the Consolidated Fund of India or of the concerned State.
A Chairman or a member of a Commission, on ceasing to hold office, cannot get employment under the government except at a higher post in a Public Service Commission.

Another problem which tends to interfere with the neutrality of the bureaucracy flanked by political parties is the development of loyalty towards the politicians in power. Members of the bureaucracy, who have been selected impartially through a Civil Service Commission, can later, in the course of their career, shed their neutrality and become aligned with the party, or the individuals, in power. According to the Shah Commission this problem existed throughout the Emergency (1975-77) in India. Some writers maintain that nowadays also, there is a tendency for the development of such relationships of alliance flanked by ministers belonging to dissimilar political parties and senior civil servants in nowadays also in governments of dissimilar political parties in India. Therefore it is suggested that the problem is not related to any scrupulous party, but rather to the underdevelopment of our political system. The solution, then, lies in political development. Political development requires strengthening and improving the working of the several parts of the political system: interest groups, political parties, the electoral system, mass media, legislatures, the judiciary, and the political and bureaucratic parts of the executive. Therefore if interest groups on behalf of the several interests in the society put constant pressure upon the government, it will become hard for a minister and a bureaucrat to collide for creation unjust and partisan gains.

If there is internal democracy in the ruling political party, its leaders also will remain accountable to the rank and file of the party and not try to create selfish gains with the complicity of members of the bureaucracy. If the electoral system helps to elect those who can truly represent the people, elected politicians will tend to be more responsive to the people and are likely to refrain from misusing the bureaucracy. If the mass media (the press, television and radio) are healthy and powerful, they will give for effective communication flanked by the rulers and the ruled and help to create the will
of the people prevail. Properly functioning legislatures will keep both the politicians and the bureaucracy under check and create them behave with realization of their responsibility and accountability. In short, the growth of democratic consciousness and institutions is likely to deal with the problem of alliance flanked by ministers and civil servants for creation selfish gains.

**Commitment**

The bureaucratic form of organization has both, advantages and disadvantages. Its main advantage, as pointed out through Weber, is efficiency. Its main disadvantage, as pointed out through Marx, is alienation. Hence we aim at reducing alienation while maintaining efficiency. This can be done, to some extent, through improving the bureaucracy's commitment, or moral dedication.

Let us look at the need for commitment in some detail. According to Weber, the main features of a bureaucracy are hierarchy, division of labor, specialization, rules and impersonality. All these factors create for efficiency. At the same time, though, a bureaucracy suffers from alienation. According to Marx, the members of bureaucracy suffer from loss of freedom, creativity, humanity, and morality. Weber agrees that members of a bureaucracy tend to function like “little cogs, little men clinging to little jobs”. Other writers have also pointed out the disadvantages, or dysfunctions, of bureaucracy. Therefore Merton says that bureaucratic control in excess of officials, requiring that they should strictly follow rules, induces in them “timidity, conservatism and techniques”. Hence the problem is how to maintain efficiency while reducing alienation or the dysfunctions of bureaucracy. The solution to this problem lies mainly in improving the commitment of its members. In other words, the bad effects of bureaucratic controls can to some extent be reduced if the employees are imbued with dedication.

Dedication or commitment is required also because the employees have
constantly to deal with intricate troubles, several of which are new. It is a mistake to think that all bureaucratic activity is routine and monotonous. Developmental activity in scrupulous requires forecasting, planning, risk bearing, breaking new ground and experimentation. Hence, innovations have to be made all the time. The creation of innovations, or creativity, requires emotional commitment.

We have noted so distant that commitment on the part of the members of a bureaucracy leads to effectiveness and efficiency. Effectiveness means fulfillment of the organizational objectives, and efficiency means doing so with as little expenditure of possessions as possible. Therefore effectiveness and efficiency are characteristics of the successful working of the organization. Though, the organization consists of human beings and it is also significant that they should be happy. To some extent, monetary rewards can create them happy. Equally significant, though, is their need for job satisfaction. Job satisfaction is the intrinsic satisfaction which one gets from doing a job. Therefore the satisfaction which a painter gets from painting itself is his job satisfaction: it is quite separately from the money that he gets from the sale of his paintings. It is obvious that job and Development satisfaction is related to commitment. If one paints only for money, he has little job satisfaction. The more devoted, or committed, he is to painting, the greater is his satisfaction. Therefore commitment leads not only to organizational effectiveness and efficiency but also to the satisfaction and happiness of the employees. Hence commitment is important from both, the organizational and individual points of view.

**Commitment to Values and Objectives**

Of our several commitments, the most significant is the commitment to values. In the ethical sense, values are ends in themselves: they are sought for their own sake. The most significant of our values are what are called human values that are those values which are sought in all places and times. Examples of human values are truth, compassion, honesty and courage. While human
values are universally sought, there are some values to which importance is attached in only some countries. The latter may be called national values. Significant human and national values may be mentioned in a nation’s Constitution also. Therefore the following four human values are mentioned in the preamble to India’s Constitution: justice, liberty, excellence and fraternity. These may be called human values since in no age or place has their desirability been questioned.

Then there are the values of nationalism, democracy, socialism and secularism which may be called India’s national or Constitutional values, since they discover explicit or implicit support in the Constitution. While it is expected that everyone everywhere will attach great importance to human values, citizens of India are, in addition, expected to seek to fulfill the national or Constitutional values. The bureaucracy is expected to attach even greater importance to both these sets of values than ordinary citizens. The bureaucracy acts on behalf of the state or government. If the state and government are to have a human face, that is if they are to be seen as being just and humane, the bureaucracy necessity show respect to human values. Again, since the constitution lays down the fundamental principles according to which the state is governed, the bureaucracy, as the agent of the state and the government, necessity accord the highest importance to all the values enshrined in the Constitution.

Separately from human and constitutional values, the bureaucracy necessity also is committed to national objectives. Some of these may be so significant as to be mentioned in the Constitution, while others are stated in laws. Therefore Part IV of the Indian Constitution entitled “Directive Principles of State Policy” mentions objectives such as the following: securing just and humane circumstances of work, securing a living wage, provision of free and compulsory education for all children, and the protection of Scheduled Castes and Tribes from social injustice and exploitation. Though, the Constitution mentions only a few, paramount, objectives, most other national objectives are stated in laws. Their seed may be found in the demands
of interest groups, they are presented to the people for their approval through the manifestos of political parties at election time, and they are adopted as national objectives after their inclusion in laws. The legislature consists of elected representatives of the people, and hence is entitled to declare the national will. Every act of the legislature contains such a declaration: the objectives which the act seeks to fulfill are mentioned at its very beginning. Therefore the objectives of the Industrial Disputes Act, 1947, are to secure industrial peace and to ameliorate the condition of workmen in industry. Once objectives are enshrined in the Constitution or the laws, it becomes the duty of the bureaucracy to faithfully fulfill them through implementing the law. Commitment of the bureaucracy to the objectives stated in laws is therefore essential for the performance of its duties.

A problem presents itself, though, if we consider the actual role of the bureaucracy. A law contains not only the objectives which are sought to be fulfilled, but also the chosen method in which this is to be done. This method can be called the policy. In other words, for fulfilling a certain objective there may be many alternative methods, or policies. Therefore the objective of free and compulsory education may be achieved in either of two methods: (i) punishing parents of children who are not sent to school, and (ii) giving incentives, such as free mid-day meals, to attract children. Either of these methods may be adopted and enforced through a law: this, then, becomes the policy of the government. Now, while the objectives are, more or less, decided through the interaction of political parties with interest groups and, directly, with the people, policies are chosen on the basis of the advice of technically trained and experienced members of the bureaucracy. The role of the bureaucracy in the formulation of the policy is very significant, since often only the bureaucracy knows what will work on the ground. The bureaucracy informs the minister in relation to the advantages and disadvantages of each of the alternative policies, and advises on the adoption of the most appropriate alternative. It is then for the minister to choose the policy: he may accept or reject the advice of the permanent official. In case the civil servant’s advice is rejected, he faces the problem of faithfully implementing a policy which he
considers to be bad, or wrong. Therefore, throughout the Emergency (1975-77) there were, perhaps, some officials who measured the policy of using compulsion for family planning as being a bad one, since it would have achieved the desired objective. Still, they were expected to faithfully enforce the events for compulsion.

We note, then, that there may be differences of opinion flanked by ministers and civil servants in regard to the policy to be adopted. In such a situation, civil servants are expected to faithfully implement the policy chosen through ministers. In other words, the bureaucracy is expected to be committed to a policy even if it considers it to be faulty. Further, it is expected to become committed to a new set of policies on a change in government. It comes in for criticism if the expected change in its commitment does not come about. Paul Appleby has pointed out that the civil service in Britain is criticized for not being as responsive to policy shifts as it should be.

The justification for expecting the bureaucracy to be committed to the policies of the government of the day is inherent in democracy. It is the elected representatives of the people, and not civil servants, who are thrown out of power, and office, if the policies of the government are not liked through the people. The ministers are responsible to the people; hence they are justified in choosing policies which they think the people want. The function of the civil servant is to advise the minister freely and frankly in the formulation of the policy, though, if the policy is finally chosen through the minister, the civil servant necessity implements it faithfully. If the policy is proved to be wrong, the minister is likely to be punished through the people at the time of election.

Commitment to Service of the People

The bureaucracy’s significant role in policy formulation and implementation provides it a lot of power; it participates in deciding who should get what, when and how, and then goes ahead to enforce these
decisions. In developing countries, particularly, the power of the bureaucracy is considerable since the other parts of the political system are weak. Hence while the civil servant is, ideally, expected to function as a “servant” of the people, in reality he may turn out to be a master. In countries like India, this problem becomes worse due to heritage of the colonial past, when the civil servant used to be the symbol and agent of the foreign power. After independence also, a cultural and social chasm has sustained to exist flanked by the mostly non-literate and poor people and the higher bureaucrat who often dresses, speaks, and even thinks, like a foreigner.

In a democracy, though, the people are expected to exercise real power, and the bureaucracy is expected to remain under the control of the elected politicians, and serve the people. Hence commitment for providing service to the people is essential for the proper performance of the bureaucracy’s role. The bureaucracy’s power, derived from its role in policy formulation and implementation, is used also for fulfilling its own interests. In developing countries, the bureaucracy is very powerful; the result often is that the bureaucracy tends to fulfill its own interest even at the cost of the interests of the people. Therefore the extra profit (benefits separately from salary) remnants high in most public undertakings in India even if they lack effectiveness and run at a loss. High officials play a significant role in the determination of their own emoluments, and try to protect their interests through maintaining the emoluments at a high stage. Service of the people requires that where there is a disagreement flanked by their own interests and those of the people, they should provide priority to the people’s interests.

Commitment to Profession

A profession is a vocation or calling, especially one that involves some branch of science or advanced learning. Nowadays Public Administration requires persons belonging to approximately all the professions, such as doctors, engineers, lawyers, teachers, scientists, managers and accountants. Obtaining professional qualifications requires long and arduous preparation on
their part. They are measured to have specialized knowledge and excellence and hence have high prestige. Since their contribution to the society comes from their specialized knowledge, it becomes their duty to keep abreast of the developments in their field of specialization. They necessity also maintain the expected standard of performance. Therefore university teacher’s necessity continues to read the latest publications. These are the necessities of their commitment to teaching as a profession. Likewise, other professional’s necessity also continually updates their knowledge and ability, and maintains the expected standard of performance through practice.

The duties associated with every profession required, not only knowledge and ability, but also moral dedication. Hence commitment to a profession involves adherence to its ethics and etiquette. Therefore the ethics of the medical profession require that a doctor should attend to a patient even at the risk of infection to himself; its etiquette requires that he should not disclose information confided to him through his patients. Likewise, every profession has its ethics and etiquette. When a professional joins the bureaucracy, he/she necessity continue to remain committed to the ethics and the etiquette of his/her profession, in addition to his/her commitment to the objectives of his/her organization. Therefore even if his/her position in the organization confers a high status upon him/her, him/her necessity not allows it to interfere with his/her professional duties. For instance, if a specialist in clinical medicine becomes the director of a medical institute, he/she should not allow the new status to interfere with his/her duty towards the patients. His/her position may also give him/her with opportunities for selfish gain at the cost of his/her clients. Therefore, a specialist in a medical institute may be pressurized for recommending some costly and inferior equipment for purchase. His/her commitment to his/her profession would require refusal to recommend inferior equipment, whatever the pressure.
Assessing Neutrality and Commitment

In this section we shall consider (i) whether neutrality and commitment are necessarily antithetical, (ii) methods of achieving neutrality and commitment, and (iii) special devices for significant areas.

Compatibility of Neutrality and Commitment

In recent years there has been a lot of discussion in India in relation to the nature of neutrality and commitment, and particularly, whether the bureaucracy can have the two qualities at the same time. Obviously, if commitment is taken to mean commitment to a scrupulous political party or to its leaders, it becomes antithetical to neutrality. Though, commitment to human and constitutional values and national objectives, to service of the people, and to professional ethics and etiquette, is not antithetical to neutrality flanked by classes, cultural groups and political parties. Indeed, commitment and neutrality reinforce each other if they are of the right type. Therefore commitment to the human value of compassion and to the constitutional value of fraternity is likely to induce neutrality flanked by classes and cultural groups respectively. Likewise, commitment to national objectives is likely to induce neutrality flanked by political parties. Hence the effort should be to induce commitment and neutrality of the right type.

Inculcation of Neutrality and Commitment

Inculcation of desirable attitudes in the bureaucracy requires attention to all characteristics of personnel administration. At the time of recruitment and selection of candidates it should be ensured that they have received the right type of socialization and education in the family and school. The competitive examination for selection can contain tests of attitudes towards human and constitutional values and national objectives on the one hand, and towards classes, cultural groups and parties on the other. Such tests can indicate whether the candidate has properly benefited from liberal education and has a broad mental outlook, or has merely committed materials to memory for passing examinations. After entry, desired attitudes of neutrality and
commitment can be inculcated in the members of the bureaucracy through training. Several incentives, such as desired posting, visits abroad and quicker promotion, can be provided for motivating employees to develop the right attitudes. Finally, control through the political executive and the legislature can ensure that they do not deviate from the norms. Institutions like the Public Service Commission, Courts and Administrative Tribunals should ensure that the exercise of control through political authorities is done fairly and justly. Further, in a democracy, the people have the right and the duty to see that all institutions function properly.

**Special Agencies and Recruitment Methods**

Special agencies and methods of recruitment can be used for significant areas requiring a high degree of both neutrality and commitment. One such special agency already in use is the autonomous university. Higher education and research constitute an area in which commitment and neutrality are both of great importance. If commitment is not there, pursuit of knowledge lacks excellence; if neutrality is not there education becomes merely indoctrination. The autonomous university aims at achieving both; it also retains the main advantage of bureaucratization, namely efficiency, while avoiding the dysfunctions flowing from bureaucratization due to its autonomy. Max Weber has noted that staff members of a university constitute a bureaucracy. The features of hierarchy, division of labor, specialization, rules and impersonality are to be found in a university also, and hence it has the efficiency flowing from these factors. At the same time, its autonomy permits its staff members to remain committed as well as neutral, since the rules of conduct applicable to government servants do not apply to the employees of a university.

There may be other areas requiring a high degree of both neutrality and commitment. Perhaps one such area is that of rural development. Much success was achieved through leaders like Mahatma Gandhi in this area through employing a cadre of volunteers who were marked through both commitment and neutrality. The governmental programme of Community
Development, which has similar objectives, has, through contrast failed to fulfill our expectations. Some of the deficiencies of the Community Development Programme may be traced to the lack of a committed cadre. Paul Appleby has noted the need for a committed cadre for such new programmes, as follows: “usually it is not possible through the Civil Service process to quickly identify the unusual individuals who would be particularly competent at several of the key jobs required for these new programmes.

Appleby has suggested the recruitment of committed cadres on a flexible and political basis for such new programmes, and their conversion later into career bodies. Perhaps this, and similar suggestions, can be experimented with, after introducing modifications appropriate to the country concerned. Developing countries, where the government necessity play a leading role in bringing in relation to the development, can postpone such experimentation only at great peril; for, underdevelopment increasingly tends to be associated with phenomena like widespread disturbances and violence.

SOCIAL BACKGROUND OF INDIAN BUREAUCRACY

Social Background of the Bureaucracy

Occupation of the Father or Guardian

The main finding of research studies is that most members of the higher bureaucracy have been drawn from the professional middle class of India, consisting of higher civil and military officers, lawyers, doctors, university teachers and business executives.

Therefore the father or guardian of in relation to the 94 per cent of the direct recruits to the IAS up to 1956 belonged to this class. Very few of the IAS officers recruited flanked by 1947 and 1956 come from families of Zamindars or fanners: they constituted only 4 per cent of the total. The situation with regard to other higher services was basically similar, but the variation flanked by the numbers of those drawn from the professional middle
class and from landowning families was less. Therefore, of the recruits to the Indian Police Service, in relation to the 81 per cent came from the professional middle class and in relation to the 16 per cent from the landowning class. Of the recruits to the Indian Foreign Service, 82 per cent came from the professional middle class and 12 per cent from the landowning class. In short, in the first decade after independence, most of the entrants to the higher bureaucracy belonged to the English educated, salaried or professional, upper middle class; there were very few entrants from other sections of the society. Recruitment to the higher bureaucracy was highly biased in favour of the professional middle class, since it constituted less than 10 per cent of the population but more than 80 per cent of the recruits were drawn from it.

Throughout the period 1957-63, the proportion of recruits from landowning families improved somewhat, although it remained low. Of the recruits to the IAS in this period 81 per cent came from the professional middle class and 12 per cent from the landowning class. In the case of the IPS also the direction of change was the same, the percentages of recruitment from the two classes being 77 and 19 respectively. In the case of certain other Central Services also the proportion of recruits from landowning families improved a little, although it went down in respect of the Indian Foreign Service.

In the years 1980 and 1981, 71 per cent of the IAS recruits came from the professional middle class and 19 per cent from the landowning class. The above data designates that while the proportion of persons from farming families has been rising slowly, the vast majority (in relation to the 70 per cent) of those joining the higher bureaucracy still come from the professional middle class.

**Education**

Research studies Shaw that most of the entrants into the higher bureaucracy are drawn from in the middle of those educated at exclusive
schools and colleges. The phrase “exclusive schools and colleges” refers to educational institutions which charge high fees and hence are usually joined only through children from the upper and richer sections of the society. The medium of instruction in these institutions is usually English only.

What is even more motivating; there has been a rising role of education at exclusive schools for entry into the higher echelons of the civil service. Of those recruited to the IAS in the period 1947-56, in relation to the 15 per cent had been educated at convent and public schools; in the period 1957-63, in relation to the 16 per cent had been so educated. There was a big jump through the seventies. Of those who entered the IAS flanked by 1974 and 1979, more than 60 per cent had been educated in such schools. Therefore since Independence, the proportion of recruits educated at exclusive schools had gone up through four times.

The significance of education in exclusive colleges has also been unmistakable. More than half of the IAS recruits, 56 per cent in the period 1947-56, and 59 per cent in the period 1957-63, had been educated in only a dozen well-recognized colleges in India; all the other colleges put jointly had contributed less than half. A similar picture emerges when we consider the role of education at the better recognized universities. In relation to the 79 per cent of the IAS recruits in the period 1947-56, and in relation to the 70 per cent of those in 195763, had been educated at the six universities of Madras, Bombay, Calcutta, Delhi, Punjab and Allahabad. These six universities also contributed 79 per cent of the recruits to the Indian Foreign Service in the whole of the period 1947-63. The trend has undergone a change in the recent years. The students of universities in the North characteristic more in the services.

While the requirement for entry into the higher bureaucracy is mostly only graduation, first of the entrants has a master’s degree. There are some medical doctors, engineers, and research degree holders also. Therefore in the middle of the 129 recruits to the IAS in 1981 there were 13 with a bachelor’s degree
and 106 with a master’s degree. They incorporated 5 doctors and 17 engineers. There were 10 research degree holders also.

**Rural-Urban Residence**

The higher bureaucracy in India has been recruited predominantly from the urban areas. There has not been much change in this scenario in excess of the years. Therefore of the 1981 recruits to the IAS, 72 per cent had an urban background and 28 per cent a rural one. If we compare these figures with those for 1957, we discover a change of only 2 per cent. 74 per cent then had an urban background and 26 per cent a rural one. Therefore there may at best be a slight tendency for more rural residents to get into the higher bureaucracy.

**Caste**

The higher bureaucracy is recruited predominantly from the so called higher castes. People of low caste are also usually poor and cannot afford higher education for their children. To compensate for the age old discrimination against those having a low social status, the Constitution of India provided for “reverse discrimination” in the form of reservation of jobs for scheduled castes and tribes in Public Administration. For long, though, these quotas were not filled, since candidates of scheduled castes and tribes could often not get qualifying marks in the competitive examination. Government coaching centers were so started to help such candidates in preparing for the examination. Through the end of 1970s quotas were being filled. Therefore while in 1967 only 11 per cent of the recruits to the IAS belonged to scheduled castes, in 1981, 15 per cent belonged to the scheduled castes. Likewise, the percentage of scheduled tribe’s recruits had risen from 4 to 7. Through 1982, 10 per cent of the total number of IAS officers was from scheduled castes and 5 per cent from scheduled tribes. These percentages were, though, still lower than their proportion in the population. In other words, persons of low social status were still under-represented in the higher bureaucracy.
**Religion**

While all the significant religions of India are represented in the higher bureaucracy, some of them have fewer members than their proportion in the population. Therefore in the middle of the IAS recruits in 1981, in relation to the population, 88% were Hindus, only one per cent was Muslims, 4 per cent were Christians and 5 per cent were Sikhs. The representation of Muslims has varied from 1 to 6 per cent since 1957 and has been much lower than their proportion in the population.

**Gender**

The representation of women in the higher bureaucracy has increased uniformly. In the middle of IAS recruits for the year 1957, 1967, 1977, 1980 and 1981, their percentage was in relation to the population of 3%, 8%, 9% and 12% respectively. While there has been an augment in the number of women getting into the IAS, they constituted only 7% of the IAS officers in 1983. Since women constitute in relation to the half of the population, they may be said to be still grossly under-represented.

So distant we have studied the social background of the higher bureaucracy in India on the basis of research studies made from time to time. Comparable studies for the lower bureaucracy have not been made, presumably because it is not measured to play as significant a role in the political system. Though, some comparison of the social background of the two sections of the bureaucracy can be attempted on the basis of accessible data. M.V. Subbiah Chaudhary made a study of the Andhra Pradesh bureaucracy and presented it at a seminar in 1989. While the study suffered from certain limitations, it does give some data for purposes of comparison, as discussed below.

We discover that in the Andhra Pradesh bureaucracy, while in relation to
the 69 per cent of officers in the secretariat came from the professional middle class, 62 per cent of the assistants and 17 per cent of the clerks belonged to this class. Also, while 21 per cent of the officers belonged to farming families, 20 per cent of the assistants and 65 per cent of the clerks belonged to such families. Therefore there is a clear contrast in the social extraction of officers and clerks: while a majority of the officers have an urban professional middle class background, a majority of the clerks have a rural, farming, background. It has also been found that while in relation to the 76 per cent of the officers came from upper and upper middle classes, 75 per cent of the clerks came from the lower and lower middle classics.

In this study, castes were divided into three categories: forward, backward and scheduled. It was found that 69 per cent of the officers, 53 per cent of the assistants and 41 per cent of the clerks belonged to forward castes. Also, while 3 per cent of the officers belonged to scheduled castes and tribes, 6 per cent of the assistants and 17 per cent of the clerks also belonged to these categories. Therefore while the highest proportion of forward castes was in the middle of officers, the highest proportion of scheduled castes and tribes was to be found in the middle of clerks. This designates a clear relationship flanked by caste status and bureaucratic status. The sharing of backward castes was also on the same pattern. In relation to the 14 per cent of the clerks belonged to backward castes. These data indicate that the higher the status of a person in the bureaucracy, the more likely he/she is to belong to a high caste.

**Power of the Social Background of Bureaucracy on Administration**

We have noted earlier that our higher bureaucracy is drawn largely from the urban professional middle class. It can at best be said to be drawn from 10 per cent of the society. Hence the higher bureaucracy cannot be said to be representative of the society as a whole. This powers the administration in many methods. We shall deal with these influences one through one.
Lack of Communication

There are great differences flanked by the values, norms, feelings, beliefs and information of the higher bureaucracy, the lower bureaucracy and the people. We have noted above that the majority of members of the higher bureaucracy, or administrators, have been educated in exclusive schools. One view is that such schools develop qualities of leadership and inculcate discipline and good manners in the middle of the administrators. The other view, represented through Bertrand Russell, is that the education at these schools is “as destructive to life and thought as the medieval church”. According to him its evils arise from two sources: “its perfect assurance of its own rightness, and its belief that correct manners are more to be desired than intellect, or artistic creation, or vital energy”. With whichever of these views, we agree, the fact remnants that the early education of those who join exclusive schools is in several methods dissimilar from that of the vast majority of children, resulting in very significant and substantial differences in attitudes.

The combined power of upper middle class homes and exclusive schools tend to inculcate in the middle of their children, values such as those of consumerism, gigantisms and the hoarding of material goods, and attitudes such as those of lack of empathy for the poor, considering oneself to be superior to others, seeking success at any cost and aping the West. Their very joys and sufferings tend to be dissimilar from those of the vast majority. Their upbringing and education at exclusive colleges and schools tend to keep them aloof from those belonging to the lower strata. They rarely ever get an opportunity to live in villages where the vast majority of the people live. Hence their information and understanding of the circumstances of living troubles and needs of vast sections of the people are little. These differences of values, beliefs and information create for lack of communication flanked by the higher bureaucracy, lower bureaucracy and the people.
**Lack of Effectiveness**

One of the significant functions of the bureaucracy in developing countries is to deal with poverty, its causes and consequences. If the upper section of the bureaucracy, which plays a significant role in policy formulation as well as implementation, has little understanding of the nature of poverty in the country, ineffectiveness is bound to result. If the common people are afraid of administrators and can hardly speak a language understood through them, administrators understanding of people’s troubles remain unsatisfactory, and hence policies for dealing with these remain unsatisfactory. Therefore lack of communication leads to lack of effectiveness. Lack of effectiveness also results from lack of participation through the people. Due to social aloofness flanked by the administrators and the people, and differences in their values and beliefs, administrators are unable to enthuse the people and seek their cooperation and participation. Ineffectiveness also results from lack of feedback to the administrators. Due to lack of communication with the people, and their lack of cooperation, administrators are unable to assess the success of programmes, and the troubles in the method of their fulfillment properly.

Lack of effectiveness also results from lack of adjustment flanked by members of the higher and lower bureaucracy. B. Mook made a study of the bureaucracy in Tamil Nadu in 1982. He found that the subordinate officials suffered from feelings of insecurity, hostility and isolation. They felt that they had no power, had to only obey instructions, and stick to rules.

Therefore differences in the status and culture of the higher and lower bureaucracy made for frustration, hostility and lack of initiative on the part of the large, lower, section of the bureaucracy whose function was to provide effect to policies.

**Perception of Injustice**

One of the principles of democracy is excellence opportunity. It implies that everyone should have the same opportunity to achieve desired goals, in
keeping with his abilities and effort. Since high stage administrative positions in our society have a high prestige, large numbers of youth wish to obtain them. Though because of their socio-economic background, a large number cannot avail of this opportunity. The vast majority of our people live in villages where they have little opportunity to pursue the type of education which would create for success at the competitive examination. Several in the middle of those who live in cities also cannot afford good excellence higher education. Hence the poor, and those living in villages, have the feeling that they are unjustly being denied entry into

**Methods of Creation Bureaucracy more Representative**

We have seen earlier that our bureaucracy cannot at present be said to be representative of the society as a whole. This results in ineffectiveness of administration and a feeling of injustice in the middle of those who are left out. Hence we have to seek methods of having a more representative bureaucracy without compromising with the principle of selection on the basis of merit. We shall consider these below.

**Spread of Education**

At present only a small proportion of the people in India receive education. Only in relation to the 36 per cent of the people are literate. Though literacy constitutes just the beginning of education. For getting a job one needs education appropriate to it. The proportion of those who get secondary and higher education is small. Several, of course, never go to school. Even in the middle of those who join a school, the majority drop out. Of 100 children who enroll in class I, only 23 reach class VIII. Higher education is limited to only 4.8 per cent of those in the relevant age group. Wider spread of education is, required to give for social justice and also to help in social, economic and political development. Having a more representative bureaucracy is an aspect of development. Spread of education can be improved through having more schools, reducing the cost of education, denationalizing education, providing
mid-day meals, books and uniforms to children of the poor, providing for more teachers, improving the method of teaching, and so on. If those who get left out today also get educated, they can compete for the public bureaucracy. This will benefit the administration since the bureaucracy will be drawn from a larger pool, therefore tapping the potential of more people; it will also create for a more representative bureaucracy.

*Emphasis on Specialization and Position Classification*

In developing countries like India the system of personnel administration also remnants underdeveloped. The system of recruiting people for a service, instead of a job, is one aspect of such underdevelopment. This has three consequences: (i) lack of emphasis on specialization, (ii) rank-Inman instead of rank-in-job, and (iii) recruitment from a limited section of the society. Therefore when we recruit people for the IPS, the method of recruitment results in the selection of persons mainly from a small section of the society. This is because the test is for abilities which mainly candidates from the upper middle class have developed. These abilities, though, may not be relevant for all the jobs which IPS officers may have to perform. The result is that while we exclude candidates from classes other than the upper middle class, we still do not select those who are really suited for the work which they have to do. Therefore at present the athletic skill of candidates is not tested. While an advisor to the government on security might not need it, a district police officer might be in great need of it. If position classification was there, and we were recruiting district police officers, we might test their athletic skill also. Several boys from the poorer section might have it in greater measure than those from richer ones. Likewise, we might require other specialized qualifications appropriate for scrupulous jobs. In this method we would be able to recruit persons with specialized qualifications and abilities suited to scrupulous jobs, and also with diverse social backgrounds. Hence introduction of position classification and recruitment for specialized jobs would lead to both, personnel who are better suited to their jobs and a more representative bureaucracy.
**Improvement in Methods of Recruitment**

At present recruitment to services like the IAS, IPS, IFS and IA&AS (Indian Audit and Accounts Service) is made on the basis of a written examination followed through an interview. The examination and the interview, though, do not test all the abilities of a person. According to David C. Potter, cramming also helps some people to succeed in a written examination. An objective type examination has recently been introduced to reduce the emphasis on cramming. Though, there is a need for further improvement. According to the Harvard psychologist, Howard Gardner, intelligence is of seven types: (i) Linguistic, (ii) Logical-Mathematical, (iii) Spatial, (iv) Bodily-Kinesthetic, persons for several jobs we should test these dissimilar types of intelligence according to job necessities. The interview is called the personality test. Though, no scientific personality tests, such as those used in the armed forces, are employed. Through testing candidates more scientifically, we would not only be able to select persons more suited to their jobs, we would also be able to spread our net wide. Several abilities may be said to be distributed widely in excess of dissimilar sections of the society. Hence if we test for several abilities, instead of mainly that of essay writing, we would be able to get people who are more suited to their jobs from diverse social backgrounds.

**ROLE OF BUREAUCRACY**
Expanding Role of the State and Bureaucracy

The people in developing societies suffer from a number of troubles, such as poverty, unemployment, bad health, illiteracy, corruption and authoritarianism. The state is measured to be the main agency for dealing with these, or, in other words, for bringing in relation to the development. Hence the state has to shoulder more and more responsibility. Since the state functions through the government, and the government, in turn depends to a large extent upon the bureaucracy, the bureaucracy's role also keeps expanding. We shall briefly look at the contribution of bureaucracy in the several characteristics of development.

Role of Bureaucracy in Economic Development

In the eighteenth and nineteenth centuries it was whispered that the state should restrict itself to the country's defense and the maintenance of law and order, and that it should intervene in the economy as little as possible. This view changed, particularly after the Great Depression of the 1930s, in which millions of people became unemployed the world in excess of. Nowadays, all governments are expected to regulate the economy so as to bring in relation to the augment in production, a high stage of employment, moderate prices of commodities, and check in excess of monopolies and unhealthy trade practices. The need for such regulation of the economy is all the more great in developing countries like India due to widespread poverty and unemployment on the one hand, and the great power of monopolists on the other. The government regulates the economy through fiscal policies (through modulating taxes), and monetary policies (through modulating money supply). Planning, which means resource allocation through a centralized administrative process, is resorted to for achieving economic growth. The government develops means of transport and communication. It gives loans and raw materials to industrialists and farmers. All these governmental activities are performed through government departments, nationalized banks and other public undertakings through their officials. Hence the bureaucracy
has a very significant new role, namely that of functioning as the agent of economic development. More and more economists, statisticians and trained managers are needed for the proper performance of this role.

The Role of Bureaucracy in the Welfare State

In recent times there has been a tendency for entrusting the state with more and more responsibility for social services, such as the provision of education, health care, employment, labor welfare, the welfare of the blind and other handicapped persons, and the welfare of widows and orphans. So much importance is attached to these new functions that the state has been renamed as the welfare state.

The provision of such varied social services requires large numbers of dissimilar types of specialists, such as teachers, doctors, nurses, labor officers and social workers. With their recruitment as members of the bureaucracy, the nature of the bureaucracy tends to change: the new role requires a new type of bureaucracy.

The State and Bureaucracy as Mediators of Social Change

In olden day’s prophets and saints like Gautam Buddha, Jesus Christ, Guru Nanak and Swami Dayanand called for changing several social practices, norms and rituals. Nowadays, though, several such changes are sought to be brought in relation to the help of laws. Therefore, untouchability, bigamy, child marriage and dowry system have been declared illegal.

The State and Bureaucracy as Mediators of Political Development

The emotional bonds of nationalism are often weak in new nations. Though, unless these bonds are strengthened, the nation is in danger of falling separately, as happened, for instance, in Pakistan from which Bangladesh broke absent. The state and its bureaucracy play a significant part in strengthening these emotional bonds. Therefore national integration is sought
to be promoted through education, radio and television programmes, development of native languages, publication of good excellence literature in native languages, cultural and sports activities in which persons from all parts of the nation participate, and so on. These programmes are often mannered through members of the bureaucracy.

In a country where the national bonds are weak, having a bureaucracy which is centrally recruited and whose members serve in dissimilar parts of the country, also helps to hold the nation jointly.

Political development is also promoted through strengthening interest groups, such as labor unions. Legislation which sanctions and supports trade union activity therefore helps to bring in relation to the political development. Insofar as the bureaucracy participates in the formulation and implementation of such legislation, it has a role in political development.

Political parties also constitute a significant part of the political system. In some countries nowadays political parties are provided with election funds through the state. This reduces the dependence of the parties on the rich, helps to curb corruption, and promotes political development. Elections constitute a significant part of the democratic political process. They necessity be mannered with honesty and impartiality; otherwise the people will lose faith in the system and it is likely to collapse sooner or later. Insofar as the bureaucracy conducts elections honestly and efficiently, it helps to maintain and develop the political system; for, it is through elections that new parties and leaders come to power and implement programmes of social change desired through the people.

**Role of Bureaucracy in Policy Formulation**

Till in relation to the fifty years ago it was whispered that in democratic government while politicians formulated policy, the bureaucracy implemented it. Though, research work has shown that this is not wholly true. The creation
and implementation of policy are so deeply interconnected that it is impossible to separate them. Therefore the formulation of new policy requires an understanding of the causes for the successes and failures in regard to earlier policies. This feedback can best be provided through members of the bureaucracy due to their wide experience and knowledge. In other words, since members of the bureaucracy often stay in their jobs longer than politicians, and since they have more detailed information, their advice on policy matters comes to constitute a valuable contribution. Their role in policy formulation has tended to gain importance also due to the expansion of the role of the state, as discussed above. Therefore, now it is well recognized that both in developed and developing countries, the bureaucracy plays a significant role in policy formulation. What is notable is that its role in policy formulation is much greater in developing countries than in developed ones. We shall now discuss the causes for this.

**Bureaucracy as a Channel of Communication**

The society consists of dissimilar sections, such as those of farmers, landlords, workers, small businessmen, big businessmen, and so on. Their interest’s disagreement to some extent. It is the function of the state to bring in relation to the balance in the middle of their interests, so that the interests of each section are fulfilled as distant as practicable in the given economic situation. Hence the aspirations, needs, troubles and grievances of each section have to be communicated to the government. This communication flanked by the government and the several sections of the society takes place, to a large extent, through the bureaucracy. Therefore, if the farmers in an area suffer from some problem, such as lack of water for irrigation, they usually approach officials like the Deputy Commissioner, who communicates the problem to higher stage of the administration: they may create proposals for irrigation facilities in the five year plan and the budget. In this method communication through the bureaucracy may help in the formulation of policy proposals for meeting the needs of the people.
In developed countries there is another channel also. This channel, flanked by the people and the government, runs through interest groups and political parties. An interest group may be an association for putting forward the interests of a certain section. Therefore a trade union is an interest group for articulating the interests of workers. After the demands of the several sections have therefore been articulated, they are measured and composed jointly through political parties in their election manifestos. Such aggregation of interest’s workers, as articulated through trade unions and aggregated through political parties, has led to labor laws in several countries. These laws contain the labor policies. In this method, communication through interest groups and political parties leads to the formulation of policies for fulfilling the demands of the several sections of the people.

In developing countries, though, interest groups and political parties are often either weak or non-existent. Therefore in India, there are hardly any associations of landless labor, or of artisans such as weavers and carpenters. Most political parties exist in villages only in name. In towns also their offices seem to crop up only at the time of elections. Due to such weaknesses of interest groups and political parties, articulation and aggregation of interests is often not possible through them. Hence the bureaucracy often remnants the only mechanism for the conversion of demands into policies. In this method, the bureaucracy plays a more significant role in policy formulation in developing countries than in developed ones.

**The Bureaucracy as a Repository of Information**

The formulation of policy requires a lot of information. Therefore one needs to know why certain policies failed earlier. For instance, suppose the policy of expanding secondary education in villages failed earlier mainly because of poverty, boys and girls had to earn their own upkeep and so parents could not afford to send them to school. This information helps in devising a new policy which combines training in productive work with literary education, so that the youth earn while they learn. The bureaucracy has the
advantage of long experience, while politicians come and go. The experience of the bureaucracy creates it a repository of information in relation to the past. Further, the bureaucracy has access to information which is contained in records, such as files. Such information can be much older than what any person can keep in mind. Since officials consult these records often, they know in relation to the old cases also. We also need information in relation to the differences in the several regions, so that the policy may give for these. Therefore, irrigation facilities in the hills may have to be dissimilar from those in the plains. Since officials are transferred from place to place, they come to know in relation to the different areas. What is even more significant, members of the bureaucracy have access to secret information; it can be information relating to control of smuggling, conduct of foreign affairs and regulation of the economy. Since such secret information is essential for policy formulation, the bureaucracy comes to have a significant role. Therefore we note that since the bureaucracy has access to often secret information relating to dissimilar timeframe and areas, its advice is measured through ministers to be weighty, and therefore it comes to have a significant role in policy formulation.

**Bureaucracy as a Group of Technical Advisers**

The bureaucracy comes to have a significant role in policy formulation also because of the technical knowledge possessed through it. There are three main causes for it: (i) growth of science and technology, (ii) expanding role of the state, and (iii) rising complexity of the administration. The growth of science and technology changes the nature of agricultural and industrial production. Therefore agriculture nowadays requires the use of chemical fertilizers, pesticides, high yielding diversities of seeds, pump sets and tractors. The formulation of agricultural policy requires knowledge of these. Such knowledge is possessed through specialists in agricultural science. Likewise, specialists are required in areas like health, education, industry, control of crime, and so on. Hence specialists of approximately all types are nowadays recruited as members of the bureaucracy and their advice is
depended upon in the formulation of policies. The expansion in the role of the state creates for dependence upon economists, accountants, lawyers and others since their advice is needed for regulation of the economy: checking the growth of monopolies, providing employment, controlling prices, and so on. As the role of the state expands, the administration tends to become bigger and more intricate. Maintenance of administrative effectiveness and efficiency, then, requires persons having specialized knowledge and experience of administration and management. Therefore specialists of several types in the bureaucracy come to power policy formulation.

It needs to be emphasized that policies often take the form of laws. Therefore the sale of high yielding diversities of seeds is controlled through the Seeds Act. Labor policy is contained in laws like the Industrial Disputes Act. The policy relating to income-tax is contained in the Income-Tax Act. Hence giving concrete form to a policy often only deciding upon its ingredients but also formulating it in the form of laws. The drafting of laws and rules necessarily requires specialists in the substantive area (such as agriculture, health or economics) and also in law. Hence policy formulation, or giving the form of laws and rules to policies, is largely done through specialists. It is true that laws and rules drafted through specialist members of the bureaucracy are later examined and customized through ministers and legislators. Though, ministers and legislators often do not have understanding of the intricacies of scientific and legal matters. So they have to depend to a large extent upon specialists in the bureaucracy. In this method the bureaucracy comes to power policy formulation.

**Bureaucracy as an Impartial Adviser**

The society is made up of many sections, whose interests to some extent disagreement. Therefore higher wages are in the interest of workers, but not in the interest of industrialists. The government is expected to maintain a balance flanked by these conflicting interests. This is what the government tries to achieve through its policies. Hence the formulation of policies requires the
advice of persons who are impartial, or neutral, flanked by the dissimilar sections. Members of the bureaucracy are expected to function in this impartial or neutral manner; line they come to be depended upon for advice relating to policies.

The bureaucracy is neutral in another sense also. Politicians come and go with elections, both as legislators and as ministers. Though, civil servants continue to serve governments of dissimilar parties. They are expected to serve and advise every government for bringing in relation to the balance flanked by dissimilar interests. Hence civil servants are measured to be neutral in a dual sense: flanked by contending interests and flanked by political parties. Their advice on policy is measured to be especially valuable for being impartial.

**Role of Bureaucracy in Policy Implementation**

The main function of the bureaucracy is policy implementation that is, giving effect to policies after they have been approved through the executive and legislative branches of the government. This function also is performed under the overall control and supervision of politicians in the executive and legislative branches; though, members of the bureaucracy have to bear much of the responsibility for implementation. Policy implementation has four stages, as follows:

- Formulation of projects and programmes
- Project planning
- Creation provision in the five year plan and the budget, and
- Execution of the programmes

**Formulation of Projects and Programmes**

For implementation, a policy has to be broken up into projects, and each project into programmes. Therefore, for implementing the policy of rural
development, there are projects like that of Community Development. Under the Community Development Project, there are several programmes. Likewise, under the new education policy, there is the project of Navodaya Vidyalaya. Each Navodaya Vidyalaya constitutes a programme.

The sizes of projects and programmes can vary: some are very large while others are small. "What is notable, though, is that the implementation of a policy requires activities of several types. Some of these are chosen and given the name of projects. Again, each project requires action under several heads and at dissimilar places. Some of these are chosen and given the name of programmes. Which of these should come first and which later, is decided mainly through specialist civil servants on technical grounds; therefore irrigation facilities have priority in excess of fertilizers.

**Project Planning**

Project planning necessity be distinguished from economic planning. While economic planning refers to allocation of possessions in the middle of dissimilar sectors and areas, project planning means administrative planning for the implementation of a single programme, such as that of malaria eradication in a given area, or the setting up of a hospital. The first step in planning a project is the collection of the necessary information and statistical data from the field. Therefore while setting up a hospital or a school, we have to decide where exactly it should be located. This requires information in relation to the concentration of population so that the school is built close to the residence of most children; in relation to the roads in the area so that the school may be reached easily; in relation to the utilization of land in the area so that infertile land, rather than good agricultural land, is used for the purposes of the school; and so on. With the help of such data a study of the feasibility, or practicability, of the programme in the area is made. For instance, its cost benefit analysis is made: in other words, the costs and benefits of dissimilar locations, sizes, and functions are calculated and compared. Once the functions, size and locations, sizes, and functions are
calculated and compared. Once the functions, size and location have been decided upon, estimates of the cost of land and buildings, of the necessary equipment, of the additional personnel required, and of the time it would take to set up, are prepared. The creation of these analysis and estimates requires expert and specialist civil servants. On the basis of these, a proposal is prepared and submitted for examination and approval to overhead agencies, like the Ministries of Planning and Finance.

**Preparation of Plan and Budget**

The economy may be divided into sectors of agriculture, industry and services (such as health and education). It has to be decided how much money and other possessions should be spent on the development of each sector. Broad decisions relating to such allocation of possessions are taken for a five year period since several of the projects and programmes take many years. Therefore it may take many years to build a dam. Hence a five year plan is prepared for allocating possessions in the middle of dissimilar sectors, and also in the middle of dissimilar areas, some of which may be less developed than others. More detailed allocation of possessions is made every year for each department, project and programme through the budget. The activities of every department are significant and each one of them asks for more and more money. Though, the total amount at the disposal of the government is limited. Since all the demands of all the departments cannot be met, money is provided for the more significant projects and programmes, and the less significant opens are left out. This process of selection involves the comparative evaluation of projects, and within each project, of programmes. Separately from such selection, there is the detailed scrutiny of each head of expenditure under a programme. These functions of planning and budgeting are performed through agencies like the Planning Commission, the Ministry of Planning and the Ministry of Finance. The activities of analysis, evaluation, comparison and scrutiny of proposed expenditures relating to several departments, projects and programmes requires a lot of expertise and experience. Civil servants, who possess such expertise and experience, are so dependent upon for performing
these activities and drawing up the five year plan and the annual Budget. It
necessity be noted, though, that they are prepared under the in excess of all
control and supervision of Ministers. Finally, the Plan and the Budget require
the approval of Parliament. Members of Parliament and Ministers are elected
representatives of the people. They control the preparation of the Plan and the
Budget so that these reflect the needs and aspirations of the people. Such
control is a condition of democracy. At the same time, efficiency of
administration is achieved through the application of specialized knowledge
and experience possessed through the bureaucracy.

*Execution of the Programmes*

Execution means carrying a programme into effect. It has to be done in
stages. Therefore if a school is to be built, the first step is to acquire the land
and to construct the building. Then the teachers and other staff members have
to be recruited; they may also be transferred from other schools. Some of them
may have to be sent for training. The equipment for class rooms and
laboratories has also to be acquired. These activities of acquiring land and
equipment, getting buildings constructed, and arranging for trained teachers,
are all performed through specialized and experienced civil servants.
Therefore building construction may be the responsibility of engineers in the
Department of Public Works, and provision of attendance registers may be the
responsibility of officials in the Department of Printing and Stationery. After
such basic necessities have been met, officials of the Education Department
would arrange for the teachers. Therefore civil servants in several departments
have to function in a coordinated manner for carrying out several programmes.
To ensure such coordination and the execution of programmes within the
given time frame, all officials are required to submit reports to their seniors in
relation to their achievements periodically. Through examining the reports,
officers at high stages are able to exercise control in excess of the execution of
programmes. Therefore execution is mainly the responsibility of the
bureaucracy.
Review of the Projects and Programmes

To ensure that the objectives of a policy have been fulfilled and there has been no wastage of money and other possessions, the implementation of every project and programme is periodically reviewed. Review is done at many stages. Within every Ministry, each programme is reviewed after its completion. At the time of the preparation of the budget, every year, achievements with regard to all programmes are reviewed, both, through the Ministry concerned and the Finance Ministry, at the time of the preparation of the budget. The Comptroller and Auditor General creates a review of all programmes in the course of auditing expenditures. The Planning Commission creates a review of the implementation of all the policies in excess of the past five years while preparing a new five year plan. It also reviews their implementation in the middle of the five year period. All these reviews are made, initially, through specialized and experienced civil servants, who therefore help to ensure effectiveness and efficiency.

Troubles of Bureaucratization

While on the one hand the use of the bureaucracy leads to efficiency, on the other, it provides rise to certain troubles. Therefore bureaucratization results in an emphasis on routine and detail, leads to red tape (delay), and provides rise to complaints of unresponsiveness of the bureaucracy to the people. The bureaucracy has a tendency to expand, so that in the course of time a large portion of the expenditure on a programme goes for paying the bureaucracy instead of meeting the objectives. Therefore in a programme for the development of fisheries, the help given to fishermen may turn out to be less than the salaries and allowances drawn through the bureaucracy. Other, more significant troubles are related to the power of the bureaucracy. The power of the bureaucracy arises from its role in policy formulation and implementation. In developing countries, because of the weakness of interest groups and political parties, the bureaucracy often comes to play a significant role. While politicians may be amateurs, they represent the people and have to
take into account their needs and aspirations. Bureaucrats, though, are under no such compulsion they often pay more attention to their own interests. Hence it is a condition of democracy that the bureaucracy should remain firmly under the control of the elected representatives of the people. In most developing countries, though, the bureaucracy tends to be too powerful. Indeed, in several of these countries the military and the civil bureaucracy jointly assume full power, remove the democratically elected rulers and themselves become rulers. Such dictatorships are in subsistence in several developing countries. The method to deal with these troubles is to create the people aware of their rights and power through educating them, organising them in associations and political parties, and to develop bodies of local self-government through which the people can rule themselves with less dependence on the bureaucracy.

**COLONIAL HERITAGE OF INDIAN BUREAUCRACY**

**Political Heritage**

The political heritage of the bureaucracy refers mainly to its sustained power and prestige. The power and prestige of the bureaucracy in ex-colonial developing countries like India are greater than in developed countries like the U.S.A. We shall briefly look at the causes for this

**Power**

The power of the bureaucracy refers to its role in policy-creation and implementation. Throughout the British rule, India was governed through the bureaucracy. The British Parliament and ministers could lay down only some general principles: they could exercise very little control while sitting in England. Hence the creation and implementation of policy were both largely in the hands of the officials in India. Members of the Indian Civil Service (I.C.S.) functioned as Lieutenant Governors, members of Governor-General's and Governors' Councils, members of Central and Provincial legislatures, and also as judges of High Courts. They therefore functioned at the highest stage
in all the organs of the government, namely, the executive, the legislature and the judiciary. Naturally, the bureaucracy had a firm grip in excess of policy formulation and implementation. In modern India, we have democratic government, where elected representatives of the people in the legislatures and as members of Governments at Central and State stages exercise political power. They control the bureaucracy. Hence the bureaucracy now has less power than what it had throughout the British rule. Though, it still has a lot of power. The present power of the bureaucracy is usually due to underdevelopment, and particularly due to the weaknesses of interest groups and political parties, and the lack of education and awareness in the middle of the people. These factors largely derive from our colonial past. The British rulers on the one hand, did not allow the people to become educated and politically conscious or to form associations through which they might assert themselves. On the other hand, the bureaucracy was able to develop as an efficient instrument of British rule. The result is that even today the bureaucracy is much more developed than interest groups and political parties. Hence the present power of the bureaucracy derives to a large extent from the colonial era.

Prestige

The high prestige of the bureaucracy in developing countries like India is indicated through the fact that highly qualified specialists like engineers, doctors and scientists nowadays compete for entry into the I.A.S. and other services. Prestige is, ultimately, related to power. In times of distress, such as those of drought or floods, the people often rush to civil servants such as the Deputy Commissioner for the solution of their troubles. In the United States, through contrast, they more often go to their political representatives, such as Senator. Even the Government, in India, has to depend to a large extent upon the civil and military bureaucracy for dealing with recurrent grave troubles like those of riots and terrorism.

Ministers often depend upon civil servants to ensure that their
constituencies are properly nursed. Decisions made through civil servants, for instance, those relating to the grant of licenses and permits for raw materials, greatly affect, businessmen. Usually speaking, governmental control of the economy provides a lot of power into the hands of bureaucracy. In short, the government tends to acquire a lot of power in a situation of economic, social and political underdevelopment. Also, because of underdevelopment, much of the governmental power tends to be exercised through the bureaucracy, leading to high prestige for it. Therefore even after independence, the bureaucracy continues to retain some of the power and prestige of the colonial era. It is notable here that underdevelopment has basically been the result of colonial exploitation. The power and prestige of the bureaucracy, resulting in turn from underdevelopment, may therefore be truly said to be a part of the colonial heritage.

Classification of Bureaucracy

The Rank System

The bureaucracy may be classified mainly in two methods. One method is to classify it according to jobs, posts or positions. It has been adopted, for instance, in the U.S.A. The other method is to classify the bureaucracy into services and groups or classes as is done in India. The first one is recognized as the system of position classification and the second one as that of rank classification. The rank system was introduced in India through the British and has sustained since then. In this system every member of the bureaucracy has a rank which is attached to that person. Whatever post a bureaucrat holds, his/her rank remnants the same. A state administrative service has a rank lower than that of the I.A.S. In effect, all the members of a State service have a lower rank than that of members of the I.A.S.

Throughout British rule, at the beginning of the present century, the services were divided mainly into two classes: imperial and provincial. Members of the imperial services were recruited in England, mostly from in
the middle of Englishmen. Members of the provincial services were recruited in India, mostly from the middle of Indians. The rank of members of the imperial services was higher than those of provincial services: this implied that Englishmen were superior to Indians. The continuation of the rank system would seem to imply that we still consider the members of some services to be superior to those of others. In a democratic system of personnel administration, though, we would prefer to impute superiority or inferiority to jobs rather than to persons. Therefore while a person joins a subordinate post at the beginning of his career, he often becomes fit for a superior one after gaining experience.

In India, while the rank system continues, the position system has also been superimposed upon it to some extent. Therefore while ordinarily a civil servant draws his/her salary according to his/her seniority in the time level whatever his/her post is certain posts (like that of Chief Secretary) carry a fixed salary or special pay. Hence we have, in our system to some extent, a mixture of the rank and position systems of classification. Still, insofar as our system continues to be rank based, it has a characteristic that was more suited to colonial administration than to democratic administration in a free society with higher social mobility.

**All India Services**

In federations, such as the U.S.A., the Federal and State Governments have their separate services. The Indian Constitution also has some federal characteristics. Therefore powers of the Union and State Governments have been divided through the Constitution. They have their separate services also, recognized as Central and State services. In addition to these, there are other all-India services, which are common to the Union and the States, as in other words whose members serve both the Union and State Governments through turns. The Constitution declared the Indian Administrative Service and the Indian Police Service to be all-India services. These had been created to take the place of the Indian Civil Service and the Indian Police which existed
throughout the British rule. Later, through the All-India Service (Amendment) Act, 1963, three more all-India services were to be created, namely the Indian Engineering Service, the Indian Forest Service and the Indian Medical Service. Though, only the Forest Service actually came into being.

The all-India services constitute the continuation of a colonial institution. Though, they are measured to have both advantages and disadvantages at our present stage of development. Their members serve at all stages of the administration throughout the country. Therefore they serve as Secretaries to Government at the Union and State stages; they serve as Divisional Commissioners at the regional stage; and they also serve at the local stage as Deputy Commissioners, District Collectors and Commissioners of Municipal Corporations. In a situation when the bonds of nationalism are not yet very strong, the all-India services are said to help in maintaining the unity and integrity of the country. On the other hand some State Governments have complained that members of the all-India services have a dual loyalty to the Union and State Governments—and have expressed dissatisfaction with their manner of functioning. The Sarkaria Commission on Centre-State Relations Constituted through the Government of India in 1983 has, though, expressed a view favorable to the all-India services; it has supported the belief that they help in maintaining the unity of the country.

Recruitment

Recruitment is the process whereby people are attracted to, tested and inducted into the bureaucracy. Patterns of recruitment is of great importance for the nature and role of bureaucracy; for it is through recruitment that it is decided as to who will be selected and who will be left out, what his/her age and qualifications will be, and so on. In the following sections, we shall consider the characteristics of recruitment that originated throughout British rule but are still with us, and interfere with the fulfillment of our national objectives.
Emphasis upon Liberal Education

Throughout British rule members of the Indian Civil Service were chosen through competitive examination from in the middle of those who had received a liberal education at a university. Through liberal education we mean education which is not professional or technical but is directed to general broadening of the mind. Liberal education has sustained to be the base for recruitment to our higher services, Therefore for entry into the Indian Administrative Service, Indian Police Service, several Central services including the Indian Foreign Service, and also State Administrative Services, mostly candidates with a liberal education, that is with education in literature, or social or natural sciences, appear at competitive examinations. Even for some services whose work may be said to be technical in character, such as the Indian Audit and Accounts Service, no technical knowledge is required at the time of recruitment. After selection, several of them function as Heads of Departments such as those of agriculture or education with responsibilities for the supervision of the work of persons with high technical qualifications. Members of the I.A.S. often function as Secretaries to Government, and as such advise ministers. They participate in the formulation of policy.

With the growth of science and technology, policy creation in most areas has become a highly technical matter. Hence it would be better if technically qualified persons function as administrators in the areas of their specialization. This was the view of the Fulton Committee in England. In India also, the Administrative Reforms Commission in 1966 recommended that persons with technical knowledge and experience of administration in a certain area should hold high administrative positions in that area. Therefore those who have studied the science of agriculture in a university and have served in the agriculture service alone should be appointed to higher administrative positions in the secretariat department of agriculture, where they have to participate in the formulation and implementation of agricultural policy at the highest stage. This is necessary because of developments in agriculture. The
green revolution has taken place in some parts of India because of the use of high-yielding diversities of seeds, chemical fertilizers, pesticides, weed ides, pump sets and other mechanized implements. An administrator necessity have an understanding of this new technology. The continuation of generalists, with a liberal education, in high administrative positions, interferes with efficient use of new technology. This applies to practically all fields. Even the maintenance of law and order nowadays requires knowledge of criminology and forensic science. The management of relations with a foreign country requires an understanding of its history, society, economy, policy, culture and language.

It is true that an effort is made to give the elements of the necessary information throughout the training after recruitment. Though, since generalists move from department to department, they need knowledge in a new field every time they are transferred. The acquisition of new knowledge in a strange field becomes more and harder due to the fast expansion of knowledge. Hence while the system of administration through generalists might have served the purpose a century ago, it no longer does so. Instead of recruiting high administrators from in the middle of those with a liberal education, as was done throughout British rule, we should now recruit them from in the middle of technically qualified persons. The continuation of colonial practice creates for a bureaucracy who is not fully suited to its expected role of bringing in relation to thersauri-economic development through the most fruitful use of science and technology.

**Restrictions on Lateral Entry**

In India, recruitment to bureaucracy is made only from in the middle of the young, usually fresh graduates from universities. The low age limits constitute a continuation of the practice throughout British rule. Though, in advanced countries like the U.S.A. there is no age limit for entering into the Services. Therefore persons with greater knowledge and experience than those in their twenties can also come in. This is a great advantage, since nowadays persons
with diverse knowledge and experience are needed in Public Administration. Due to expansion in the role of the State, civil servants are now required to have an understanding of matters with which they would have not been concerned half a century ago. The government is now doing business, mainly through public corporations and companies, in addition to regulating its business activities much more than before. Hence we need persons in the bureaucracy, who have a good understanding and experience of business. Experienced businessmen or managers who join the public sector might serve the purpose better than those without experience of business.

Lateral entry, or entry from the side, would create for greater flexibility in employment in all fields; flexibility, in turn, would create for richness of talent all in excess of. Therefore if the entry of experienced managers, researchers and teachers would enrich Public Administration, experienced administrators might create good teachers of administration in universities. Provision for lateral entry would also allow people to change their profession, therefore creation for greater job satisfaction for those who discover themselves to be misfits in a certain profession and would like a change. There is greater likelihood of success of the policy of lateral entry if a beginning is made with the government, since the government is one of the largest employers nowadays, and also has the responsibility for creation innovations which function as the seeds of development, but it is our colonial heritage that stands in the method of allowing, or at least experimenting with, lateral entry.

**Promotion**

Promotion means undertaking higher responsibilities in service usually resulting in higher emoluments. Promotion is of great importance, it benefits both, the employee and the organization. It is of benefit to the employee because it creates for higher status and emoluments for him. It is of benefit for the organization because (i) the hope of promotion motivates employees to do better work; (ii) officials for higher and more responsible jobs are made
accessible through promotion; and (iii) promoted employees are more inclined to accept the organization as their own. Though, in the Indian bureaucracy, promotion suffers from certain drawbacks, some of which are a result of our colonial legacy. We shall now look at these shortcomings.

Promotion from One Class or Service to Another

We have mentioned above that the rank system of classification of the bureaucracy, which was adopted throughout British rule, continues to be used in India. The bureaucracy is divided into a number of services and classes having dissimilar ranks. Since new entrants are recruited into scrupulous services, and not for scrupulous jobs, their promotion also is from one class or service to another. This has the disadvantage that the qualifications of candidates for scrupulous jobs are rarely taken into account. Though, with the rising diversity of tasks in Public Administration, and the rising need for specialization in the middle of functionaries, it is becoming more and more significant to fit persons to jobs according to their qualifications and experience. The present system of promotion, from one class of service to another, does not permit this. Further, since rank is associated with status and emoluments, employees come to demand promotion as a matter of right without giving importance to qualifications.

Rigidity

There would be a lot of flexibility in promoting persons to jobs according to qualifications. A person could improve his/her qualifications, for instance through taking a correspondence course and request for promotion to a high stage job, involving jumping of stages, on the basis of his new qualifications. The possibility of faster promotion would also give a lot of incentive for improving one's qualifications and doing better work. Such flexibility and incentives are absent in the present system. Promotion is largely from one class or service to another, and it is governed through rigid rules. Therefore only 33% of the members of a State Administrative Service who have
completed eight years of service can be promoted at a time to the Indian Administrative Service. It was pointed out through Paul Appleby in relation to the forty years ago that such rules create for unnecessary rigidity. Such rigidity is harmful for both the organization and the employees. It is harmful for the organization because if promotion is governed through rigid rules the employees come to take it for granted; it ceases to function as an incentive, leading to a fall in the efficiency. Rigidity is harmful for the employee because it comes in the method of faster promotion even for those who are willing to work harder and provide better results. Rigidity of the promotion system, like many other characteristics of personnel administration, is a part of our colonial heritage.

**Circumstances of Service**

Throughout the British rule, the bureaucracy was an instrument that was used in the interests of the foreign rulers. The interests of the rulers and the people were basically in disagreement. Hence the bureaucracy did not identify with the people, it remained aloof from them. Aloofness of the bureaucracy from the people was necessary because of the great power exercised through it. If bureaucrats had been close to the people, they would have been inclined to grant favors to them. Hence social aloofness flanked by the people and the bureaucracy was created. At the same time, service under the British had to be made attractive too; this resulted in a ruthless bureaucratic system which was distant from the people. There arose a disagreement flanked by the interests of the people and the bureaucracy. This was highlighted through the revolt of 1857, and the freedom movement. In this situation, attraction for the service and social aloofness from the people were both ensured through giving high emoluments and excessive security to the bureaucracy.

**High Emoluments**

Attraction for the service and social aloofness from the people could both be ensured through giving members of the service a high social status. High
social status was conferred upon them through giving them higher emoluments in comparison with the incomes of the people at large. The emoluments incorporated, in addition to salary, special pays, allowances, housing, conveyance, medical attendance, and retirement benefits. Throughout British rule the emoluments of the bureaucracy were usually much higher than those in comparable jobs in the Indian private sector. After independence, the growth of big business had led to higher emoluments for business executives. Hence in the higher echelons, civil service jobs are not necessarily more remunerative than those in business; some business jobs are better. Though, compared to the average, or per capita income in India, the emoluments of the public bureaucracy are certainly high. These high emoluments also constitute the continuation of a colonial practice. Since the higher civil servants are paid much more than the common people, they are often unable to understand their difficulties and identify with them. Most of the troubles of developing countries like India are related to unemployment and poverty. Since the civil servants are distant removed from the experience of poverty, they are often not in a position to satisfactorily formulate and implement policies for dealing with troubles, such as widespread ill health, lack of education, rising population, and rising crime, which are deeply related to poverty. Therefore the high emoluments and great power of the bureaucracy lead to social aloofness flanked by it and the mass of the people; this social aloofness, in turn, comes in the method of the fulfillment of developmental objectives. Hence the high emoluments and great power of the bureaucracy, which once served colonial objectives, now hamper development.

**Excessive Security**

Throughout the British rule, excessive security was given to the civil service to create it attractive and to permit unhampered exercise of power through it. In a democracy, though, the civil service has to be responsible and accountable to the people through their elected representatives. Hence excessive security, which comes into disagreement with responsibility and accountability, is antithetical to democracy. Though tradition dies hard; and
traditionally civil servants have been prosecuted against for criminal offences like embezzlement, but rarely for lack of efficiency or non-fulfillment of their duties. As political underdevelopment creates ministers too dependent upon the bureaucracy, undue security is given to the civil service. Disciplinary action against civil servants is often delayed because of several rules and procedures. Disciplinary action is also often challenged before tribunals and courts. The recent institution of tribunals has certainly helped to reduce the delay involved in litigation before courts. Though, for all the causes mentioned above, higher authorities are still careful of taking disciplinary action even where it is due. The excessive security of civil servants tends to create them forgetful of their duties. They tend to function in a highly routine and often lethargic manner without being motivated through the hope of rewards and curbed through the fear of punishments. It is motivating to note that the absence of both rewards and punishments, to some extent, results from excessive security. Therefore one of the most significant rewards would be quicker promotion. Though, giving somebody quicker promotion is likely to be challenged through those who are superseded. Likewise, not giving promotion to an inefficient official is also likely to be challenged, often on the ground of mala fide action through the superior. Hence one of the main causes of inefficiency in Indian administration today is the excessive security which the bureaucracy has had since colonial times.

In advanced countries such as the United States, several jobs in the public bureaucracy are given for three to five years at a time on a contract basis. This creates the employees strive for better performance so that their contracts may be renewed. Such a system lacking approximately totally in security, though, is unworkable in developing countries such as India due to lack of employment opportunities. Few competent people are likely to take up jobs on a contract basis for fear of becoming unemployed soon afterwards. This shows that administration of a country is deeply influenced through its socio-economic circumstances.
Organizational Heritage

Now we shall deal with certain attitudes and manners of functioning of bureaucracy that developed due to the organizational setting throughout the colonial rule.

Centralization

One of the most significant characteristics of administration throughout the British rule was centralization. India was a vast unitary state, with all power concentrated in the hands of the Governor-General. While in England the term Secretary was used for a minister, in India it came to be applied to the civil servant heading each Department. The Secretaries and their assistants were collectively called the secretariat, which became the hub of the administration as a whole. The Governor-General functioned through the Secretariat and controlled the administration in every nook and corner of India. All administrative action throughout India required the sanction of higher authorities, and ultimately of the Governor-General which was conveyed through the Secretariat. There was very little delegation of authority; even if authority was delegated to a subordinate, it was withdrawn if a mistake was made. Civil servants therefore developed an attitude of dependence upon superiors; they were afraid to create innovations. These altitudes to some extent, have sustained after independence. Though, they do not suit democratic administration in which power resides in the people. The spirit of administration now should be that of serving the people rather than of blindly carrying out the command of the superior.

System of Transfer

The bureaucracy exercised a lot of power throughout the British rule. So there was a fear of misuse of power, it was thought that a civil servant might unduly help or harm someone. The possibility of such misuse was reduced through not allowing a civil servant to stay in one post for a long time, in order to avoid friendly or hostile relations flanked by the bureaucrats and some
persons, within the bureaucracy or outside. Hence the system of routine transfer of civil servants after the duration of in relation to the three years came into force. Such a system is not needed in a democracy where the bureaucracy exercises less power, and is properly controlled through the elected representatives of the people. The system of routine transfer has some disadvantages also. Every functionary takes some time to understand the troubles of a new place, and to establish rapport with citizens whose participation is required in programmes of development. He/she has to create a new beginning every time he/she is shifted; this interferes with his/her efficiency. A transfer also usually upsets things in the domestic front too like the education of his/her children, the job of his/her spouse etc. The system of transfer in Indian administration has been inherited from British rule. Its continuance is associated with that of bureaucratic power. The cause why the system of routine transfer does not exist in developed countries is that their bureaucracies are bolter controlled and hence less powerful.

**Procedural Heritage**

Throughout colonial rule there was a basic disagreement of interest flanked by the rulers and the ruled. Indian civil servants could not always be trusted to function in imperial interests as against those of the people of India. Hence they were bound through detailed rules and procedures. Even the rules needed interpretation, which was also often handed down from the top. If a case was once decided in a certain manner, it became a precedent which had to be followed in other similar cases. Therefore in the course of time an intricate set of procedures, rules and precedents developed. Strict observance of these required examination of each case at many stages involving delay. With delay came corruption, since the affected persons tried to get their cases speeded up through bribing officials. Therefore paying more attention to rules than to people’s interest, delay and corruption came to be prominent characteristics of colonial administration. The continuance of these characteristics to some extent constitutes our colonial heritage. It is to be expected that political
development will, in the course of time, do absent with them.

**Political Heritage**

In a democracy, the public bureaucracy has to fulfill two somewhat conflicting necessities. On the one hand, it is expected not to side with any of the political parties; on the other hand, it should not be the servile tool of the rulers as in a dictatorship. While it is essential that the bureaucracy should not become politicized as happens in a spoils system, it is also necessary that its members should be able to exercise the political rights of citizens after duty hours so distant as such exercises does not disagreement with their official responsibilities. There has been a tendency in developed democracies for liberalization in regard to the political activity of civil servants. In England, on the recommendations of the Masterman Committee of 1948, more than half of the civil servants (including all industrial civil servants and most of the minor grades of the non-industrial staff) were freed from restriction on political activity; in relation to the one-fifth were permitted to engage in political activities, except Parliamentary candidature, at the discretion of their Departments, only the executive and higher staff remained barred from participation in national political activities. In California, in the United States, the ban on political activity of state servants was lifted in relation to the twenty years ago. In India, though, civil servants remain barred from all types of political activity; they cannot even go on leave without pay for participation in a political campaign as happens in several democracies nowadays. It is true that in our present state of political underdevelopment, when in addition political parties tend to put all types of pressures on civil servants, participation in political activity through civil servants is more likely to hurt the democratic process than to help it. Still, insofar as our political underdevelopment has resulted mainly from colonial rule, the sustained denial to civil servants of political rights which are commonly granted in developed democracies may be said to be part of our colonial heritage.
Cultural Heritage

We have discussed above many characteristics of the colonial heritage of the Indian bureaucracy. In regard to cultural heritage, which we are going to discuss now, it is notable that this aspect belongs not only to the bureaucracy but to the upper classes in general. Still, it remains true that the individual in the bureaucratic setting is more subject to cultural powers that seep down from the top. Therefore it is harder for a member of the bureaucracy to avoid adopting Western dress, language and manners than for one outside it.

Western Liberal Education

Throughout colonial rule the bureaucracy was an instrument for the fulfillment of the interests of the foreign rulers. Hence they tried to mould the bureaucracy so that it would identify with them. In other words, it was sought that Indians in the employ of the rulers should come to think, feel and behave like Englishmen, so that they might more easily participate in the exploitation of the masses. Western liberal education was useful for this purpose. Through this education, Indians tended to develop the same attitudes as those of the English; the study of Western literature, day after day and year after year, tended to infuse into them blind admiration for Western civilization. Civil servants were recruited from in the middle of those who had received Western liberal education; those who had studied only in a Pathshala or a maktab through the medium of an Indian language were ineligible for government service, although it would be hard to maintain that such persons who might have studied Sanskrit or Persian literature were uneducated.

After the achievement of independence also, the recruitment of administrators through competitive examinations has been mainly on the basis of Western liberal education, whose power has therefore sustained. It is true that Western liberal education has a beneficial modernizing power also. Though, the modernization of our upper and middle classes, including the bureaucracy, has often been only skin deep. Their members have often
sustained to have pre-modern attitudes of communalism and casteism. They still have belief in superstitions, and also indulge in nepotism. Their Westernization has not led so much to a broad mental horizon, as to emulation of Western fashions and has therefore created a social aloofness from the lower classes.

**Dependence upon the West**

Westernization, in our case, has also resulted in creation us excessively dependent upon the West. Several of our best brains discover the West more attractive than their own country. As a result of the phenomenon of brain drain, the scientists, engineers, doctors and other intellectuals who have been educated in this country create their contribution in another country. Our administration and industry have to often depend upon foreign scientists, engineers, consultants and advisers. This dependence upon the West leads to purchase of technology at a high cost from abroad, forced collaboration agreements with foreign firms, and a tendency for the domination of our economy through developed countries through multinational corporations. Therefore while the yoke of colonialism was thrown absent more than four decades ago, our country now tends to become subject to neo-colonial exploitation. The culture of the upper and middle classes, including the bureaucracy, is deeply related to the growth of neo-colonialism.

Our westernization also creates us develop more interest in troubles of the developed Western countries than in those of developing ones, including our own. This applies to social sciences also like Sociology, Economics, Political Science and Public Administration. Indian scholars often aim at getting their research work published abroad. Hence they have to choose troubles which are of interest in the West. Our own troubles, which should be of greater interest to us, tend to be ignored. These, then, come to be studied through foreign scholars. Some of the best studies on Indian society, Economy, Polity and Public Administration are through foreign scholars. Creative thinking and innovative theory-building related to our society is done more through foreign
scholars than us. Hence we tend to remain dependent upon the West for knowledge concerning our society as well as that of other countries. It should be remembered that most of the universities in India are part of the system of Public Administration, since they are funded through the government. Also, the civil servants are the products of the universities. Hence sustained dependency in the field of knowledge affects the whole of the public bureaucracy in government departments, public undertakings, government colleges, and research institutes and universities funded through the governments.

**Mix of Capitalist and Feudal Attitudes**

Throughout the British rule, Western culture was sought to be superimposed upon our existing, largely feudal culture. Those who received Western education, and particularly government employees, therefore developed a mix of capitalist and feudal attitudes. The continuation of these attitudes often comes into disagreement with the democratic and socialist ideals enshrined in the Constitution of independent India. Therefore one of the values of Western society is gigantisms or the attraction for bigness for its own sake. A poor country like India can ill afford big buildings; big organizations that involve undue centralization. Another trait of Western capitalist culture is consumerism or unlimited attraction for consumer goods. Consumerism interferes with capital formation and so with economic growth. The tragedy of our bureaucracy is that while it has inculcated some of the harmful Western attitudes like gigantisms and consumerism, it has failed to adopt some of the Western attitudes that would be helpful for development.
Therefore dignity of labor and habit of hard work, which are deeply ingrained in Western culture, are not yet part of the bureaucratic culture in India. Here we discover a continuation of feudal attitudes. Our colonial cultural heritage, which is therefore seen to be a mix of capitalist and feudal attitudes, now comes in the method of development.

Lack of Communication flanked by the Bureaucracy and the Common People

The bureaucratic culture in India is not conducive to communication with the common man. The use of a Western language, namely English, and Western dress and manners obviously come in the method of communication. The gulf flanked by the values of administrators and common people also creates for difficulty. Therefore while small farmers might feel satisfied with kuchcha wells for irrigation, a high stage administrator might feel successful only if he were able to plan and execute a big, time consuming, irrigation project. While the farmers and the administrator might both be right, successful planning would require a meeting point flanked by their differing frames of reference. Ultimately, development is brought in relation to the work of farmers and workers in fields, factories, mines and other workplaces; administrators help to plan and coordinate these activities. Hence lack of communication flanked by workers and administrators, coming as it does partly from their dissimilar cultures, interferes with development. The culture of the bureaucracy, insofar as it is colonial and removed from that of the common people, is therefore a hindrance to the national objective of development or growth with justice.

REVIEW QUESTIONS

- What changes can be brought in the classification, recruitment and placement of personnel for enhancing their capability?
- How can promotion and other incentives be used for enhancing bureaucratic capability?
• What is the role of training in enhancing bureaucratic capability?
• What role does the bureaucracy play in technical examination of a policy?
• What part does the bureaucracy have in the authorization of a policy?
• Why is bureaucracy needed to be neutral flanked by the classes?
• What are the provisions for the maintenance of the independence of Public Service Commission?
• Discuss the social background of the higher bureaucracy?
• How does the social background of bureaucracy effect administration?
• What is the contribution of bureaucracy to the several characteristics of development?
• Discuss the several stages of policy implementation.
• What are the causes for the continuance of the colonial characteristics of Indian bureaucracy?
• Why has the bureaucracy sustained to be powerful after independence?
• What is the main advantage and disadvantage of all-India services?
CHAPTER 5
DECENTRALIZATION AND DEVELOPMENT

STRUCTURE
- Learning objectives
- Specialized agencies for development
- Co-operatives and development
- Role of voluntary agencies
- Problems and prospects of panchayati raj
- Emerging patterns of panchayati raj
- Concept of democratic decentralization
- Evolution and role of panchayati raj
- Review questions

LEARNING OBJECTIVES
After reading this chapter, you should be able to:
- Understand the organization, functions and role of the specialized agencies for development;
- Understand the objectives of co-operative movement;
- Discuss the models and types of co-operatives societies;
- Discuss the meaning and evolution of voluntary agencies;
- Identify voluntary agencies and their programmes;
- Discuss the several troubles faced through the Panchayati Raj;
- Discuss the prospects of Panchayati Raj and suggest condition for its success;
- Analyze the dissimilar patterns of Panchayati Raj;
- Compare the Panchayati Raj Institutions, existing in dissimilar states;
- Explain the meaning of decentralization;
- Explain the meaning of democratic decentralization; and
- Trace the evolution of Panchayati Raj in India.

SPECIALISED AGENCIES FOR DEVELOPMENT
The Concept

Keeping the above factors in view and on the recommendations of Rural Credit Review Committee, many special agencies were recognized. The following thoughts were also recognized in favour of specialized agencies. It is pointed out that the existing bureaucratic machinery is not capable of tackling the problem of poverty. Again, the existing developmental strategies would be helpful to those who are already rich and it would not help the poor. It is also suggested that there is a need for clear identification of target groups and financial assistance in the form of subsidy or margin money which would act as a catalyst in the development of the poor. Finally, it is possible to prepare viable schemes to enable the poor to cross the poverty line. The specialized agencies are therefore planned to tackle the poverty directly and help the poor.

At present, these are the following specialized agencies for development:

- Drought Prone Area Programme
- Desert Development Programme
- Command Area Development Authority
- Hill Development Authority
- Integrated Tribal Development Agency
- Asset Oriented Approach

The Approach

The following significant features are recognized in the working of the specialized agencies.

Autonomy

The special agencies have been recognized under co-operative societies Act. It is a departure from the earlier approaches. Under the new dispensation, the agencies enjoy certain amount of autonomy and flexibility in the decision-creation process and in its implementation. The agencies are expected to draw
up plans and programmes for investment and production activities to be undertaken through the target groups.

*Catalyst*

The agencies have to act as a catalyst to the target group mainly through generation of gainful employment. In this direction, the agencies are expected to bring the benefits of modern technology to the small and marginal farmers, rural artisans, and other members of the target group and help raise their standard of living.

*Limited Administrative Staff*

The agencies have only a limited staff since they do not undertake implementation of the programmes. The programmes of these agencies are to be implemented through the existing departments and organizations. The main job, so, is restricted to secure the co-operative and co-ordinate the programmes in the middle of dissimilar departments and organizations.

*Involvement of District Collector*

In most of the states, the District Collector is the chairperson of these agencies. The Collector is expected to ensure coordination in the middle of the departments. A Project Officer and an Assistant Project Officer have been provided to each agency to assist the District Collector.

*Governing Body*

Each agency has a governing body of its own. It formulates the policies and programmes to carry out the objectives of its agency and approve the annual budget. There is provision for appointment of committees, sub-committees on any matter relating to the work of the agency.
Financial Assistance

One of the most significant aspects of this new approach is the provision of subsidy to the target groups. It is also called seed money and/or margin money. Dissimilar agencies have dissimilar rates of subsidy. The balance amount is financed through the dissimilar financial agencies as commercial banks, rural regional banks, and cooperative banks. The subsidy and/or margin money is planned to give relief to the target group and at the same time stimulate the financing agencies for investment. Having explained the need, features and approach of the specialized agencies, let us describe the organization, the functions, the role and shortcomings of these agencies in detail for a better understanding.

Drought Prone Area Programme (DPAP)

Till recently, famine, drought and scarcity were being tackled more or less on ad hoc basis. It was only in 1970-71 that the Government of India sponsored a rural works programme for organising labor rigorous and production oriented work in the drought prone districts of the country. It was conceived as an addition to the normal developmental effort. In 1972, the scope of the programme was enlarged to that of an integrated area developed scheme for a permanent solution of the troubles of drought in these districts. Accordingly, the emphasis shifted from labor-oriented to problem-oriented schemes. This area development programme was designated the Drought Prone Area Programme (DPAP) and classified as a plan scheme from 1972-73. The DPAP is a centrally sponsored programme. The expenditure on this scheme is being shared equally through the centre and the states. The DPAP extended to 73 districts (401 blocks) in the country, spreading in excess of thirteen states.

Approach and Present Strategy

The main thrust of the DPAP is to maintain the production in good rainfall
years and to minimize the losses when the rain fails. This is sought to be achieved through a number of schemes such as soil and moisture conservation methods on a scientific basis. Construction of water sheds is one method adopted for such a plan. Appropriate drought resistant diversities of crops are suggested to meet the challenge of inadequate rainfall or long dry spells. Experiments have been mannered to develop a package of practices appropriate under dissimilar sets of circumstances so that appropriate crops could be developed to meet the necessities of the local population. It is pointed out that the development of agriculture in these regions has certain limitations. So, the farmers are encouraged to take up subsidiary occupations like animal husbandry, poultry, sheep rearing, sericulture and horticulture. Development of a comprehensive package of processing and marketing has been another area of its activity so that the farmers would be able to derive remunerative prices for product under subsidiary activities.

Other activities which fall under DPAP contain infrastructure for daily, sheep breeding which have been taken up to support cattle rearing and sheep rearing avocations. Social forestry schemes have been undertaken to meet the needs of local population, both cattle and human. This would help meet the needs of the community for fuel-wood, timber and fodder for cattle. Rural electrification has been taken up to exploit ground water possessions. There has been considerable emphasis on the development of subsidiary occupations of the families below poverty line, rural artisans, agricultural laborers etc.

Assessment

While implementing several schemes under DPAP, it would be seen that there are a number of troubles which deserve immediate attention. Development of basic infrastructure, supporting several economic activities, like roads, rural electrification, drinking water, processing and marketing facilities would have to be taken up. Though, under DPAP scheme, a ceiling of 30 per cent of the total annual clan has been earmarked. Water conservation and water harvesting are of utmost importance in the DPAP scheme.
Though, experience in the last few years have indicated that the techniques of survey, watershed planning and designing have not attained even the minimum satisfactory stages in most states. Not only this, the survey techniques are very slow and outdated. Men and material possessions have to be adequately provided with the latest techniques on a level many times more than deployed at present in case the watershed scheme is to have any impact.

Under the DPAP, the forestry programmes largely followed the methods of the old forest departments. The schemes taken up consisted mostly of regeneration of degraded forests, shelter belt plantations, road side plantations etc. It is a lopsided approach. What is required at present is that every village should have fuel-wood and fodder plantation to meet their needs. It is needed to involve the poor in the social forestry on government waste land which is plenty in the DPAP areas.

Regeneration of the village pastures and development of pastures on government land should be taken up as a significant aspect of DPAP so that in a bad year, the cattle and men would be prevented from migration to alternative places. Though, the DPAP did not create any appreciable progress in this direction. In the drought prone areas, there is a great need for diversification of the occupations to divert the population from land and cattle. Individual beneficiary programmes have been drawn up and there is considerable progress in this sector. Dairying, sheep husbandry etc., are a few other activities which would bring considerable incomes in the drought prone areas. It requires up-to-date knowledge and technology. The DPAP should pay more attention on these activities so that the beneficiaries would sustain their interest continuously in the above mentioned sectors of rural economy.

Conclusion

The concept of DPAP has started taking form as an area approach. A good beginning has been made in conserving soil and water through watershed
scheme’. Ground water exploitation has received considerable fillip. Dairying, sheep breeding benefited the rural people to a large extent. Though, the efforts so distant did not yield many results. There is a need for sharp focus on many activities, including infrastructures, in the drought prone areas of the country. Finally, there is a need for review of focus; content and coverage of the programmes so that corrective events could be introduced to set right the maladies, if any.

Desert Development Programme (DPP)

In 1977-78, the Government of India launched another programme which is very akin to DPAP, designated Desert Development Programme (DDP).

**Objective**

Its main objective has been for an “integrated development of the desert areas for rising productivity, income stage and employment opportunities for the inhabitants through optimal utilization of physical, human, livestock and other biological possessions.” The programme also aimed at “Protection of and prevention from further deterioration of desert areas and of the spread of desert circumstances.” Pasture development, cattle development, dairy development, sheep development, canal development and forestry have been the main thrust of the scheme. Subsequently, certain schemes of individual beneficiary were also undertaken. This scheme was extended to 19 districts (126 blocks) in five states of India i.e., Rajasthan, Haryana, Jammu and Kashmir, Himachal Pradesh and Gujarat. In actual practice, in certain states DPAP and DDP have since been running parallel to each other in a number of districts.

Command Area Development Authority (CADA)

There is a rising interest in the performance of irrigation schemes in India
on account of vast investment made in these schemes. It is pointed out that there has been unsatisfactory performance on agricultural front. The poor performance has been attributed in conditions of technical deficiencies in planning, design and operation. It is also being widely recognized that the basic issues in the field of water management are institutional and administrative. It calls for a new approach than hitherto followed in the developing societies.

The importance of utilization of irrigation potential created under several schemes was well recognized throughout the third plan period. The Fourth Plan did give finance for proper utilization of irrigation facilities. The progress was though not satisfactory. Throughout the Fifth Year Plan Period, an interacted command area development was suggested. The proposals of Irrigation Commission and National Commission on Agriculture were also in favour of such an organization. Therefore, the Command Area Development Authority came into subsistence in the last year of Fourth plan and has taken concrete form in the Fifth Five Year Plan. The Command Area Development Authorities have been created in relation to the sixteen states, covering in relation to the eighty major and medium projects.

**Objectives**

The objectives of the CADA are as follows:

- Modernization, maintenance and efficient operation of the irrigation system.
- Development and maintenance of the main and intermediate drainage system.
- Development of field channels and field drains within command of each outlet.
- Land leveling and land shaping on an outlet command basis for the type of irrigated crop that is to be grown.
- Consolidation of farm holdings and redrawing of field boundaries.
- Fair sharing of water to individual fields.
- Development of ground water to supplement surface irrigation.
- Supply of all inputs and services including credit.
- Development of marketing and processing facilities.
- Preparing individual schemes of action for small and marginal farmers and agricultural labor as part of the master plan of development for these categories of beneficiaries.
- Soil conservation and forestation wherever necessary, and
- Town planning.

The above list of items entrusted to the CADA is quite comprehensive which comprises all characteristics of irrigation development as well as utilization of water from the medium and major projects.

**Assessment**

The CADA is not banking or a financial institution. It receives finance from three sources: Central assistance to the states for certain selected items, the state governments own possessions are institutional credit for certain specific programmes. All the budget grants for the CADA are controlled through dissimilar secretariat departments and released through the same at the appropriate time.

Therefore, the centre, the states and the financial institutions are the major partners in the CADA. It is pointed out through many studies that there has been shortfall in the Institutional finance. The causes are (a) Poor recovery of loans; (b) Augment in the number of ineligible farmers and delay in updating of land records. In addition, there was a short fall in achievement in respect of land leveling. Since land leveling is very costly, it is reported that several farmers did not illustrate interest in this programme. With a view to reduce the gap flanked by the potential and actual achievements, the Seventh Five Year Plan envisaged the following:

- Updating of land records
• Effecting appropriate modification in the cropping pattern
• Drainage improvements in the irrigated areas
• Modernization of whole irrigation system
• Development of marketing and processing facilities
• Construction of essential roads in the command area

**Hill Area Development Programme**

Since the socio-economic circumstances in the hill areas are of a special nature, there has been a demand for special attention of the Government of India. Consequently, the Fifth Five Year Plan made some provision for development of hill areas. Subsequently the government of India introduced a number of pilot projects for the integrated development of agriculture and quite a few subsidiary occupations were taken up. The Hill Area Development Programme was one such programme provided only in those areas designated as hill areas in Assam, U.P., West Bengal, Tamil Nadu, Maharashtra, Karnataka, Kerala, and Goa. It is a centrally sponsored programme. This programme is taken up in addition to the funds provided through the state plans. The Fifth Five Year Plan provided Rs. 170 crores which comprises Rs. 20 crores for Western Ghats Development Programme (WGDP). In the Sixth Plan, it was raised to Rs. 560 crores including Rs. 75 crores for WGDP. The Seventh Plan provided Rs. 860 crores including Rs. 116 crores for WGDP. Therefore there has been a substantial augment in the financial provision in the plan allocation.

It is pointed out that throughout the Fifth and Sixth plan period; enough attention was not paid towards provision of ecological balance but mostly concentrated on sectoral approach. Pressure on the hill areas and denudation of forests for commercial use, soil erosion and consequent fall in the productivity of land has been recognized and so, there was a shift in the Seventh Five Year Plan in which allocations have been made for socio-economic growth, development of infrastructure and promotion of ecology in the hill areas. Its
focus was on identification of basic needs of hill people and appropriate events were initiated. Significant basic needs of the hill areas such as energy, fodder, water supply, health and education were given priority.

In order to ensure sustained supplies of fodder and fuel, the barren forest lands were recognized and used for forestation through rising tree species which can give both fuel and fodder. Protected water supply, health and sanitation and mass immunization has been another aspect of the Hill Area Development Programme. In all these programmes active involvement of people and their local organizations, including voluntary agencies, is essential.

**Integrated Tribal Development Agency**

The Tribal communities in India constitute in relation to the 7 per cent of the total population. These communities usually live in the hills and forest regions which are mostly inaccessible. Their economy is largely self-sufficient, unstructured and non-specialized. Their social system is simple. But of late, this situation is undergoing rapid changes. Industrial and mining complexes and major irrigation dams have disturbed their habitat. In certain cases, the policies and programmes of the government have also affected their living circumstances. There have been a few cases of tribal unrest since the tribals have hardly had any benefit from the ongoing developmental programmes. Though, state treated the situation in a routine manner. It is necessary to point out that the tribal areas and tribal people have a separate culture of their own and these communities differ from other races in their socio-economic circumstances, educational and beneficiaries are provided with subsidies/margin money/seed money ranging from 25 per cent to 50 per cent.

**Assessment**

The ITDA is expected to improve the living circumstances of the tribals and protect them from exploitation. So, the success or failure has wider implications. Though, a number of studies pointed out that the performance of
these agencies is distant from satisfactory. Quite a large number of tribals were not aware of the subsistence of ITDA, so, unable to avail of the benefits. The procedures are cumbersome and some of the programmes were not viable. There has been a lack of coordination in the middle of the several developmental departments and lukewarm attitude of the financial institutions also contributed largely to the unimpressive performance of these institutions. That is the cause why throughout the Seventh Plan period it was proposed to undertake an evaluation study on the impact of dissimilar development project meant for the socio-economic uplift of tribals.

**Asset Oriented Approach**

Lack of adequate employment and chronic under-employment are the hardest troubles of rural India. This has led to large-level poverty in the midst of surplus manpower and abundant natural possessions. Poverty is the result of poor income, inadequate supply of goods and services and defective sharing and inequitable spread of wealth. Removal of poverty and provision of appropriate employment opportunities has been the major thrust of all the Five Year Plans. Many events have been initiated in this direction. Though, the events did not achieve success as desired and performance was very disappointing. It is said time and again that the rural poor have been through-passed both in conditions of growth and sharing of gains of growth. It was with this in view that the Government of India has evolved certain programmes specially to tackle the poverty in rural India and those programmes were launched in excess of a period of time. Let us describe them briefly and study the organizational set up of the specialized agency to which the programmes have been entrusted.

*Small Farmer’s Development Agency (SFDA) and Marginal Farmer’s and Agricultural Labor Development Agency (MFAL)*

It has been pointed out that some of the earlier programmes did not help the poor. So, on the recommendations of the Rural Credit Review Committee,
two new agencies have been initiated through the Government of India in order to help the small and marginal farmers and agricultural laborers. Small Farmer’s Development Agency (SFDA) and Marginal Farmer’s and Agricultural Labor Development Agency (MFAL) were recognized in 1971-72 for the benefit of small farmers and marginal farmers and agricultural laborers respectively.

The main thrust of these agencies is to assist persons specially recognized in improving their income stage. To achieve this objective, the agencies have to identify the target group according to the norms laid down, draw up appropriate programmes for improved agricultural and allied occupations, arrange credit through institutional sources and get the programmes executed through the existing organizational arrangement. The main focus is on agricultural production. The programme comprises improved agricultural methods, land development, soil conservation, minor irrigation, horticulture, field demonstrations etc. The agencies are also expected to take up subsidiary occupations such as dairying, poultry, piggery, sheep and goat rearing, fisheries etc.

The SFDA and MFAL have been recognized under Societies Registration Act 1860. So, they enjoy certain amount of autonomy in their functioning. The District Collector is the chairperson and the Project Officer is the Vice-Chairperson. The other members of Committee consists of the heads of the developmental departments and a few non-officials at the district stage. The recognized beneficiaries under SFDA and MFAL get the benefit of 25 per cent and 33. 1/3% of subsidy on the total investment for several programmes such as land development, soil conservation, animal husbandry etc. Though, there is a ceiling on such a subsidy. In case of community irrigation works, a liberal subsidy of 50 per cent is allowed. Scheduled Tribes farmers get 50 per cent of the subsidy in view of their general economic backwardness. Therefore, dissimilar schemes have been visualized under the SFDA and MFAL agencies.
An Analysis

An evaluation of SFDA and MFAL is necessary since experience of these schemes will have impact on the subsequent developments in the anti-poverty programmes. It is pointed out through many studies that the coverage of beneficiaries has been much below than that of the expected stages. But the amount, spent on the targeted group, is quite impressive. This though, does not indicate how several beneficiary families were really helped to become economically viable and could cross the poverty line.

Some more shortcomings in the working of these agencies deserve attention. It appears that no proper care seems to have been exercised in the selection of some of the projects. Critics also pointed out that while selecting beneficiaries, proper care was not exercised, with the result a number of affluent farmers got the benefits through manipulation and foul method. Very little attention had been paid to identify the agricultural laborers and scheduled castes and tribes. It was found that the procedures, prescribed through the financial institutions, were cumbersome. This resulted in delay and corruption was rampant. It has also led to the growth of middlemen called pyravikars who did considerable damage to the schemes.

The above mentioned troubles are illustrative and not exhaustive. The troubles are general in nature and these new agencies are no exception to it. Since the troubles of the rural poor are several and intricate in nature, they need a thorough analysis in the selection of beneficiaries with enough care to the factors of eligibility and needs. It should be noted that with effect from October 2, 1980 the SFDA and MFAL have been merged with Integrated Rural Development Programme which is ultimately handed in excess of to the District Rural Development Agency for planning and implementation.

Minimum Needs Programme

In 1974, the Government of India introduced the “Minimum Needs Programme” to improve the excellence of life of the rural poor and give
infrastructure facilities required for supporting and supplementing several programmes which have been started to help the rural poor. This programme is essentially meant for human resource development. It seeks to improve the consumption stages of those living below the poverty line and thereby improve their productive capability. The main components of minimum needs programmes are 1) elementary education; 2) rural health; 3) rural water supply; 4) rural roads; 5) rural electrification; 6) house sites for landless laborers; 7) nutrition and 8) environmental improvements of urban slums.

Almost six thousand crores were provided throughout the sixth plan while a total provision of in relation to ten thousand crores were made under central and state sector throughout the seventh plan. It is quite a substantial amount and provides indication of the commitment of the Government towards rural development. All the programmes mentioned above have been handled through dissimilar agencies such as DRDA, DPAP etc., at the implementation stage.

**Special Livestock Production Programme**

The Special Livestock Production Programme was launched in 1975 mainly to give employment opportunities to the rural poor through improvements in the livestock products such as milk, wool, eggs etc., and to set up sheep, poultry, and piggery production units. This programme is in operation in relation to the 183 districts in thirteen states and four union territories. One third of the beneficiaries will have to be from SCs and STs only. This programme is also supervised through DRDA.

**Antyodaya**

The Antyodaya scheme is based on Gandhian philosophy. Its main objective is to uplift the poorest of the poor in the rural areas. The sole criteria in the selection of people is the extent of poverty and no discrimination is shown on the basis of caste, class, religion etc. - Under this scheme, an effort
is made to identify the necessities of the poorest families amongst the poor living below the poverty line and take appropriate steps for their betterment. It was first launched in Rajasthan in 1977. The cost of the scheme is to be shared through the state government, financial institutions and Khadi and Village Industries Commission. Certain guidelines have been prescribed to identify the target group.

Many schemes have been formulated under this programme. Allotment of agricultural land and credit facilities for securing inputs for the development of agriculture, old age pension to the old, infirm and disabled would be provided to the Antyodaya families. Loans from the financial institutions have been arranged under differential rate of interest to the families for the purchase of bullock cart, camel cart, donkey cart, pair of cows, sheep, goat units etc. Self-employment schemes to the rural artisans have been provided through Khadi Board. School going children of Antyodaya families are provided with school dress, books, medical facilities etc., at free of cost.

The policy, strategy and guidelines of this scheme are prepared through a state policy committee headed through the Chief Minister. With the help of a full-fledged Commissioner for Antyodaya scheme, the Chief Secretary is responsible for implementing the several programmes. There is a District Antyodaya Committee headed through District Collector with officials and nonofficials as members of the committee. This committee is responsible for the implementation of the programme at the district stage. The Panchayati Raj Institutions, the Co-operative and other financial institutions have a significant role to play in this programme.

With a view to bring the tribal population in the country within the mainstream of socio-economic development, an integrated sub-plan approach for tribal development was adopted throughout the Fifth Five Year Plan. This new strategy is adopted in approximately all the states where there is tribal population and the Integrated Tribal Development Agencies were recognized for each tribal area. Now, we will discuss the tribal sub-plan objectives and the
The basic objectives of the sub-plan and ITDA are to narrow down the gap flanked by the backwardness of the tribal areas and the economically developed areas. It is planned to improve the excellence of life of these long depressed and neglected sections of the society. It is also pointed out that the tribal areas, which have become easy prey of non-tribals, have to be liberated from the all shapes of exploitation through non-tribals. Further, it is proposed to give appropriate locations to rehabilitate those tribal families, displaced due to location of projects like power, irrigation, industry, mining etc. It is a gigantic task.

The Integrated Tribal Development Agency is registered under Society’s Registration Act with the District Collector as the Chairperson and the Project Officer as the Chief Executive. There is a Managing Committee consisting of official and non-official members of the district concerned. Under the special assistance for tribal development, the Fifth Plan provided Rs. 526 crores, while the same has come down to Rs. 485 crores in the Sixth Plan. Though, throughout the Seventh Plan, there was an augment in the allocation to Rs. 756 crores.

The main thrust of the ITDA is to encourage the programmes of the local nature. Though, the tribal sub-plan was to identify the thrust areas of the dissimilar areas for the dissimilar regions. After a review of the state efforts, some major areas were recognized for action. The following areas have been given priority in the tribal sub-plan of the ITDA.

- The major area in the ITDA scheme is on agriculture and allied activities such as animal husbandry, horticulture etc. Through horticulture is meant rigorous farming of vegetables, fruits and flower
crops on relatively small plots. Under this programme, the ITDA undertakes the supply of high yielding diversity seeds, plough bullocks, oil engines, electric motor pump sets, soil conservation, and horticulture and orchard development.

- Supply of much animals, sheep, goat, piggery duck and establishment of fodder plots are undertaken through the ITDA.
- Minor irrigation works, irrigation wells, tube-Boswells community irrigation wells and filter points are undertaken through the ITDA.
- The ITDA gives assistance to form cooperative societies for the benefit of tribals.

A number of other activities have been taken up through the ITDA for the welfare of the tribals. In all these activities, today, the DRDA is responsible for the execution of Antyodaya scheme in all the states.

In view of its working and experience so distant gained, it is pointed out that the loans given to the beneficiaries should be utilized for the purpose for which they were granted. Further, there is a need for involving voluntary agencies in these programmes. Finally, the success of the schemes depends mostly on the fair selection of the target group, integrity and sense of devotion of the officials and non-officials and the co-operation of dissimilar segments of the society.

**Food for Work Programme**

In 1977, Food for Work Programme was launched to give opportunities of work to the rural poor. It was also planned to give employment opportunities throughout slack season and make durable assets in the form of roads, canals, minor irrigation projects. The basic aim was to give additional employment in rural areas and at the same time make durable community assets which would strengthen the rural infrastructure. The workers were paid partly in cash and partly in food granules. Initially, the results were encouraging but after sometime, there was steep decline in employment opportunities. So, the food for work programme was reshaped into National Rural Employment
Programme in October, 1980.

**National Rural Employment Programme (NREP)**

With a view to give employment opportunities to rural workers, particularly throughout the lean season or severe drought circumstances, an integrated scheme has been introduced in 1980. It is expected to prepare a district stage employment plan keeping in view the availability of skilled and unskilled workers. Projects are to be prepared for each district on the basis of the felt needs of the rural community. The NREP has to provide priority to works relating to social forestry and pasture development, soil and water conservation, irrigation, flood control and drainage and improvements to village tanks, further, 10 per cent of the possessions under this scheme are allotted to people belonging to Scheduled Castes and Scheduled Tribes. Likewise, 10 per cent of the possessions are earmarked to social forestry programmes. It is a centrally sponsored scheme which will be executed through Panchayati Raj Institution (PRIs) and its implementation is entrusted to DRDA. There is a provision for involving voluntary organizations in this venture. Substantial allocations have been made in the VI and VII Five Year Plans. In 1989, the Government of India launched yet another employment generation programme called Jawahar Rozgar Yojana. It is planned to combine National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEG).

**Rural Landless Employment Guarantee Programme (RLEG)**

In August 1983, yet another programme called the Rural Landless Employment Guarantee Programme (RLEG) was launched with an aim to alleviate poverty, unemployment, underemployment in the middle of the rural landless workers. The main objectives of the programme are to a) improve and expand employment opportunities for the rural landless and provision for guarantee of employment to at least one member of every landless family up to 80 to 100 days in a year and b) creation of durable assets for strengthening
of the rural infrastructure, capable of rising production. Rural link roads, field irrigation channels, land development, reclamation of waste lands, social forestry have been recognized as priority items under the RLEGP. It is entirely financed through the Government of India. In the Sixth Plan, an amount of Rs. 500 crores were provided. In relation to throne thousand crores have been earmarked throughout the Seventh Plan period.

The RLEGP has created substantial infrastructure facilities and community assets. Though, the amount of employment opportunities provided to the landless has been meager because of the concentration of asset creation rather than creation of required quantum of employment.

**Integrated Rural Development Programme (IRDP)**

The concept of Integrated Rural Development Programme (IRDP) was introduced in 1978-79. This has been started mainly with a view to achieve better results with proper coordination and integration of dissimilar programmes. The attempts so distant made have been piecemeal, fragmented rather than integrated and comprehensive. This resulted in lopsided approach in the area of rural development. The dissimilar programmes such as SFDA, MFAL, DPAP, NREP, RLEGP, MNP, Antyodaya etc., did not bring desired results and on the other hand a majority of the rural population continue to remain very poor without income generating assets and without access to institutional credit and other inputs.

Keeping these characteristics in view, a new strategy has been evolved to improve the economic and social life of the poorest of the poor living in the rural areas. The scheme is intended as the Integrated Rural Development Programme. Most of the earlier schemes are now merged into IRDP. It is extended to all the districts in the country. The IRDP aims at generating additional employment opportunities to raise the income stages of all the poor families who live below the poverty line. The thrust of the scheme is on the poorest of the poor, consisting of small and marginal farmers, agricultural and
non-agricultural laborers, rural artisans and craftsmen, scheduled castes and scheduled tribes. The main effort is to prepare area specific plans for full employment, seek people’s participation, involve voluntary agencies, motivate target groups and evaluate the programme through research and concurrent evaluation.

The major focus of the IRDP is to undertake agricultural development, animal husbandry, fisheries, soil and village forestry and horticulture. The development of village and cottage entrusted to the IRDP. Therefore the integrated approach is expected to yield important results in evolving a new strategy to face the problem of poverty. The implementation of the programme is done through the District Rural Development Agency, a registered body under Society’s Registration Act 1860. All the schemes in the district have been entrusted to DRDA. It is an autonomous body with district collector as the Chairperson and Project Officer as the executive authority. Recently, the Karnataka Government has placed the DRDA under the control of Zilla Parishad.

It is pointed out that for the proper implementation of all the schemes so distant described, the financial institutions have a significant role to play. The attendance of the bankers is all pervading, starting right from identification of target group, selection of asset, adjustment of subsidy and follow up on the use of credit. Therefore, they have a very crucial role in the implementation of several schemes in the rural development. A number of evaluation studies have indicated that the IRDP did not succeed in identifying the beneficiaries to the extent it was expected. The wrong identification is said to be flanked by 15 and 20 per cent. Further, there have been complaints of corrupt practices due to the role of pyravikars i.e. middlemen because of lack of awareness in the middle of the beneficiaries. In certain places, the banking services were inadequate which invariably resulted in inordinate delay in disposing of loan applications. Absence of appropriate technology, inadequacy of infrastructure, hostile political circumstances in the rural area accounted for poor implementation.
CO-OPERATIVES AND DEVELOPMENT

Concept of Cooperation

The concept of co-operation existed ever since the subsistence of human life. Though, in the primitive societies, its necessity was limited since the life of an individual was simple with few wants. In those days, co-operation was mostly related to cultural, religious and social characteristics. It was a method of life and was more of an informal nature. Therefore in primitive society, co-operation had become an integral part of the society.

The concept underwent an enormous change from ancient times till today. The needs of the individual and the society increased. Modern person is dependent on nature and fellow beings. In addition, interdependence has become a method of life. It is the co-operation through which it is possible to achieve peace and prosperity. The modern concept of co-operation is the result of Industrial Revolution which brought in a series of changes in the method of production in Europe, especially in Great Britain. The Industrial Revolution paved the method for the division of society into two classes, namely, the capitalist class and the working class. In its greed for more profits, the owners of the industries started exploiting the laborer. They were paid lower wages. They were used for producing money and more money. They were being treated inhumanly. It was throughout this time that social reformists like Robert Owen gave thought to the formulation of a new philosophy which ultimately led to the birth of co-operative movement. Robert Owen (1771-1859) was a British Industrialist and Philanthropist and he was the pioneer of the co-operative movement.

The Co-operative movement is an economic concept and is of a formal nature. It is a separate form of business activity in which people have primacy whereas a secondary role is assigned to the capital. Therefore, the Co-operative movement gives an opportunity to the economically deprived
sections to live in better circumstances.

Definition

Co-operative movement is a broader phenomenon which means dissimilar things to dissimilar people. Hence, it is very hard to give here a precise definition. There is no unanimity in relation to the definition of co-operation since circumstances and circumstances differ from place to place. Since it is a dynamic concept which has evolved with time and experience, there is no single definition which gives all the necessary ingredients of the Co-operative movement. Though, we will effort a few which all give us with some broad thought of Co-operative movement.

According to Lambert “a co-operative society is an enterprise, shaped and directed through an association of users, applying within itself the rules of democracy and directly planned to serve both its own members and community as a whole.” It is a broad definition of Co-operative society which seeks to achieve member’s welfare and which also works for the betterment of the community, as a whole. The International Labor Organization states that a “Co-operative society is an association of persons, varying in number, who are grappling with the same economic difficulties and who, voluntarily, associate on a basis of equal rights and obligations, Endeavour to solve those difficulties mainly through conducting at their own risk an undertaking to which they have transferred one or more of such of their economic functions as correspond to their common needs, and through utilizing this undertaking in joint co-operation for their common material and moral benefits.” This definition is measured to be the most comprehensive definition on co-operative society since it consists of most of the principles of co-operation. Now let us, explain briefly, the objectives of co-operative movement.
Objectives of Cooperative Movement

A co-operative society comes into subsistence when a group of people join jointly and form an association. It is a union of individuals, who usually have meager possessions and who are principles to ensure economic benefits to its members. People are free to join the co-operative society and they can resign at their own discretion. There is neither coercion nor compulsion of any type. The main objective of the co-operative society is to serve its members. Here, profit creation becomes secondary. It is run on democratic principles. All the members enjoy excellence and no discrimination is shown on the grounds of religion, gender, political ideology etc. Basically, co-operative movement gained importance as a consequence of evils of capitalism. So, its major objective is to achieve social justice. Finally, co-operative movement is characterized as a constituent part of the overall socio-economic movement of the society. It is described as being capable of reforming and restructuring society through peaceful means.

Every co-operative society comes into subsistence with certain specific goals and objectives. Though, the long-term objectives of all the societies are the same. Let us identify the basic objectives of the co-operative movement. The most significant objective of a co-operative society is to raise the standard of living of the poor who have been subject to exploitation through the capitalists. The deprived sections form an association to undertake some gainful activity and get the rewards of their work without being at the mercy of the capitalists. The other objective of co-operative movement is to eliminate the middlemen who take absent the benefits that should have gone to the real beneficiaries. As a sequel to this, the co-operative society has to remove capitalist tendencies and as stated earlier it has to bring in socio-economic changes in the society at large instead of focusing on the individual and on his/her personal advancement. The other objective of a co-operative society is to conduct its activities with honesty, truthfulness and thereby raise moral standard of its members.
As stated earlier, a co-operative society should aim at bringing in relation to the welfare of not a scrupulous individual but of the whole community. This will foster fellow feeling and the bond of co-operation. Abolition of social in excellence such as high and low should be the goal of the co-operative movement. The other significant objective of co-operative movement relates to its neutral stand as distant as religion and politics are concerned. This will ensure real concern for one and all without being partial to a scrupulous religious group or a political group. Finally, it aims at providing a corporate life to the weaker sections, ensuring the world-wide concept of “each for all and all for each” replacing the natural law of “the survival of the fittest”.

Models of Cooperatives

After having described the concept and objectives of the co-operatives, now let us understand dissimilar models which are followed in India to achieve socio-economic development. These models have been evolved in excess of a period of time and have separate since the government has entered the co-operative institutions in a big method as a partner at dissimilar stages. The following are the dissimilar models of co-operatives:

Co-operative Credit Structure

In India, co-operative movement started with the establishment of credit society’s method back in 1904. Credit is provided through the co-operative banking, without which several activities, particularly in the rural economy, cannot be initiated. This again is a western concept. Though, Indian government adopted it in 1904. Subsequently, a large number of credit societies have come into being. Of the dissimilar types of co-operative societies, co-operative credit societies in India are very significant for rural upliftment and national development.

The co-operative credit structure in India is federal in character, offering short and medium term credit. At the base, there are primary co-operative
credit societies; in the middle that is at the district stage, there are co-operative central banks and at the apex, there is state co-operative bank. These institutions supply credit, supervise its use and recover dues from members. They function as the balancing centers at each stage and supplement their financial possessions through deposits, through borrowing from the public money market and the Reserve Bank of India. The Reserve Bank of India takes active interest in the agricultural credit and is closely associated with co-operative movement in the country. A significant characteristic of this system is that though these institutions, at dissimilar stages, are linked with each other through affiliation, they are for all practical purposes separate entities. Each will serve a set of specific purposes. Therefore, there is justification for their subsistence as independent units. We will now discuss each of them in the following as separate units.

**Primary Co-operative Agricultural Credit Society**

In the Co-operative credit structure, the primary co-operative agricultural credit society at the village stage constitutes the basic institutions, the foundation. The following objectives are to be achieved through the primary co-operative agricultural credit society:

- Mobilize deposits and give short-term and medium-term loans on reasonable circumstances.
- Develop the habit of savings in the middle of rural masses.
- Assist in the better implementation of Five Year Plans relating to agriculture, and
- Take up educative, advisory and welfare functions for the benefit of farmer members.

Individual farmers are the members of the primary credit societies. Each society secures its funds through method of share capital, deposits, loans and the Reserve Fund. The share capital is directly contributed through the members and indirectly through the state government. Though the primary
societies are expected to be multipurpose in character but in practice credit facilities remain their most significant function. Therefore, loans constitute a significant source of working capital. Loans are procured from the state government and central co-operative banks.

The primary credit societies give loans which they get from the state government and central co-operative banks to their members for short periods, (flanked by six months and one year). With the money, the member can purchase seeds, fertilizers, pesticides and other minor items. Medium term loans are provided for the purchase of cattle, pump sets, agricultural inputs etc., for periods varying flanked by one to five years. The loan amount sanctioned varies in the middle of members depending upon the purpose, repayment capability, the type of security pledges etc.

Primary co-operative agricultural credit societies in India suffer from the following defects:

- Most of the societies are not viable since their membership is small. So, the capital is inadequate. Secondly, the credit facilities, provided through the societies, are insufficient when compared to the necessities of the farmer members. Thirdly, it is seen that there is inordinate delay in the sanctioning of loans. Fourthly, a large number of weaker sections in rural areas are not in a position to receive the much needed assistance from these societies, since these societies are mostly held through the rich farmers. Finally, credit societies have failed to develop, to any important extent, the savings habit in the middle of rural masses. All these have resulted in the growth of private money-lending and usury in the rural areas. The money-lenders continue to exploit in the rural masses.

**District Co-operative Central Banks**

District co-operative Central Banks have been recognized at the intermediary stage in the co-operative credit structure to give a useful link
flanked by the primary societies and the apex bank at the top. The organization of the district co-operative central banks is not based on any systematic or uniform pattern. A large number of central banks in India are of mixed type. Primary co-operative agricultural credit societies form the bulk of its membership. Though, other societies, such as farming societies, urban co-operative banks, weaver’s societies, industrial societies etc., are also affiliated to the central banks. Therefore, we discover both individuals and primary co-operative societies as its members. The government is also a shareholder. Normally, there is one co-operative central bank for a district but in certain districts; we have more than one central bank.

The share capital of co-operative central banks is provided through the individual members, primary societies and the state government through purchase of shares. Deposits of dissimilar types are received from individuals and institutions. The bank gets loans from the state co-operative bank and Reserve Bank of India.

The Central Bank acts as a link flanked by primary societies and the state co-operative bank. It gives the necessary financial possessions to the primary societies and is responsible for their recovery. It also lays down common policies and give administrative guidance for the proper and efficient functioning of primary societies. They develop and extend the banking facilities in rural areas and create the people aware of the facilities and create use of the same. Finally, the central banks are responsible for the development of co-operative movement in the district and act as a friend, philosopher and guide to the primary societies.

We discover a few defects in the working of co-operative central banks. Due to large number of district central banks, the affiliated member societies are small. So, some of them have become weak and non-viable. They are always short of funds. Reserve fund is compulsory. Though, it is not enough to overcome their financial difficulties throughout the peak season. The deposit mobilization, savings etc., is not satisfactory. To overcome these troubles, the
banks have to improve their financial position. The government has a major role to play in this respect. Ultimately success or failure of a system depends on the political decision-makers.

State Co-operative Banks

The State Co-operative Bank is the apex Co-operative institution in the state. It is at the top in the three tiered co-operative credit structure. The jurisdiction of the bank is in excess of the whole state. The district co-operative banks in the state are members of the state co-operative banks. In some states, individuals and primary societies are also admitted as members.

The major functions of the bank are listed below:

- It acts as an intermediary flanked by the district co-operative bank and the money market.
- It borrows money from the money market and create accessible loans to the district central banks.
- It functions as the balancing centre flanked by district banks with surplus funds and deficit co-operative banks.
- It supervises and guides the activities of the district co-operative central banks in the state. It also conducts regular banking business as any other commercial bank.
- It operates as an agency of the Reserve Bank of India to finance agriculture. The Reserve Bank of India give loans to state co-operative banks which in turn are disbursed to farmers with the help of the three tier structure.
- It helps the state government in the formulation, execution and coordination of credit policies in the state.

As stated earlier, loans constitute the major source of funds for state co-operative banks. Money is borrowed from Reserve Bank of India, State Bank of India, State government and other nationalized banks. But for state co-
operative banks, borrowings from Reserve Bank of India constitute the major source of loans. It is found out that some of the state co-operative banks have been careful while investing funds in other co-operative institutions. A few societies have made vast advances to primary credit societies with the result that recovery has become a serious problem. The in excess of dues have been mounting due to several causes. Credit limits for central co-operative banks have not been cautiously fixed. There are many other troubles faced through the state co-operative banks.

**Primary Land Development Banks**

It is not enough if the agriculturists are provided only with short and medium term credit. There is a need for long-term credit since it would help the farmer to create improvements in the agricultural sector. Long-term credit facility would bring lasting benefits. Long-term credit is provided through the land development banks.

The first land mortgage bank of India was recognized in the Punjab province in 1920. Subsequently, other provinces also recognized similar institutions. Today, all the states have co-operative central agricultural development banks. It is a two tier structure: primary land development banks at the district or taluk stage and central agricultural development banks at the state stage. The main function of the primary land development banks is to supply long-term credit to its members for a period varying flanked by 15 to 30 years for bringing in relation to the permanent improvements to their lands. Therefore its major function is to assist the farmers to raise their standard of living. Farmers and corporate bodies subscribe to the share capital of primary land development banks. Loans are sanctioned against immovable assets of the borrower. Loans are usually sanctioned at a lower rate of interest.

The membership of central land development banks is composed of members of primary land development banks. In some states, individual members are also permitted to acquire shares. It distributes funds to the
farmers through primary land development banks. It also arranges for proper supervision and guidance and acts as an intermediary flanked by Reserve Bank of India and primary societies and prevent farmers from mortgaging their lands with the greedy money-lenders. The prime motive in doing all this is to protect the farmers from falling victims to the middlemen and give them with credit facilities through co-operatives.

A number of defects have been recognized in the working of these land development banks. To begin with, there is no uniform organizational structure in all the states. Consequently, there is no uniform development of these banks. Several banks, it seems, are not viable. There is a lack of proper coordination flanked by the dissimilar credit agencies operating in the rural areas leading to many complications. The co-operative credit movement in India, having a history of almost a century, has now developed to a substantial extent. Its coverage is substantial; almost 95 per cent of the villages have been sheltered. Though, a large segment of poor remain outside the co-operative fold. Yet, the credit movement made a substantial impact on the rural development. To create it more effective, several official committees have suggested certain structural changes. The essence of the recommendations of these committees is to integrate all the co-operatives whose basic objective is to extend credit to the farmers. Ultimately there should be a single source of institutional credit for meeting all necessities of the farmers. The government of Andhra Pradesh has taken steps in this direction through introducing Single Window Co-operative Credit Delivery System in 1987. Today all the credit needs of the farmers such as short-term, medium-term and long-term credit needs are met through an integrated “single window” system in Andhra Pradesh. Through “single window” is meant that there is a single source of institutional credit for meeting all necessities of the farmers.

**Types of Cooperatives**

The Indian Co-operative movement has appeared as the largest in the
world. It is being said that there are more than three lakh societies of
dissimilar type. In the following, we would discuss some of the co-operative
societies, operative in India:

**Co-operative Fanning**

The importance of co-operative farming has been recognized through the
Government of India as one of the potential strategies in rural development.
Co-operative farming refers to a type of farming where the farmers of the
village voluntarily pool their land, labor, equipment and cultivate the land
collectively. The land, implements, bullocks etc., so pooled are divided into
appropriate units through the farming society and the land is cultivated
collectively. The work of the members is calculated after careful examination
and wages are paid. The total produce is sold in the market and the income
received from the sale is distributed in the middle of the members in
accordance with their share of land and labor.

The Co-operative farming societies were first started in India in the forties
for the settlement of ex-army personnel. The ex-army personnel could earn
their living through co-operative farming societies. After partition, it has
become a useful tool for the rehabilitation of displaced persons. Co-operative
farming societies were first recognized in Bombay, Uttar Pradesh, Madras and
Mysore states, Later on, other states followed. These co-operatives came into
subsistence due to the following causes.

- Due to fragmentation of holdings as per custom and other causes, we
  have small holdings which are not viable. For instance, when
  landholdings are distributed in the middle of sons. As a result, we have
  a large number of small and marginal farmers.
- Since there are small and marginal landholders, the farmers are poor
  and depend heavily on external agencies for finance. The situation also
  led to poor yield per acre which is reflected in utter poverty of a
  majority of the farmers.
For a long time, the Indian farmer has been using traditional tools in agriculture. It is mainly due to their poverty and their traditional philosophy of life. So, even today, the method of farming in India is, still to a great extent, traditional.

Further, there is exploitation of ignorant farmers through middlemen.

In view of the circumstances explained above, co-operative farming was suggested for the Indian farmers. This system would help those whose landholdings were less than the holdings of basic size. Co-operative farming would help in adoption of scientific farming of land. Farmers are in a position to get better seeds and modern tools. There is a possibility of getting the services of technical personnel. Collectively, the farmers would be in a position to prevent damage to the crops through pests and insects. There would be rational use of human and animal possessions, resulting in the augment of yield per acre. Increased production would help the farmer in meeting his family demands without depending on others. Co-operative farming would give gainful employment to the rural youth. And finally, it would usher in socialist pattern of society in which the wealth is not held through a few but distributed in the middle of a large number of people. Therefore, it ensures rapid rural development.

Though, co-operative farming in this country did not illustrate any promise and is faced with several a practical troubles. It is observed that in Indian context, it is very hard to gather a large number of people with dissimilar castes, tastes to work jointly. In the absence of revolutionary ideology, which would have brought changes in the attitudes of the people, it is not possible to maintain discipline in the middle of the farmers. This has become a major problem in the socialist countries today. There is a move to disband co-operative farms and allow farmers to cultivate the land as individual owners. Co-operative farming presupposes surrender of land to the community. Indian farmer is sentimental. It is not possible for him to surrender the piece of land, though; small it might be to form a co-operative. Co-operative farming is yet to take roots in India. There may be a few stray examples of success but
through and large, it did not succeed in any appreciable manner.

**Co-operative Marketing**

Marketing is a significant problem of rural development. Sound marketing helps the farmers to sell their produce at the most profitable prices and in less time. In such a situation, the producers are bound to gain considerably, leading to improvement in their financial viability. Co-operative marketing societies are not the innovations of third world societies alone, but are found even in industrially developed countries of the west. A co-operative marketing society is defined as “an activity, taken up through a group of producers, who basically are farmers, to sell their marketable surplus at most remunerative prices for their own benefit.”

**Objectives**

The marketing societies have to secure best possible market price for the products of the members. The society, sometimes, does the job of processing, grading, packing etc., so that the product could fetch remunerative price. Another objective is to reduce the cost of marketing such as transportation, storage etc. The co-operative marketing societies have been recognized with the purpose of acting as a powerful check upon the monopolistic power, usually enjoyed through the private traders. It will also eliminate middlemen who exploit the farmers. The system also ensures protection of consumer’s interest since the society adopts fair methods in its marketing activity.

**Business Methods of the Marketing Co-operatives**

The co-operative marketing societies adopt any one of the following shapes:

- The society only acts as the agent flanked by the members and the traders. It is like working as a commission agent. The farmers sell their produce through the society.
The marketing society purchases the produce of the members and pays the price directly and immediately. This is adopted through those societies which have technical know-how, sound financial position and proper processing and storage facilities.

In some cases, the marketing societies help the farmers through allowing them to store their produce with it for which they receive payment up to 70 per cent of the value of the product. This would help the members to store the material until they get remunerative price at a subsequent date.

The marketing societies also undertake pooling of the produce of the members, grade the material as per standardization, process the raw material into a form, fit for consumption like paddy, cotton, groundnut etc.

In certain areas, the marketing society may undertake procurement of agricultural products on behalf of the government to ensure payment of minimum support price to the farmers. This would eliminate the tendency of distress sales through the farmers.

The marketing societies, also undertake supply of essential goods like sugar, kerosene, fertilizers, seeds etc., at reasonable prices to the farmers.

Marketing co-operatives extend their activities through exporting goods which are in demand in the foreign countries. The National Agricultural Co-operative Marketing Federation and the State marketing co-operatives undertake export of a number of commodities to foreign countries.

Institutional Structure

The first co-operative marketing society in India was started at Hubli in the year 1915. Since then, a number of marketing societies have been set up in several parts of the country. The co-operative marketing structure comprises a network of in relation to the3700 primary marketing societies at the Mandi stage, in relation to the170 district central marketing societies and in relation
to the state co-operative marketing federations and at the apex there is the National main branches all in excess of the country. Separate tribal co-operative development corporations have been recognized in those states where there is a sizeable tribal population. Likewise, commodity marketing federations have been set up at the state stage. Individual farmers and primary agricultural credit and other service societies are members of the primary marketing society. The members of the State co-operative marketing federations are the primary marketing and processing societies. In a few cases credit societies are also allowed to become members of state co-operative marketing federation.

The membership of the apex organization, NAFED, are state stage marketing federations, commodity federations and a few primary and central marketing societies. Its primary objective is to assist its members to carry on business. The marketing societies raise their finance through shares, deposits and loans. Loans are raised from central co-operative banks, State Bank of India and other sister co-operative organizations.

The marketing societies have an ample opportunity for development but this development is not taking place at the expected stages. The business methods followed are not satisfactory. In our country most of the co-operative societies have been organised through the government. So, the farmers do not evince any interest in the working of these institutions. There seems to be lack of coordination flanked by primary credit societies and marketing societies. There is greater emphasis on sharing of essential commodities and the marketing of other items such as processing etc., have been neglected. Financial viability is another drawback in the working of some of these societies. Finally, the success or failure of these bodies depends mostly on the Management Board at the helm of affairs.

**Producers Co-operatives**

In India, as all of us are aware, co-operatives have been initiated,
organised and supported through the state. Due to abject poverty and ignorance, co-operatives could not survive on their own. Hence it was thought that government participation would help it. Having begun primarily in the field of credit, co-operatives, in the last four decades, have come to embrace a number of activities to serve the interests of producers and consumers. In this connection, co-operative movement in the field of dairy management could be mentioned.

Co-operation, in the field of dairy management, is fast spreading all in excess of the country. Though, it is necessary to point out that dairy co-operatives have a long history in India but its spread has been very limited. The first dairy co-operative was organised in 1913 at Allahabad. But the growth of the dairy co-operatives has not been even and steady. It was only after Independence that the dairy co-operatives have been organised on a large-level in many states.

The development of dairy co-operatives has the twin objectives: support the producers of milk and ensure regular supply to the ever-growing urban centers. Milk, as an essential commodity for human survival, needs special efforts for procurement, preservation and transportation. The Government of India did not pay much attention to this subject matter throughout the First and Second Five Year Plans. It was only throughout the Third Plan that some efforts were directed when National Dairy Development Board (NDDB) was recognized with a view to developing dairy technology on modern lines. This plan period is also important because of Anand Co-operative Union of Milk Producers which proved successful in organising dairy on co-operative lines. The NDDB is the nodal organization in establishing this type of co-operative federations in ten states in the country. In relation to the 30 thousand village stage co-operatives covering in relation to the 40 lakh farming families, are functioning in India. The members of the village co-operatives are mostly small and marginal farmers. We also discover a large number of landless agricultural laborers in the village societies.
A brief description of Anand pattern of co-operative is useful to appreciate the working of dairy co-operatives in the country. The Anand pattern is a successful formula developed through Tribuvandas Patel which was adopted through the farmers of the Kaira district in Gujarat to procure process and market their surplus milk. The Anand pattern is a system that is collectively owned, operated and controlled through farmers. It ensures a fair price to the farmer and high excellence of milk and dairy products to the consumer and it eliminated middlemen. Therefore it aims at the utilization of possessions in the most profitable manner at the grass root stage.

At the district stage, there is District Milk Producers Union which receives surplus milk from the village co-operatives. The District Unions organize their state stage co-operative milk marketing federation. The federation performs all the activities concerning processing, marketing and providing funds for co-operative dairy development in the state.

It is said that outstanding leadership, modern technology, better marketing methods, plough back earnings and dedicated personnel were recognized as the main causes for the success of Anand pattern of milk producer’s co-operative movement in Gujarat. The Anand pattern is yet to be introduced in several states of India. It requires imaginative planning and enough financial support to the dairy co-operative societies. Proper education and necessary orientation to the farmers will go a long method in the successful management of dairy operative societies.

While explaining the producers’ co-operative, it is pertinent to point out that there are co-operatives in other fields such as sugar, spinning etc. Sugar co-operative societies of Maharashtra made a mark in the co-operative sector. The above analysis of the Anand pattern is an illustrative and not an exhaustive one.
Industrial Co-operatives

An industrial co-operative means a co-operative shaped through artisans, craftsmen, industrial laborers etc., either for undertaking production and marketing or for providing facilities and services to them. Industrial co-operatives have been organised with two major objectives in view: Safeguard the interests of the poorer artisans/workers against the exploitation of the better placed entrepreneurs, and give employment opportunities throughout the agricultural slack season so that there will be augment in production in the rural sector which would improve the living circumstances of the rural artisans. It will also prevent migration of artisans to another place in search of employment.

Industrial co-operatives were organised in 1930s but their impact and contribution to the economy of the country were rather limited. Notwithstanding the limited success, throughout 1945-46, co-operative societies for tanners, wood workers, oil presses, potters, toy-makers and beekeepers were started in Madras and Bombay. Their satisfactory performance gave fillip to further growth in this sector after India became Independent.

Today there are quite a large number of industrial co-operatives in India. These societies take up the work of purchase and supply raw materials, tools and equipment, needed through the members. They also undertake sales of finished goods at a competitive price. There are a number of industrial co-operatives, functioning successfully. Though, the sick units in this sector are rising at an alarming rate due to managerial defects. There is a need for corrective events at the management stage since more than one half of these societies are dormant and non-viable due to poor membership, meager sales and inadequate working capital. In excess of some of the units, there is monopoly of the middlemen and traders. Again, several centers do not produce commodities but are like purchase and sale organizations. So, there is an urgent need for restructuring of these societies with proper planning and feasibility study. Then only, they will succeed in their co-operative Endeavour.
**Consumer’s Co-operatives**

It is said that the co-operative movement originated as the consumer’s co-operative movement in response to the challenges posed through industrial revolution. Later, it spread to other countries. The movement had taken form in India in 1904, but it did not succeed to any appreciable measure. After Independence, the consumer co-operatives have expanded in approximately all the states in India.

The structure of the consumer’s co-operative societies in India consists of primary stores, wholesale stores, state federations and the National Co-operative Consumer’s Federation at the apex stage. The primary consumer co-operative store is the basic unit in this structure. A wholesale store is the second tier and the state federation, which has wholesale stores as its members, is a coordinating agency. The National Co-operative Consumer’s Federation was shaped in 1966. Its membership consists of state federations and some wholesale stores.

The most significant objective of the consumer’s co-operative is to supply goods of good excellence to consumers at reasonable prices. It will also eliminate dishonest intermediaries. In India, consumer co-operatives did not create any tangible progress since the societies have been initiated through the government. So, the consumers do not evince interest with the hope that the government would look into their troubles. Consumer co-operatives are people are not sheltered in this movement. Through and large, the consumer co-operatives in India did not succeed in their activities because of many structural and functional deficiencies.

**Cooperatives and Panchayati Raj Institutions**

The Central Government in India and all the state governments have promoted co-operative movement in its several shapes. At one time, the major
concern of rural co-operatives was the provision of cheap credit to the farmers to save the latter from the money-lenders. After Independence, though, there has been a definite shift. Beside with the provision of cheap credit, the emphasis upon co-operative marketing, producer’s co-operatives and many other new areas have increased. In line with these major changes in the co-operative policy, the Five Year Plans also made enough provisions in the plan allocations. In fact, the allocations have been steadily rising from first plan onwards.

In view of the significant role assigned to the co-operatives, particularly in the rural development, there is a need for close liaison flanked by Panchayati Raj Institutions and co-operatives. In fact, Panchayati Raj Institutions and co-operatives are envisaged as two pillars of rural reconstruction. There is a close affinity flanked by co-operative movement and Panchayati Raj Institutions since both are envisaged as instruments of socio-economic transformation of rural areas. Both follow the principles of self-help, mutual aid, equality, democracy and decentralization. Besides ideological affinity, there is a separate pattern of interdependence from the operational point of view. The co-operatives supply credit and other major inputs while Panchayati Raj Institutions give politico and administrative leadership in the preparation of agricultural plans and their implementation. Therefore, there are many areas of common interest which would require coordination and joint approach as both the movements have one thing in common which is rapid rural development.

Since we have dissimilar patterns of Panchayati Raj Institutions in India, the association flanked by Panchayati Raj Institutions and the co-operatives also have dissimilar patterns. In some states, the presidents of the district co-operative institutions (Banking, Marketing etc.) are associated with the Zilla Parishads with an Ex-officio membership in the council. In some states, they enjoy voting rights while in others they are associated members without the voting rights. Likewise, at the stage of middle tier, (Taluka, Mandal etc.) approximately the same pattern, as it exists at the district stage, is followed. In Maharashtra and Karnataka at the district stage, the subject “co-operatives”
has been placed under Zilla Parishads. This would mean that the parishad is kept informed of the progress of co-operatives in the area and that it can discuss and provide appropriate instructions and guidelines to the co-operatives concerning several characteristics like credit, marketing and other activities in the district. There are therefore many areas of common interest and association, flanked by Panchayati Raj Institutions and co-operatives. A proper coordination and joint approach would help in their smooth functioning and ultimately lead to realization of objectives for which they have been organised.

**ROLE OF VOLUNTARY AGENCIES**

**The Concept**

The term “voluntarism” is derived from the Latin word ‘Voluntas’ which means will. The will assumes several shapes of impulses, passions, appetites or desires. It is the will that may produce some of the social evils, of which the unfortunate sections of the society are the victims. That has to be eradicated.

In the middle of individuals is a perennial source of motivation for voluntary action in every society. Social services are initiated to help eradicate the in excellence and to uplift the under privileged. The term volunteer is normally used to denote some one who offers unpaid service to a good cause. Every voluntary effort is the product of the blood, sweat and of focus in all types of such associations. Philanthropy appears to be an essential motivating factor in the voluntary action. When a sense of social responsibility is being inculcated in the individuals, they take up several steps to improve the condition of the people all approximately. Life and Writings of persons like Marx and Gandhi have always been the motivating factors.

The term voluntary association is variously defined. Michael Banton defined it as a group organised for the pursuit of one interest or of many interests in common. David L. Sills recognized it as a group of persons,
organised on the basis of voluntary membership without state control, for the furtherance of some common interest of its members. Lord Bevridge has defined a voluntary organization as “one which, whether its workers are paid or unpaid, is initiated and governed through its own members without external control”. There are four essential elements in any voluntary association: a) method of formation, which is voluntary on the part of a group of people, b) method of government, with self-governing organization to decide on its constitution, its servicing, its policy and its clients, method of financing, with at least some of its revenues drawn from voluntary sources and motives of profit excluded. Organizations having all the four elements are unusual and perhaps are only the ideal shapes.

It is necessary to point out those voluntary organizations and non-official organizations are not one and the same. There are many differences flanked by the two Voluntary agencies are spontaneous in their origin and sometimes oriented towards a specific situation. This is their strength. They bring in high motivation, better management skills, and greater sensitivity to field troubles. On the other hand, the non-official agencies may be state sponsored and last as long they receive support, finances etc., from the state. This is initiated through the state. So, all non-official organizations need not necessarily be incorporated in the category of voluntary organizations. But in both these organizations, there is a scope for involvement of enlightened individuals who are involved to serve the cause.

Further, voluntary agencies are supposed to be potentially superior to official agencies in the following compliments;

- Their workers can be more sincerely devoted to the task of reducing the suffering of the poor than government staff;
- They can have a better rapport with the rural poor;
- Since they are not bound through rigid bureaucratic rules and procedures, they can operate with greater flexibility;
- Their efforts are more economical; and
They can motivate more public participation in developmental efforts than the government departments.

Evolution

The evolution of voluntary organizations in India could be traced to the last decades of 19th century when a deliberate, systematic and an organised effort was made in the field of rural transformation. Initially, it was the religious missionaries who took the lead to spread their religious preaching’s in the inaccessible parts of the country. Though, a series of experiments in the field of rural development were initiated only throughout the early decades of the present century: the prominent in the middle of them being Sriniketan through the poet Rabindranath Tagore. Rabindranath Tagore had set up Sriniketan, an extension of his university Shantiniketan. Sriniketan was specially meant for the purpose of rural reconstruction, where rural women were trained in the craft of creation quilts. The father of the nation, Mahatma Gandhi, initiated the process of transformation of socio-economic life at Sevagram approximately 1931. Therefore, many voluntary organizations, small and large, have contributed significantly to the principles of rural development through voluntary action prior to independence. The Constitution of voluntary agencies has been well appreciated through policy makers and administrators after Independence. The plan documents made a reference to the positive characteristics of the functioning of these organizations. According to the First Five Year Plan “A major responsibility for organising activities in dissimilar fields of social welfare like the welfare of women and children, social education, community organization working in their own humble method and without adequate aid for the achievement of their objectives with their own leadership, organization and possessions.” Since, then, the successive Five Year Plans have noted the role of the voluntary agencies. In fact, there has been an augment in grant-in-aid from a mere Rs. 4 crores throughout the First Plan to Rs. 150 crores throughout the Seventh Plan. The Seventh Plan envisaged a crucial role for the voluntary
agency, as an alternative monitoring machinery of the bureaucracy in reaching the poor as early as possible. Therefore, the plan documents recognized a much wider role of the Nongovernmental organizations (NGOs), particularly poverty amelioration 20 point programme which is the major thrust of the Government of India.

**Methods of Voluntary Action**

Voluntary organizations in India have adopted diversified methods for development. The method largely depends on the mode of approach and also on the aim of the organization. It comprises community organizations, social action, extension education, and training. In fact, in all these activities, some of the voluntary agencies have adopted appropriate latest techniques of preparing projects of their programmes with definite goals, based on the needs of the target group. Some of them even serve as consultancy bodies.

Community organization is one of the methods of working with the people and is based on the principle of scientific social work. It concentrates on development of certain characteristics, such as development of local leadership from in the middle of the community, development of institutions in the rural areas, capable of handling their affairs, and development of internal possessions. In this method, through social action, people are not merely made aware of the problem but are enabled to organize themselves for communal action to change the situation. A few voluntary agencies have taken up the responsibility of educating the rural poor so that they would refuse to accept a system that perpetuates injustice and would thrash about jointly for the establishment of a just society.

In recent times, a new set of voluntary agencies have come into subsistence the main objective of which has been to organize the peasants and workers. Some of these organizations have taken an aggressive confrontational stand, seeking to bring in relation to the radical changes in social relations of
production. Some of the voluntary organizations have been adopting the technique of concretization, as part of the non-formal education process in working with the rural poor. The concept of concretization is advocated through Paulo Freire. It is a human and non-manipulative process of consciousness-raising education that will enable the poor to become aware of their socio-economic and political environment. This would help the poor to become aware of causes of their exploitation and poverty. It will also give them an opportunity to know their strength and weaknesses of their own inherited culture and traditions and of their own capability and inherent power to change this environment and their position in it.

There are other methods like extension approach in which results of science and technology are disseminated to the rural population for its appropriate application. The method is recognized mostly with agriculture. In recent years, it has been adopted in other areas like health, sanitation, nutrition, rural industries etc. Some voluntary bodies have utilized education as a method of improving the capability of rural people for self-reliance and developing their motivations, opportunities and capacities to learn.

Training, as an essential input in rural development, has been made use of through some voluntary organizations. It is adopted mainly to develop the technical skills, and knowledge of the client groups for self-employment. Some voluntary agencies have technical infrastructure facilities to give necessary scientific training particularly in the field of self-employment schemes. The analysis is not exhaustive since there are a diversity of methods adopted through dissimilar groups depending on their aims and objectives. What we have explained so distant relates to certain socio-economic activities of the voluntary agencies in the context of rural development. In the light of the above description, it is possible to classify the work of the voluntary agencies in the following broad categories:

- “The Techno-Managerial Agencies” the main concern of which is rural development
“Reformist Voluntary Agencies” which try to bring in relation to the changes in the social and economic relationship within the existing political framework

“The Radical Voluntary Agencies” which seek to challenge the existing production relations. Their effort is to organize the exploited against the exploiters.

Role of Voluntary Agencies

There is no doubt that voluntary agencies have been playing a pioneering role in rural development activities. They have also exhibited the qualities of flexibility of service, personal touch and proximity to the clientele. In addition, they have demonstrated the capability to initiate and experiment with new programmes and showed sensitivity to meet hard troubles in methods that cannot be adopted through the state. Though, it is necessary to envisage the following role for these bodies in the context of village base organizations.

- The voluntary agencies have to supplement and not to compete with government efforts. The government should not consider their activities as duplication.
- They act as eyes and ears of the people at the rural stage and act as a source of reliable feedback to government so that it can design the policies and programmes accordingly.
- It is possible for the voluntary agencies to reach a large number of people and set an instance for others.
- Voluntary bodies, quite often, take initiative in the implementation of certain acts such as Minimum Wages Act, Abolition of Bonded Labor Act etc., in letter and in spirit. Through public interest litigation and administrative events, these bodies could activism the system and create it respond.
- Dissemination of information is another potential area in which the voluntary agencies is of immense use. It is quite often seen that information concerning several schemes, programmes projects etc., do
not reach the rural poor. Information is power and the role of the voluntary body is to distribute such power and create it accessible to the rural poor.

- Voluntary sector has been in the forefront in utilizing rural skills and talent. Further, it is possible to minimize the dependency syndrome through several methods and a sense of self-reliance has to be instilled in the middle of the villagers.

**States and Voluntary Agencies**

The relationship flanked by the state and voluntary agencies is an essential aspect which deserves our attention for a detailed analysis. The task of rural upliftment is so gigantic that it has usually been accepted that government alone cannot tackle the problem of poverty, unemployment and provisions of basic minimum needs to people living below poverty line. The strategies adopted through the voluntary agencies necessarily have to be dissimilar from those followed through the government. The goals of both are identical but the approaches are dissimilar. Therefore, we discover a basic variation in the approaches and models. The development of infrastructure is a pre-requisite as per government is concerned. It is secondary to the voluntary agencies. Voluntary agencies consider in the development of human beings, create them aware of their rights and duties, of schemes and programmes, of rules and regulations. In any case, the mode of relationship flanked by the voluntary agencies and government may be categorized under the following heads

- There is considerable scope to associate voluntary agencies with the formulation of development plans and entrusting them with the implementation of some of the developmental programmes;
- Providing administrative support and encouragement to voluntary agencies in the implementation of their programmes;
- Regulation of flow of funds from the international, national and state stage agencies and their proper accountability is another factor of considerable importance.
Identification of Voluntary Agencies

It is very hard to gather data of voluntary agencies. Their number, location, nature of activities and functioning, strategies adopted are hard to locate. In addition, a few other factors such as their limited span, inadequate communications and sometimes unostentatious disposition of some organizations could be cited as impediments in the collection, of data. More than the above mentioned difficulty the apathy of the government, both central and the states, till Sixth Plan period have also come in the method of maintaining enough information bases of the voluntary organizations. Though, throughout the Sixth Five Year Plan period, the government of India made serious attempts for the first time to draw up a set of conditions of reference on how to identify rural voluntary agencies. It is estimated that at present there are more than 10,000 voluntary agencies, occupied in several welfare and developmental work compared to 1,739 in 1953, showing a phenomenal five-fold augment in the number.

In view of their increased participation in the rural development programmes, the Seventh Five Year Plan has recognized the significant role played through the voluntary agencies. Though, the plan document laid down the following criteria for identifying voluntary agencies for enlisting their help.

- The organization should have a legal entity.
- It should be based in a rural area, and should be working there for a minimum period of three years.
- It should have broad based objectives serving the social and economic needs of the community as a whole, and mainly the weaker sections. It necessity not work for profits but on a no-profit-no-less basis;
- Its activities should be open to all citizens of India irrespective of religion caste, creed, gender or race.
- It should have the necessary flexibility, professional competence and organizational skills to implement programmes;
- Its office bearers should not be members of any political party;
- It necessity declare that it will adopt constitutional and non-violent means for rural development process;
- It necessity be committed to secular and democratic concepts and methods of functioning.

The above mentioned criteria has been prescribed since some of the voluntary bodies have not been able to divorce it from party thoughts, profit motive, for office of power and other sectarian thoughts. Where the voluntary agencies have not been able to keep their identity, the spirit of volunteerism suffered.

**Identification of Programmes**

The Seventh Plan document provided a separate section on involvement of voluntary agencies and incorporated it in the chapter on Rural Development. It was done deliberately for the first time because the government wanted to shift the focus of the traditional image of these bodies to the non-traditional, professional managerial and technological image of rural development where voluntary agencies also have a substantial contribution to create. Identification of programmes becomes essential since a substantial amount has been earmarked to be allotted to these bodies. This method, the government recognized the need to mobilize small village groups. The programmes, in which these voluntary village groups were involved in the Seventh Five Year Plan period, were:

- Integrated Rural Development/Rural Landless Employment Guarantee Programmes;
- Implementation of land ceilings and sharing of surplus land;
- Enforcement of minimum wages to agricultural laborers:
- Identification and rehabilitation of bonded laborers;
- Supply of safe drinking water; repair and maintenance of water supply system with community support;
- Afforestation, social forestry, development of bio-gas and alternative energy sources (Solar, Wind, Energy, Smokeless Chulas, etc.);
- Promotion of family planning;
- Primary health care; control of leprosy, T.B., Blindness; and preventive health programme using village possessions;
- Programmes for women and children in rural area;
- Innovative methods and low cost alternatives in elementary primary and middle school education for children, adult education and non formal and informal education;
- Consumer protection, promotion of cooperatives;
- Promotion of handicrafts and village and cottage industries;
- Promotion of science and technology;
- Legal education;
- Environmental ecological improvement; and
- Promotion and encouragement of traditional media for dissemination of information.

The Seventh Plan document also envisaged that there is a need for voluntary agencies to decide on a code of conduct to be applicable to those agencies seeking government funds. The plan document, therefore, for the first time made a serious effort to regulate the role, areas, financial assistance to these agencies.

**Profile of Voluntary Agencies**

As functions of the state augment; voluntary agencies also come up in large numbers according to the exigencies of the situation. The number of people living in poverty has increased and landlessness has become more widespread, while popular participation in the process of development remnants minimal. It is hoped that voluntary agencies would be able to
achieve certain objectives like greater social equity, eradicating several types of exploitation. It is rather hard to prepare an exhaustive profile of voluntary agencies in India. Their number being approximately 10,000 the problem becomes enormous. Yet a brief description of a few would not be out of place through the method of illustration.

Voluntary agencies, with or without government support, such as Bharat Krishak Samaj, Young Farmer’s Association of India, Action for Food Production, Appropriate Technology Development Association, Social Work and Research Centre etc., have been mostly occupied in the area of agriculture and allied fields. The Arya Samaj, Rama Krishna Mission, Sai Service Society, the Servants of India Society have been undertaking many educational and social service activities. Baba Amte, Manibhai Desai, Sunder Lal Bahuguna fall under the category of idealistic organizations whose main objective is to protect the environment from the reckless deforestation and denudation. There are several women’s organizations all in excess of India which are creating awareness in the middle of people concerning several oppressions which are being faced through women. For instance, unequal treatment of women, dowry, dowry deaths. These evils are being paid attention due to the effort of these women’s organizations. They not only make awareness but also effort to get the culprits punished. Many Christian Missions, Andhra Mahila Sabha, concentrate their activities in educational and medical work. Voluntary agencies such as Pandu Mevas Development Agency, Society for Education Welfare and Action Rural, Bharat Sevak Samaj, Association of Voluntary agencies for Rural Development, Gandhi Peace Foundation, and Bhagavatula Charitable Trust mainly concentrate on integrated rural development programmes. There are a few agencies specially focusing on Tribal and Harijan Welfare. They are Harijan Sevak Sangh, the Comprehensive Rural Operations Service Societies (CROSS), Bharatiya Adimajati Seva Sangh, Banavasi Seva Mandal etc.

It is pointed out through several that the real awakening for the present large-level voluntary action has come from the world wide relief efforts which
have been initiated in India in 1965-66. There are, today, several voluntary organizations at the international stage working for the rural cause. The prominent in the middle of them are OXFAM, Christian Aid, Catholic Relief Services, and War on Want, Save the Children Fund, and Bread for the World etc. The foreign donations have come to occupy a significant place in the working of voluntary agencies. It is pointed out that in 1986 in relation to the Rs. 350 crores have been received from foreign donors. The four southern states, Tamil Nadu, Kerala, Andhra Pradesh and Karnataka, receive the largest amount as there are a large number of Christian Missions doing charitable work in these states.

PROBLEMS AND PROSPECTS OF PANCHAYATI RAJ

Troubles Faced through Panchayati Raj

There are a number of troubles faced through the Panchayati Raj Institutions. We will discuss the causes in the following.

Conceptual Confusion

It is said, that basically, there is lack of clarity concerning the concept of Panchayati Raj and in relation to the objectives for which the Institutions have been recognized. In excess of the years, the concept has undergone some changes. Let us analyze the problem in detail. In the first instance, the concept of Panchayati Raj is very narrow as it was not viewed as an institutional framework which could play a significant role in the overall development of rural masses. The present concept does not envisage even a single unit of Panchayati Raj Institutions as an instrument of planning as well as implementation agency of dissimilar rural development programmes. There is also lack of clarity in relation to the Panchayati Raj Institutions as agencies that can manage routine administration, infrastructure and bring in relation to the socio-economic welfare of the rural population. There are a multiplicity of agencies in the rural scene charged with the responsibility of undertaking a plethora of developmental activities.
Secondly, there is no clarity in relation to the relationship flanked by Panchayati Raj Institutions and the administrative organization of the government. It is also clear that the administration has a dual responsibility i.e., towards state departments and towards Panchayati Raj Institutions. This has resulted in a lot of confusion and complications. Thirdly, there are a few who call the Panchayati Raj Institutions the “tools of democratic seed drilling in the Indian soil.” In the process, the Panchayati Raj Institutions are dominated through socially and economically privileged sections in rural India who continue to control the poor people. For instance, people belonging to so-called higher castes, continue to control the people belonging to so-called lower castes. And benefits do not reach the people who are in real need. As a result, the Government has to intervene to give the benefits to the poor through some other means. But several a times, government officials pay attention to augment their own bank balance only. Further, the state control of Panchayati Raj Institutions in the rural development activities is rising continuously. There is therefore widespread confusion in relation to the role of Panchayati Raj Institutions in rural development programmes.

Finally, there is no clear trend emerging in regard to the concept of power. There is a strong feeling that decentralization of power and authority exists at the district stage and down the lines. But at the same time, a number of central schemes and agencies, both in number and size have been emerging, independent of these bodies. It is paradoxical that all these concepts co-exist side through side leading to rising confusion and conflicts in their working. We are not able to create out what type of decentralization we intend to introduce, develop and follow. This has led to a crisis of expectations all beside the line.

**Structures**

While establishing Panchayati Raj bodies, no uniform pattern is adopted for creating units and identifying the units of planning and development. This
may not be a cause for failure but the structures that have been adopted through several state governments are just not capable of performing the role that is expected of them. The sharing of functions and powers in the middle of the Panchayati Raj Institutions, b) flanked by the Panchayati Raj Institutions and State government and c) flanked by the Panchayati Raj Institutions and the Central Government have not been made on the basis of any sound principle. There is a great deal of confusion, overlapping and some times duplication in the function. To some extent, Maharashtra, Karnataka and Gujarat have made some effort to demarcate the functions flanked by Panchayati Raj Institutions and the state government. Rest of the states did not create any serious effort in this direction.

Further, the expertise accessible to the Panchayati Raj Institutions is very limited particularly in the field of planning, implementation or monitoring of several developmental schemes. Therefore the planning process suffered to a large extent. In fact planning at the grass root stage remnants in paper while there is a strong tendency towards centralization in the country. This is not a healthy sign. We can cite a number of programmes and agencies initiated through the state governments and the central government for rapid development. In these programmes, the Panchayati Raj Institutions have very limited role to play.

**Financial Possessions**

The most significant problem faced through the Panchayati Raj Institutions is concerning finances. It is needless to mention that the excellence and diversity of activities which the Panchayati Raj Institutions are expected to perform will depend mostly on the possessions at their command. The resource base would depend on the local economy and partly upon the allocations made through the state and central governments. As things stand today, the local economy is very weak. It means the Panchayati Raj Institutions have a very limited scope to impose taxes in their jurisdiction. In India, there is centralization of revenue possessions which is a bone of
contention flanked by the centre and the states. Likewise, the financial system in the state is also of the same nature. The Panchayati Raj Institutions have to look towards the higher authorities for necessary grant. There is therefore a real danger of imbalance flanked by possessions and responsibilities since in the name of decentralization, more and more functions are transferred to the Panchayati Raj Institutions. The centre or the states are not coming forward with the same vigor to transferring possessions proportionately. Therefore most of these bodies have to function in an atmosphere of lack of possessions.

The states have an agency through which they get their statutory share in tax revenues which they get as a matter of right. The Panchayati Raj Institutions, on the other hand, do not get any share from the state shares. Whatever amounts they receive from the state are largely discretionary in nature. It is in this context that the demand for some statutory arrangements should be viewed to strengthen the resource base of these bodies.

**Socio-Economic and Political Circumstances**

The existing socio-economic structure of the Indian society is a major factor which is responsible for the limited success of Panchayati Raj Institutions. It is proved beyond doubt that the elected members at all the stages of Panchayati Raj Institutions and the Office bearers are normally from the rich and dominant sections of the rural society. They have vested interests in preserving the existing system and would not do anything that would strengthen the position of the downtrodden in their areas. In fact, it is said that the leadership of the Panchayati Raj Institutions acts as a “gate-keeper” to prevent the flow of benefits to the weaker sections of the rural community.

Although, reservation of seats at the dissimilar stages have been made in some states but the reservation concept has not been effectively adopted. For instance, in our earlier lesson on patterns of Panchayati Raj, we have seen that in Karnataka, there is no provision of reservation to the key elective posts such as Chairperson, Vice-Chairperson or Adhyaksha and Upadhyaksha etc. It
means there is no possibility of mass participation of the poor in the developmental process in our hierarchically stratified society where the weaker sections are approximately totally unorganized. The concept of participation of people in the process of democratic decentralization is highly hard under such circumstances. It is necessary to point out that there may be stray instances of poor and downtrodden taking part in the developmental activities. Thanks to reservation of certain elective posts in states like Andhra Pradesh. But they are so very few. And so much has to be achieved in that direction.

**Position of Civil Service**

An efficient, adequate, responsive and committed administration is the essential condition of success of Panchayati Raj. The functions of these bodies are too several and too intricate. There is a need for technical personnel, proper orientation and above all commitment in the civil service. The aspirations of the citizens in the rural areas are getting stirred. There is a demand for improvement in the services. We discover a dissimilar and a hard situation as distant as civil services in India is concerned. The bureaucracy is getting alienated and has begun to through-pass these institutions. Many programmes have been introduced without involving Panchayati Raj Institutions in them. These programmes have become close preserves of bureaucracy, under-mining and frustrating the Panchayati Raj Institutions as units of representative bodies and local self-government.

We have pointed out earlier that the head of the district council is an officer from the All India Service i.e., IAS, who is assisted through other officers belonging to the states cadre. A number of studies have pointed out the strained relationship flanked by the bureaucracy and the elected members of the Panchayati Raj Institutions. It is seen that there is mutual suspicion instead of mutual faith. The bureaucracy feels that the grass root political executives try to strengthen their vested interests through flouting rules and regulations, while the members of the Panchayati Raj Institutions dislike the
superior status of the civil servants. It is also pointed out that the officials are always loyal to their respective state departments and do not cooperate with elected members. There is some truth in both these arguments.

In the first instance, the ambiguity in relation to the place of administration creates the officials and staff feel that they are primarily responsible (for results) to the state government and not to the local elected members. Secondly, the plans and programmes implemented through the administration come from above, state or central or through the civil servants at the district stage. The intervention of Panchayati Raj Institutions is not taken very kindly through the civil servants. This has led to dualism of civil service and lack of clear demarcation of the roles of civil servants has led to confusion and misunderstanding.

In this context it is necessary to point out that in Maharashtra and Karnataka, attempts are being made to demarcate the responsibilities of the administration flanked by the state and the Panchayati Raj Institutions. Though, the hold of the state on the civil service is still intact since all the significant positions are held through bureaucrats, belonging to All India Services of the state service.

**Lack of Political Support from the Top**

The elite and the so-called higher stages usually do not give political support to strengthen the democratic process at the grass root stages. The Members of Parliament, State Legislatures always felt that the Panchayati Raj leadership would emerge as a threat to their position in their respective constituencies. The man on the spot with some power, though limited it might be, is always treated as a rival power centre. So, every effort is made through the state and central leadership to weaken the powers and functions of the grass root functionaries. And they always exhibit a negative attitude. The best instance is the method in which the 64th Constitutional Amendment Bill on Panchayati Raj was introduced and defeated and finally shelved for the causes
extraneous to the development of local self-government institutions in the
country. The 64th Constitutional Amendment Bill on Panchayati Raj is
discussed in Section 22.3 (vi).

Therefore, the potential of Panchayati Raj Institutions as centers of
peoples’ power aroused doubts in the middle of a few and jealousy in the
middle of several. Elected representatives in the Parliament and State
Legislatures saw with dismay their inevitable dependence on the Panchayati
Raj functionaries with whom they are not willing to share power.

*State Control and Supervision*

Since the Panchayati Raj Institutions fall under the state subject and are
created through the state, there exists a superior-inferior relationship flanked
by the state and the Panchayati Raj Institutions. The state governments always
tend to exhibit a high degree of paternalism. There is on the one hand a
commitment for decentralization of power and, on the other, its suspicion and
fear that such power would be misused through the local bodies. As a result, a
number of checks have been envisaged through the states in the statutes
themselves.

The control exercised through the state in excess of Panchayati Raj
Institutions is of a comprehensive character. There is practically no subject
relating to the Panchayati Raj Institutions, in excess of which the state cannot
exercise powers of control. With the result, in many states the rulers at the
state stage discovered a number of troubles, real or imaginary, like structural
weaknesses, organizational shortcomings, functional deficiencies, inept
performances, lack of adequate possessions etc. As an ad hoc measure, the
Panchayati Raj Institutions have been either suspended or superseded and
quite often elections were deferred after the expiry of the term. On a number
of occasions, an inconvenient office bearer is either suspended or dismissed
through the state government under some pretext or the other. Therefore,
many short comings have been highlighted and listed out through the states. It
has become a regular characteristic in all the states and it needs corrective events.

**Absence of Statutory Provision**

The success or failure of an institution depends mostly on the status, on the basis of which an organization is recognized. According to Article 40 of the Constitution, “The state shall take steps to organize village panchayats...” Since it is incorporated in the Directive Principles of State Policy, (Chapter-IV) it is not mandatory. It means that the states may or may not constitute the Panchayati Raj Institutions. Likewise, in a number of states, elections have not been held regularly. The superseded bodies have not been revived and they were kept under the charge of special officers drawn from the civil service. Therefore, the Panchayati Raj Institutions have been undermined with many constraints, particularly, the constitutional constraint which is a very serious matter.

**Prospects of Panchayati Raj Institutions**

It would, in fact, be wrong to conclude from the above discussion that the Panchayati Raj Institutions have failed totally and that they have no future. Such a pessimistic view is not shared through several. As stated repeatedly, there is no substitute for democratic decentralization in a developing country such as India. Panchayati Raj has come to stay as a part of democratization of Indian polity in the wake of independence. The fact of the matter is that the Panchayati Raj Institutions have not been given a chance to serve as a vanguard of development in the rural areas of India. With necessary correctives, the basic objectives could be achieved without much of a difficulty. Let us try to list out some of the preconditions which appear to be necessary for the success of Panchayati Raj Institutions.
Conceptual Clarity

The first and foremost significant aspect that needs immediate attention is that of evolving a comprehensive concept of Panchayati Raj. Its goal, role etc., have to be clearly defined and there should not be any ambiguity, so that the people would have a clear perception of Panchayati Raj Institutions. The following significant roles may be taken a serious note of, for this purpose. Firstly, the Panchayati Raj Institutions should be treated as the basic units of self-government. It implies that there is a need for decentralization of administrative and political power. This would encourage self-governance and mass participation in its working. Secondly, the Panchayati Raj Institutions have to contribute towards strengthening of the planning process at the micro-stage as well as overall development. Finally, the Panchayati Raj Institutions have to improve the condition so that the down trodden can reach the highest stage of decision-creation bodies.

Protection of the Poor

In addition to conceptual clarity, it is necessary to strengthen the condition of the poor to protect them from the rural rich and their dominance. It is clear that the existing power structure in the rural areas is mostly in favour of rich who would exploit the poor. After all, the efforts made through all in the rural areas were directed mainly to improve the circumstances of the weaker sections. If the benefits of the Panchayati Raj Institutions have to reach the poor, and if the poor are to be associated with the Panchayati Raj Institutions, it is necessary to strengthen their position through adopting certain events. It is necessary to identify the areas of dependence of the poor and discover events to stop exploitation. Streamlining the public sharing system, social security events, employment guarantee schemes, organization of the rural poor are some of the events which could be mentioned in this context. In addition, redistribution of assets in favour of the poor through implementing land reform laws and creation of assets to the poor could be another set of events which would go a long way in preventing dependency of the poor on the rural rich.
**Awareness in the middle of Panchayati Raj Functionaries**

It is usually realized that the Panchayati Raj functionaries do not have enough knowledge in relation to the new role. They are ignorant of many characteristics of Panchayati Raj system. It is, so, necessary to give an opportunity to them to know in relation to the Panchayati Raj Acts, the objectives and role of Panchayati Raj Institutions, the rural situation, possible areas of growth and minimum skills of planning for overall development of their respective areas. It is necessary to train them so that they could perform their functions effectively. This would also help them to minimize the citizen’s apathy towards the Panchayati Raj activities.

**Financial Support**

There is a need for sound financial base for the Panchayati Raj Institutions. The establishment of a Panchayati Raj Finance Corporation could be the first step. This would enable the Panchayati Raj Institutions to establish remunerative enterprises. Enlarged tax jurisdiction, sharing of revenue from selected state taxes and grants are the other possible alternatives to achieve the long-term objective. Though, there is a rising demand for an institutional arrangement through which the sharing of the finances in the middle of the Panchayati Raj Institutions have to be made without further delay. A rational redistribution is necessary. It is in this context that we have to draw lessons from Karnataka model. As per the 1985 Act, the State Governments in Karnataka has to organize a State Finance Commission to workout the sharing of finances flanked by the state and the Panchayati Raj Institutions. This step would go a long method in solving the financial troubles of the Panchayati Raj Institutions.

It does not, though, mean that the Panchayati Raj Institutions need not bother in relation to the own resource base. The thesis that "no taxation, only representation" is not a wise policy. The Panchayati Raj Institutions have to
create serious attempts to tap the local possessions.

**Integrated Administrative Structures**

There is a need for remodeling the administrative organization of Panchayati Raj Institutions. It is necessary that all the officials whose functions have been shifted to Panchayati Raj Institutions have to be placed under the respective institutions. It calls for a separate service called Panchayati Raj service. It is also necessary to see to it that the bureaucracy is committed to Panchayati Raj. In fact the Panchayati Raj Institutions should be provided with necessary administrative help which has a primary loyalty towards them. The dual responsibility of the present day system should end. The concept of specialization should be introduced so that the technical needs of the Panchayati Raj Institutions could be met without any problem.

It will not be out of place to mention that appropriate events should be taken to protect the civil servants from undesirable political pulls and pressures. The power to transfer, promote, etc., are the vulnerable areas in the rural scene. So, adequate safeguards have to be provided in this direction. An integrated administrative structure, therefore, becomes very essential. The Karnataka, Maharashtra and to some extent Gujarat have made provision for such an arrangement. Approximately all the committees which studied the problem have unanimously recommended that an administrative structure for planning and development and the same should be integrated with the Institutions of local self-government.

**Provision for Constitutional Status**

Finally, let us look at the attempts made in recent times to give Constitutional status to the Panchayati Raj Institutions. It is observed that the states are not very keen to organize Panchayati Raj Institutions as they are not prepared to share power with so-called lower local bodies. In fact, some critics pointed out that some state governments have grabbed the power back from
the Panchayati Raj Institutions slowly. Many committees and commissions, appointed through the state governments from time to time highlighted the deficiencies in the functioning of Panchayati Raj Institutions. It is also felt that the Panchayati Raj Institutions in the coming years should be well-equipped to manage democratic development under the changing circumstances in all spheres of rural life. Realizing the need to restructure and revitalize these bodies, the Government of India came forward with a proposal to amend the Constitution.

- All states will have three-tier Panchayati Raj system;
- Elections will be held regularly, every five years, under the control and supervision of the Chief Election Commissioner. Elections to the dissolved or superseded bodies will have to be held within six months.
- All the seats will be filled through direct election and office bearers will be members directly elected.
- Reservation of seats to the extent of 30 per cent to women and seats for scheduled castes and scheduled tribes in proportion to their population will be made.
- The State governments will give adequate finances. State Finance Commissions will review the finances of the Panchayati Raj bodies every five years.
- Panchayati Raj bodies will prepare plans for economic development, social justice and social welfare of their population as per the guidelines. These plans will be incorporated later on in the state plans.
- Strict accounting procedures would be laid down to control corruption and misuse of funds through the Panchayati Raj Institutions. Comptroller and Auditor General will supervise the accounts.

The Bill generated a lot of heat and light. There were arguments in its favour and counter arguments against it. Though, after getting the approval in the Lok Sabha, the bill failed to become an act as it failed to get the required support in the Rajya Sabha. Nevertheless, the amendment is a welcome measure since there are many provisions which are desirable and contain
positive points. Though, critics have recognized a few hidden provisions which would ultimately result in more centralization rather than promote decentralization. Let us look at them briefly.

It seems the proposed amendment would augment the powers of the centre at the cost of state governments. First of all, the amendment proposed to take absent the Panchayati Raj out of the state list and put it in the concurrent list so as to allow the centre to pass legislation in this area. Secondly, holding election under the supervision and guidance of the Chief Election Commissioner would provide more powers to the Central Government. Giving funds for centrally sponsored schemes directly to the Panchayati Raj Institutions is another aspect which would not only ignore the states but also give a link flanked by the centre and the Panchayati Raj Institutions. Finally, the governor will be the authority to exercise the power to dissolve, supersede or suspend Panchayati Raj Institutions. This will also augment central control in excess of local bodies.

It is seen that the Amendment goes much more beyond the required stage of central intervention. The amendment touches upon a few characteristics of the preconditions necessary for the success of Panchayati Raj Institutions. Though, in the bargain the centre tried to reduce the power of the states and enhance the powers of the centre. It is not a healthy sign. It not only strengthens the present trend of in excess of-centralization of power but also endangers the federal character of the nation. Finally, there is no guarantee that centralization leads towards more decentralization at the grassroots stage.

Nevertheless the need for appropriate steps to strengthen the Panchayati Raj Institutions has been well appreciated through one and all. It needs to be seen as to how the centre and states would take up the matter in future and revitalize the Panchayati Raj Institutions as real centers of decentralized democratic institutions.

EMERGING PATTERNS OF PANCHAYATI RAJ
**Structure of Panchayati Raj**

The Balvantray Mehta Study Team proposed a three tier (Zilla Parishad, Panchayati Samiti and Village Panchayati Raj. It is true that there is Panchayati Raj of some type or the other in all the States and Union Territories, but there is variation in respect of the number of units. There is variation of opinion concerning the unit of planning and development. Election procedure, financial possessions, personnel policies etc., are a few other characteristics on which there is no unanimity. Though, we have tried to identify a few patterns which are separate in their character for analysis. We will study Panchayati Raj as it has evolved in Andhra Pradesh, Maharashtra and Karnataka. It is also necessary to point out that in this short essay, it is not possible to analyze the patterns of Panchayati Raj Institutions in all the States and Union Territories.

**Andhra Pradesh Pattern**

Andhra Pradesh and Rajasthan adopted Panchayati Raj soon after the submission Mehta Report in 1959. In fact, they take pride in the fact that they acted fast in accepting the recommendations of the Mehta Study Team. The legislation, in both the States, was mainly based on the model suggested through the Mehta Team. From 1959 to 1983, the three tier structure was in vogue in Andhra Pradesh. In 1983, a four-tier structure was set up. Therefore, there are two stages in the Andhra Pradesh pattern of Panchayati Raj. We would discuss each stage in the following.

**First Stage from 1959 to 1983**

Under this scheme, the Gram Panchayat was the lowest unit. It was constituted either for a single village or a group of villages. There was also provision for a Gram Sabha, the members of which were all the voters of the Gram Panchayat. The Panchayat Samiti, which is the middle tier, was the most significant unit from the point of view of planning and development.
Originally, there were 448 blocks in the State which were later reorganized into 321. The Panchayat Samiti was composed of Ex-officio and co-opted members.

The Zilla Parishad for each district was the apex body of the Panchayati Raj in Andhra Pradesh. It also consisted of Ex-officio and Co-opted members. The Panchayat Samiti and the Zilla Parishad had seven standing committees, each of which transacted significant business. Till 1983, no major structural change was contemplated in the three tier structure. It is, though, necessary to point out that now and then, a few modifications which were mostly peripheral in nature were introduced in the system consequent to the recommendations of many committees constituted through the State Government.

The functions of these bodies have been enumerated in the Act. They may be broadly divided into two categories; i) Civic and Welfare functions; ii) The developmental functions. It mainly the Gram Panchayats and Panchat Samities which had been entrusted with civic and welfare functions. The functions of Zilla Parishads in this area were restricted to the establishment, maintenance and expansion of secondary, vocational and industrial schools. In fact, the Zilla Parishads served more as a coordinating agency and as the agency for sharing of funds in the middle of the Samitis in the district.

The Panchayat Samiti was the principal agency for performing all developmental functions. They contain agriculture, cooperatives, animal husbandry, community development, cottage industries etc. The Zilla Parishads had no executive functions as distant as developmental work is concerned. Though, at times they had also undertaken activities under certain circumstances. Otherwise the Zilla Parishads were mostly coordinating and supervisory agencies. The three tier structure sustained to be in operation till 1983. The emergence of a new regional political party namely the Telugu Desam Party at the state stage has brought in certain changes in the Panchayati Raj set up in Andhra Pradesh.
It would be useful to recall the prevailing situation in the late seventies. It has been observed that throughout this period, the Panchayati Raj Institutions were in a bad form. We were witness to a total decadence in the working of these Institutions all in excess of the country. The situation was viewed with serious concern through the Janata government at the centre. Consequently, it had appointed a Committee headed through Ashok Mehta, to review the working of Panchayati Raj Institutions and to suggest appropriate remedial events. Though the committee submitted its report in 1978, it did not evoke any interest in the state governments. In addition, the collapse of the Janata government put the Ashok Mehta report in cold storage.

Second Stage: 1983 onwards

The emergence of non-Congress-I government in Andhra Pradesh in 1983 revived the interest in the Ashok Mehta Committee Report. On the basis of the report, a number of changes were introduced in the Panchayati Raj structures in Andhra Pradesh.

The present set up is based on the Andhra Pradesh Mandala Praja Parishad, Zilla Praja Parishad and Zilla Pranalika Abhivrudhi Mandals Act 1986. The Act provided for a four tier structure: Gram Panchayat for a village, Mandala Praja Parishad for a group of villages, Zilla Praja Parishad for every district and Zilla Abhivrudhi Sameeksha Mandali for every district. Let us look at each one of these bodies in detail.

Gram Panchayat

Gram Panchayat is the lowest unit of the four-tier system. There are in relation to the 19,500 village panchayats in the State. Gram Panchayats are constituted either for the whole village or for groups of them. Members of Gram Panchayat are elected through the villagers on the basis of wards. The Sarpanch is directly elected through all the voters of the village. There is a provision for reservations to the extent of 15 per cent for SCs, 6 per cent for
STs, 20 per cent for BCs and 9 per cent for women, in all the elective posts at the Village Panchayat stage.

*Mandala Prsya Parishads*

The most important reform made in the structure is the abolition of former 330 Panchayat Samitis and creation of 1,104 Mandala Praja Parishads in their place. The size of the middle unit is reduced through one-third with a population of 35 to 50 thousand with a view to taking administration to the ‘doorstep' of the rural population. The new Mandala Praja Parishads are coterminous geographically with the Revenue Mandals. This was intended mainly to merge both the Revenue Mandals and the Mandala Praja Parishads, in excess of a period of time facilitating an integrated unit to emerge at the grassroots stage. The revenue bureaucracy had though opposed this proposal. For the time being, the whole issue of merger is kept pending.

Andhra Pradesh adopted the system of direct election to the position of President of Mandala Praja Parishad. Sarpanchs of village panchayats are the ex-officio members of the Mandala Praja Parishad. Members of Legislature and Parliament are also ex-officio members. In the new system, the registered political parties are permitted to field their candidates for elections. Beside with this provision, a ban is imposed on the Mandala Praja Parishad presidents from defecting from the parties on whose tickets they were elected. The spirit of Anti-defection law is very much felt at the grassroots stage. No substantial changes and improvements are made in the powers and functions of Mandala Praja Parishads. Approximately all the functions of erstwhile Samiti are handed in excess of to the new bodies.

*Zilla Praja Parishads (Z.P.Ps)*

A few changes have been introduced in the composition of the Z.P.Ps literally meaning district people's councils. The Zilla Praja Parishad is headed through a chairman, directly elected for a term of five years through the whole
district electorate. The urban voters are excluded'. It may be recalled that under the old Act, the chairman was elected indirectly through the general body of the Zilla Parishad. In the present situation, the Zilla Praja Parishad chairman is elected through the largest electorate in the country; roughly having an electorate twice that of a Lok Sabha Member or ten to fourteen times that of an M.L.A. The government has accorded the status of the Minister of State to the Zilla Praja Parishad chairman. Provision for reservations is also made: one for STs, three for SCs, four for BCs and two for women out of a total 22 Zilla Praja Parishads. The general body consists of the chairman, all the Presidents of the Mandala Praja Parishads, legislators as Ex-officio members and a co-opted member belonging to the linguistic minorities. The district collector is also a member of the Zilla Praja Parishad. The anti-defection law is made applicable to this organization also. There are six standing committees, all headed through the Chairman, through which the business is accepted on. The district collector's power has been diluted through divesting him of the ex-officio status as in the old act. No radical changes have been introduced in respect of functions and sources of finance.

Zilla Abhivrudhi Sameeksha Mandal

Another important characteristic introduced in the new set up is the creation of a fourth tier, a nominated body in excess of and above the Zilla Praja Parishad. Each of the districts in the state, excluding the state capital, is provided with a Zilla Abhivrudhi Sameeksha Mandal (District Development Review Board). It is headed through a Minister nominated through the Chief Minister. The Chairman of the Zilla Praja Parishad, all the legislators of the district, the district collector and five expert members nominated through the government constitute the body of Zilla Abhivrudhi Sameeksha Mandal.

This fourth unit has become a subject of criticism. The purpose of these bodies is stated to be review of developmental works within the district. Though, the real purpose, the critics point out, is to subordinate the Panchayati Raj Institutions to the state and through it to the party in power. Finally, it is
said that the present experiment does not create any important change in the position of the Panchayati Raj Institutions. Though, there are two characteristics which deserve appreciation. First, creation of smaller units of administration has led to better access to the rural people. Secondly, the provision of reservations at all stages facilitated the sharing of power and status through a larger number of people from the deprived sections of population.

**Maharashtra Pattern**

After having explained the emerging pattern of Panchayati Raj in Andhra Pradesh, it is necessary to look at one of the unique systems of Panchayati Raj Institutions in India i.e., Maharashtra pattern. It is unique because the State government did not accept the recommendations of Mehta Team in toto. And so it set up a committee in 1960 to go into the question of introducing democratic decentralization in the light of its own experience in the field of local government under the Chairmanship of V.P. Naik. Consequent to the Naik Committee Report, the state government passed an Act in 1961 which came into force in 1967. We discover quite a few differences flanked by the Mehta Report and the Naik Report which deserve mention in our lesson.

The thought of introduction of grass root democracy as envisaged through Naik Committee is dissimilar from that of the Mehta Team. The Mehta Report laid emphasis on developmental mechanism, whereas the Naik Committee integrated the developmental functions and made it clear that the Panchayati Raj Institutions, proposed in Maharashtra state, would be in the form of local governments and not a mere extension agency of the Central Government or State Government. After a careful examination of the causes for the failure of the existing system, the Naik Committee suggested that all developmental schemes should be divided into three categories namely a) the state sector schemes, b) the local sector schemes and c) community development programmes. The local sector schemes and the community development
programmes should be entrusted to the Panchayati Raj bodies for planning and execution.

For proper implementation of all the schemes of local sector, the district should be the ideal unit since it has necessary administrative organization already existing. Therefore, the Naik Committee suggested district as a unit of planning and development and the Panchayat Samiti could be a statutory committee of the Zilla Parishad. Before we proceed to the description of the units, it is necessary to mention that the Naik Committee was not in favour of associating the district collector and the Members of Legislative Assembly and Parliament with the Panchayati Raj Institutions. The Committee felt that through keeping the collector outside the body, the Government would have in him/her an independent officer who could evaluate impartially the functioning of the local body and report the same to the government. The Members of Legislature and Parliament would be too busy with their respective roles and may not discover enough time to devote to the local bodies. Hence, the committee did not discover their membership useful in the local bodies.

The Committee suggested that all the local sector officers should be placed under the unified administrative control of the Chief Executive (of the rank of district collector) of the Zilla Parishad, working under the supervision and the control of the Zilla Parishad. Likewise the block stage staff should be kept at the disposal of the Panchayat Samiti. At present, the Panchayati Raj system in Maharashtra is organised on the basis of Maharashtra, Zilla Parishads and Panchayat Samitis Act 1961. Let us analyze the main characteristics of the system.

The Zilla Parishads (Z.Ps)

The Zilla Parishads have been constituted for every district. The Bombay city and suburban district does not have a Zilla Parishad. Zilla Parishad is the main unit of decentralization. It has a minimum of forty and a maximum of sixty councilors directly elected from a constituency of roughly 35,000 adults.
There is also a provision for co-opting representatives of cooperative societies. Reservation for Scheduled Castes and Scheduled Tribes is also provided. In addition, two women would be co-opted if the directly elected members do not contain women. The chairmen of the Panchayat Samitis in the district are ex-officio members of the district council ensuring linkage flanked by the samiti and district body. The direct election of the Zilla Parishad Councilors ensures responsibility to the rural population. Besides it was intended to lend a political status to these bodies.

The Zilla Parishad from amongst its councilors elects a President, a Vice-President and two Chairmen of subject committees. The Zilla Parishad for its day to day working is divided into eight committees. The President of the Zilla Parishad, separately from functioning -as head of the Panchayati Raj bodies, also presides in excess of the meetings of the Standing Committee. The remaining subject committees are presided in excess of through the Vice-President and Chairmen of the Subject Committees. President of the Zilla Parishad, Vice-President and two chairmen of subject committees receive honoraria and housing facilities. In addition they are also provided with a vehicle. Therefore a type of portfolio system has been introduced.

The 1961 Act lays down a diversity of functions for the Zilla Parishad. These contain agriculture, animal husbandry, forests, cooperation, education, health, irrigation, cottage industries etc. Planning and execution of development works, therefore, is the basic function of the Zilla Parishad. The sources of funds mainly consist of several grants that are paid through the government. The whole of the land revenue and a cess on it is given in excess of to the Panchayati Raj Institutions. The Zilla Parishads have also inherited most of the revenue sources from the local bodies which contain professional tax, building tax, registration fee etc.

As distant as the administrative services are conceded, the Zilla Parishad is headed through an officer of district collector’s rank called Chief Executive Officer. He is assisted through a Deputy Chief Executive Officer who is also
the Secretary of the Zilla Parishad. Besides them, the government has transferred its several other departments in the district including the staff to the Zilla Parishad. Therefore, the whole contingent of administrative organizations arc placed under the Zilla Parishad.

**The Panchayat Samiti**

The Panchayat Samiti in Maharashtra is a statutory committee of the Zilla Parishad. The membership of the Samiti consists of Zilla Parishad Councilors elect'd from the block, co-opted councilors and two members who are the Panchas/Sarpanchs elect'd through Panchayat members from each electoral division in the block. Therefore, there is a downward ex-officio membership for the elected representatives of the Parishad from the constituencies in the block. The system also ensures a working link flanked by the Panchayat Samiti and the Village Panchayats in its area. There is a provision for co-option of Scheduled Castes, Scheduled Tribes and women on the lines similar to that of the Zilla Parishad.

The Chairman and Deputy Chairman of Panchayat Samiti are elected from amongst its members. They are full time functionaries. They are paid honoraria and accommodation facilities. The law does not allow them to be a member of any subject committee of the Zilla Parishad. In Maharashtra, the Panchayat Samiti is not a corporate body. In fact it is a statutory committee of the parishad and so, works as a whole. The Block Development Officer is the ex-officio secretary of the Panchayat Samiti.

The 1961 Act has allotted a list of functions to the Panchayat Samiti. These functions overlap the list of functions of Zilla Parishads. Though, in practice, dissimilar development schemes are executed through the Panchayat Samiti.
**Village Panchayats**

The basic unit of Panchayati Raj in Maharashtra is the village panchayat constituted independently of the Zilla Parishads. Panchas are elected ward-wise. A few seats are reserved for Scheduled Castes, Scheduled Tribes and women. There is provision for co-option. The Sarpanch is elected through the panchas. For every village there is a Gram Sabha which has to meet twice in a year to review and approve the annual budget and plan of the village.

The functions of the Village Panchayat are mostly civic and developmental in nature. The subjects contain agriculture, social education, health, cooperation, social welfare etc. The whole land revenue is given to the village panchayat. Grants for development are received from the Zilla Parishads. The essence of Panchayati Raj System in Maharashtra is that its Institutions have become institutions of power mechanism. It means that the Panchayati Raj Institutions are not only units of planning and development but also enjoy power to decide which development scheme has to be taken up, where it should be taken up etc. There is a clear identification of functions, finances and devolution of authority to these units. It is also stated that a large measure of success of the Zilla Parishad in Maharashtra is attributed mainly to the integration of administrative services.

**Karnataka Pattern**

Panchayati Raj was introduced in Karnataka in 1959 with the passage of Mysore Village Panchayats and Local Boards Act 1959. Prior to this Act there was no uniform pattern of rural government in the state. The five dissimilar areas which constituted Mysore State, redesigned as Karnataka state, were governed through dissimilar Acts. In 1959 these Acts were superseded through the Act of 1959. Based on dissimilar experiences of the state the 1959 Act which was strikingly dissimilar from other states was adopted. The recommendations of Mehta Team in addition to dissimilar recommendations of several committees were, therefore synthesised in the Legislation of 1959.
It is appropriate now to talk in relation to the salient characteristics of the system which was introduced in 1959 and to explain the new trends emerging in the recent times. There are two stages in the emerging patterns of Panchayati Raj in Karnataka. The first one is from 1959 to 1985 and the second stage began in 1985.

**First Stage: 1959 to 1985**

The Act provided a three-tier structure with the Village Panchayats/Town Panchayats at the base, the Taluka Development Boards in the middle and the District Development Council for each district at the top.

**Village Panchayats/Town Panchayats**

The Village Panchayats/Town Panchayats elected their members directly. Seats were reserved for Scheduled Castes, Scheduled Tribes and women. The Chairman and Vice-Chairman of the Village Panchayat/Town Panchayat were elected from amongst its members. The Panchayats were entrusted mainly with civic functions such as sanitation, control of epidemics, street lighting etc. They were supposed to perform that are called agency functions assigned through the Taluka Board and the State Government. Their major sources of income were from Grants given through the State Government and proceeds of the taxes which were very marginal. There was no organic linkage flanked by Village Panchayat/Town Panchayat with the higher body, Taluka Development Board. As in several other states, there was a provision for a Gram Sabha.

**Taluka Development Board**

The middle stage unit was recognized as Taluka Development Board constituted for each Taluka in the state. The members of the Board were directly elected through the voters. Reservation of seats for the Scheduled
Castes, Scheduled Tribes and women was provided. The members of Legislature, and the Council were ex-officio members of the Taluka Development Board. The Chairman and Vice-Chairman were elected from amongst the members of the Taluka Development Board. The formation of the Taluka Development Board is contrary to the suggestion made through Mehta Team. The Taluka replaced the block at the middle tier.

The Taluka Boards were entrusted with certain obligatory functions such as looking after public roads, public wells, primary school buildings, public health etc. They had a highly restricted and narrow tax base. They had to depend heavily on financial assistance through the state government. This had placed them totally at the Mercy of the higher authorities.

*District Development Council*

There were district development councils for each district. The District Development Council consisted of the Presidents of all the Taluka Development Boards, Members of Parliament, Assembly and the Legislative Council from the district. In addition, not more than 15 officials of the government in the district were nominated through the government. The Government also nominated members from the weaker sections of the society. The Deputy Commissioner of the district was the ex-officio chairperson of the council. It was purely a coordinating and supervisory body, conforming to the recommendations of the Mehta Study Team.

The decline of Panchayati Raj system in all the states, including Karnataka, was a subject matter of discussion throughout the Janata rule at the centre. The Ashok Mehta Committee’s recommendations revived some interest in the system. One of the election plans of the Janata Party in Karnataka was to reinvigorate and revitalize Panchayati Raj to enable it to play a more effective role in the process of rural development. In order to fulfill the election promise, the Janata government introduced a Bill to this effect and after going through dissimilar stages, the Act came into subsistence
Second Stage: 1985 onwards

The Act of 1985 contains a number of innovations and creates a radical departure from the earlier system. The new system has rejected the existing structure. Rama Krishna Hegde, the then Chief Minister of the State called it the “second transfer of power”, the first being 1947 from the British to the people of the state.

The Karnataka Panchayati Raj system is based on the Zilla Parishads, Taluk Panchayat Samitis, Mandal Panchayats and Nyaya Panchayats Act 1985. A brief description of the new Panchayati Raj structure would be highly useful. The structure which comprises four layers — Zilla Parishad, Taluk Panchayat Samiti, Mandal Panchayat, and Gram Sabha — replaces the pre-existing three tier system consisting of District Development Council, Taluk Development Board and Village Panchayat. Let us analyze each one of them.

The Zilla Parishad

A Zilla Parishad is constituted for each district. It is a corporate body, composed of elected members. It has a small segment of nominated members of the local MLAs, MLCs and MPs with voting rights. There is one Associate member without voting right i.e., the Chairperson of District Central Cooperative Bank. Persons above 18 years of age are eligible for voting, but no person below 25 years of age can contest the elections. Reservation to the extent of 25 per cent is made for women. Likewise not less than 18 per cent members is reserved for Scheduled Castes/Scheduled Tribes.

The Adhyaksha and the Upadhyaksha, elected from amongst the members, will receive a monthly salary of a Minister of State and that of Deputy Minister respectively. This and other related provisions would certainly enhance the prestige, status and independence of these offices. There is no
reservation to elective key positions of offices for Scheduled Caste, Scheduled Tribe and women. There are 9 standing committees to monitor and implement the activities of the Zilla Parishad. Members of these committees are elected through the members of the Zilla Parishad from amongst themselves in accordance with the system of single transferable vote.

The Zilla Parishad will have an administrative organization consisting of many officers mostly on deputation, who work under the control of a Chief Executive Officer of the rank of a Deputy Commissioner called the Chief Secretary. A number of functions are allotted to the Zilla Parishad. They contain all developmental programmes such as agriculture, animal husbandry, horticulture, industries, welfare of SCs, STs, BCs, supervision, coordination and integration of developmental schemes etc. The most significant function of the Zilla Parishad is formulation and execution of district plans. As Nazir Sab, the architect of new Karnataka scheme of democratic decentralization says, “We will have two planning processes hereafter, one at the district and the other at state stage.” He further states that the Legislative Assembly will pass two appropriation Bills: one for the state sector and the other for the Zilla Parishad. The most radical structural change was that of dissolution of the existing District Rural Development Society and transfer of its assets, liabilities and functions to the Zilla Parshads.

A number of sources of income such as allocation from consolidated fund of the state, grants, loans, contributions etc. have been provided. Each Zilla Parishad is likely to get more than 40 crores annually. There is a provision for a Finance Commission to be set up through the State to determine allocation of possessions. This would certainly improve the resource base of the Zilla Parshads.

_Taluka Panchayat Samiti_

The most motivating structural innovation of the Karnataka model is Taluka Panchayat Samiti at Taluka stage. It consists of Members of State
Legislature on behalf of a part or whole of the taluk, members of the Zilla Parishad on behalf of a part or a whole of taluka, the Pradhans of Mandala Parishads in the Taluka, President of the co-operative Institutions, five members belonging to SCs, STs, BCs and women co-opted through the Taluka Panchayat Samiti and approved through the Zilla Parishad. The Member of the Legislative Assembly on behalf of the major part of the taluka shall be the Chairperson. If the MLA is not accessible or if the member becomes a Minister, the Taluka Panchayat Samiti shall elect a Chairperson from amongst its members.

The Taluka Panchayat Samiti is not a corporate body. The powers and functions have not been assigned to it the method it has been done in the case of Zilla Parishad. Though, the Block Development Officer has been designated as secretary of the Taluka Panchayat Samiti. The Samiti has powers to supervise, review and coordinate the acts of officers and servants of Zilla Parishad working in the Taluka. The Samiti also has the power to review the work of Mandal Panchayat and coordinate the work when it relates to more than one Mandal.

The Mandal Panchayat

The concept of Mandal Panchayat has been taken from Ashok Mehta Committee Report. It is a corporate body constituted for a revenue village or a group of villages having a population of not less than 8,000 and not more than 12,000. Reservation of seats is made for women, SCs and STs. All the members are elected on a ward basis. There is no provision for co-option or nomination. Though, where no person belonging to backward classes is elected to a Mandal Panchayat, the Zilla Parishad shall nominate two persons belonging to backward classes. The Mandal Panchayat shall elect two members to be Pradhan and Upapradhan. They are paid honoraria. It has an impressive list of functions which could be broadly divided into three groups; obligatory, discretionary and transferred. The Mandal Panchayat has to formulate the agricultural production plan and undertake promotion of
educational, economic, social, cultural and other developmental characteristics of SCs, STs and backward classes.

The Mandal Panchayat has a full time secretary appointed through the Zilla Parishad. Its activities are financed through the Government or the Zilla Parishad. Mandal Panchayat fund is constituted. Proceeds from tax on buildings, entertainment, market etc., are some of the other sources of revenue of the Mandal Panchayat. On an average, it appears, each Mandal Panchayat receives not more than rupees 5 to 6 lakhs in a year.

*Gram Sabha*

In the new Act the Gram Sabha occupies a statutory base. Every meeting of the Gram Sabha will be presided in excess of through the Pradhan of the concerned Mandal Panchayat. It meets twice a year to review developmental programmes of the villages. The Act also gives the Institution of Nyaya Panchayats at the Mandal stage. Though, the government did not introduce the same for a period of five years so that the government could work out the details of the scheme.

In conclusion, it is observed that the new Panchayati Raj system in Karnataka has been a unique model. Elected bodies have been given primacy, political parties are allowed to contest the elections, anti-defection law has been enforced, and financial support base is strengthened. It is said that the quantum of possessions transferred to the Panchayati Raj Institutions has gone up from Rs. 3 crores to 800 crores. Finally, the experiment in institution building has taken a concrete form and the display of political will has been witnessed in Karnataka.

**CONCEPT OF DEMOCRATIC DECENTRALIZATION**

Concept of Decentralization

The term of decentralization is being used interchangeably with conditions
like deconcentration, devolution and delegation.

**Deconcentration**

Deconcentration implies the transfer of authority in geographical term; from headquarter administration to field administration. For instance, the district collector in Andhra Pradesh has been made head of every development department at the district stage. Deconcentration involves the redistribution of administrative responsibilities. And in deconcentration, accountability is upward. That is, the district collector is accountable to the headquarter administration.

**Delegation**

Another form of decentralization is the delegation of decision-creation and management authority for specific functions to organizations that are not under the direct control of Central Government ministries. Often the organizations, to which development functions are delegated, have semi-independent authority to perform their responsibilities and may not even, be located within the regular government structure. Public corporation and regional development authorities have been used extensively in developing countries to execute development schemes.

**Devolution**

Devolution has political and legal connotation. It implies transfer of authority from Central/State government to local governments (for instance the Panchayati Raj institutions). In devolution, the accountability is upward and downward—upward to the Central/State governments and downward to the local people who elect them. If deconcentration and delegation have administrative connotations, devolution has political and legal, then decentralization covers all characteristics—political, legal/administrative. It is the decentralized mode of policy and programme implementation which can
involve people in the development process. It is this process whereby centralization is reversed, so that power of decision-creation is shifted from central, political and administrative bodies to a multitude of quasi-autonomous bodies, concerned with the formulation and application of policy in scrupulous regions and in answer to local necessities.

**Need for Decentralization**

It has been proved in the past that the centrally controlled national planning has severe limitations. The central planning systems have been unable to give for equitable sharing of the benefits of economic growth in the middle of regions and groups within developing countries. It was realized that development, being an intricate and uncertain process, cannot be planned and controlled from the centre. The decision-makers at the centre would not be able to understand the needs of heterogeneous regions and groups.

When functions and authority are being transferred to the local stages, or to the persons concerned with the troubles and needs, they take more interest in the work. It is the sense of participation in development planning and management that encourages them. The central government official’s knowledge of local troubles and needs also can be increased. They become more sensitive to several troubles at the local stage when they are being reassigned to local stages. When there is closer contact flanked by government officials and the local population, better information can be obtained. And with better information, more realistic and effective plans for projects and programmes can be formulated.

In central planning and management, there is in excess of-concentration of power, authority and possessions at the Centre. Therefore, red-tape and highly structured procedures are its inevitable features. The developing countries have to achieve developmental goals within a target period. It is decentralization which can cut through red-tape and highly structured
procedures. Decentralization can lead to the development of greater administrative capability in the middle of local governments, therefore expanding their capacities to take in excess of functions that are not usually performed well through central ministries.

Decentralization can also give a structure through which activities at several central government ministries and agencies involved in development could be coordinated more effectively with each other and with those of local leaders and non-governmental organizations within several regions. Decentralization would lead to creation of alternative means of decision-creation. Thereby, the local elites, who are unsympathetic to national development policies and insensitive to the needs of the poorer groups in rural communities, would not be able to have control in excess of development activities.

**Characteristics of Decentralization**

**Political Decentralization**

Political decentralization leads to the creation of local government organizations, with public representatives as members of these bodies. They are assigned the responsibility of developmental tasks, at that stage. Therefore here, decentralization takes the form of devolution. Devolution to local self-governing bodies is an effort to set up autonomous governments at the local stage. These local self-governing bodies, which are elected locally to determine local policies and implement them, are, in a fundamental method, detached from the central/state government. If these local self-governments cannot exercise autonomy, devolution will remain more in theory.

**Administrative Decentralization**

Administrative decentralization is motivated through efficiency criterion. Through a process of deconcentration, field administrative units are being set
Thereby, field stage decision-making is made possible which leads to prompt problem-solving. Here, field units of government (for instance district administration) are linked organizationally to central/state government. In this process, administrative units might come up at several stages flanked by the locality and the central (state) headquarters.

**Non-governmental Organizations**

Involvement of non-governmental organizations such as farmers*, cooperative societies, women's organizations, organization of several other interest groups is the third aspect of decentralization for rapid development. It is the will of the people which brings them jointly and motivate them to form an organization. Through these organizations they try to improve the standard of living of the people. And this is done through action oriented participatory programmes. These programmes have important power on a diversity of people, encompassing diverse areas, like health, education, agriculture, small industries, women, children, fisheries etc. Therefore, the government shares responsibilities with these organizations that represent several interests in society and that are initiated and operated through members of those organizations.

**Democratic Decentralization**

It was J.S. Mill who had stated in relation to the democracy that it is “the only government which can fully satisfy all the exigencies of the social state, where the whole people participate.” People’s participation shapes the basis of democracy. When people’s participation in the operation of their own government in a country is larger, continuous, more active and constructive, it is said to be nearer to democracy as a political ideal. The thought of decentralization is inherent in democracy. It is democratic decentralization which aims at associating people with the government to the maximum possible extent. The word “democratic” in front of decentralization emphasizes the purpose of decentralization. The purpose is to give a larger,
greater and closer association of the people with the work of their own government, at all stages, national regional and more particularly local. In a democratically decentralized system, people have got the right to initiate their own projects for local well-being and they have the power to execute and operate them in an autonomous manner.

Democratic decentralization is a centrifugal movement. Power moves from the central to the regional and local areas. It aims to entrust local organs created in local areas with powers, local in character. Therefore there is devolution of authority from the higher stages of the government to the lower stages. The process of democratic decentralization is vertical rather than horizontal. This devolution of authority assumes the form of autonomy to the people at lower stages to take political decisions, to formulate methods to execute it, to manage and control the finances required for it and ultimately to guide and control its administration.

The authority therefore decentralized should be supervised through the people directly or indirectly through their representatives. The institutional machinery of democratic decentralization is necessarily elective. Democratic decentralization is therefore a political ideal. And local self-government is its institutional form. In India, it is the panchayati raj institutions which are the institutional form of democratic decentralization. In subsequent units, we will know panchayati raj institutions.

**Hindrances to Democratic Decentralization**

There are several troubles which are being faced in the developing countries, troubles which pose obstructions in the method of democratic decentralization.

*Problem of Coordination*

The purpose of democratic decentralization is to give more discretion at
the local stage to meet unique local needs, and to generate innovative solutions to development troubles. For this, proper coordination flanked by and in the middle of dissimilar units is essential. This method, the effort and material possessions invested would not go waste, leading to an integrated development without any friction, overlapping and duplication.

**Problem of Perception**

If democratic decentralization is to be effective, the central administrator's perception of their roles has to undergo a change. They should understand that their task is to give support and facilitate the work process. But several a times, they feel that their task is to control. And therefore, friction arises.

**Unit of Administration**

The basic problem of democratic decentralization is with regard to the unit of administration. A number of factors such as geographical area, population, possessions, stage of development etc. have to be taken into account while deciding in relation to the unit of planning and development. It should not be too big leading to unwieldy situation, nor too small which would result in defeating the very purpose for which it was set up.

**Communication**

An analysis of the patterns of communication shows that in most of countries, the communication system happens to be top down. One method communication network appears to be the most dominating practice. Absence of the involvement of grass toot organization in the upward communication is weak in most of the developing societies. And this leads to unrealistic policies and unattainable targets. The problem of red-tape, overlapping, duplication are usually there in most of the developing countries.
**Leadership**

Leadership is another significant variable which can create important variation to the developmental process. An examination of the type of leadership in most of the developing countries designates that this has been one of the major limitations on their effort for development and decentralization. Further it reveals the following features: 1) The bureaucratic leadership is strengthened and perpetuated. 2) Wherever political leadership is involved, they strengthened either the traditional leadership or the traditional leaders stepped into the new roles emerging from the developmental effort. 3) The leadership at the higher stages of organization is strengthened while the leadership at the lower stages did not receive much attention. An assumption that those who occupy key positions at higher stages are more competent than those working at lower stages appear to be dominating the elite thinking.

Adequate opportunities have not been provided for the emergence of new leadership. Since the local organizations are not strong, there do not appear to be several opportunities for the emergence of new and committed political leadership.

**EVOLUTION AND ROLE OF PANCHAYATI RAJ**

**Ancient Period**

Vedic literature has provided some references to an organised system of rural local self-government institutions. Though, it is hard to connect dissimilar references into a coherent account of how rural local bodies functioned in Vedic times. It is mentioned that the Vedic state was essentially a country state, with the village as the basic unit of administration. A significant functionary of the village was called “Gramini”. He was a respectable official who played a crucial role in the coronation ceremony of the king. There were references to Samiti (Assembly) and Sabha where discussions took place mainly concerning with agricultural troubles in which the king also participated.
Organization of Sreni (Guilds), religious organizations, caste organizations etc., was another sphere of activity of the local self-government institutions. Some of these had direct representation in all the popular bodies of the state. When we look into the great epics such as Ramayana and Mahabharata, we discover some explicit references to village institutions. There are references to the assembly of elders of a hamlet (Ghosh) village (Gram) and headman of the village (Gramini). The headman (Gramini) was responsible for collecting the state dues, keeping village records, settling disputes, controlling crime etc. The council of elders used to exercise control in excess of the headman. We are not certain, whether the office was elective or through appointment. But in the post Mahabharata period, he was nominated through the king and was accountable to his after that highest authority, “Gopa” of the village. Five to twenty-five villages were under the charge of “Gopa”.

Rural Local Government Flanked by 600 BC To 600 AD

S.C. Jain in his book “Community Development and Panchayati Raj in India” has given a detailed account of the Village Panchayats in the ancient period. According to Jain, the period flanked by 600 BC to 600 AD witnessed the rise and fall of religious orders like those of Mahavira and Buddha and the rise and fall of the entries of the Mauryas and the Guptas.

According to Jatakas, villages were classified according to the size and mode of habitation. The Jain and Buddha literature explain many characteristics of village life. Jataka tales contain instances of villages, joining jointly to build reservoirs, roads etc. The villagers put in communal labor to meet their common services. The religious orders, founded through Buddha and Mahavira, observed highly democratic procedures in arriving at decisions. It appears that there were rules and regulations concerning the working of these institutions. They enjoyed freedom in the conduct of their own affairs. There is no recognized instance of interference through the state in the internal
affairs of the religious orders. Likewise, the guilds and castes enjoyed high status and autonomy in their internal affairs.

**Kautilya’s Arthashastra**

Arthashastra gives an exhaustive account of the system of village administration prevailing at that time. Kautilya prepared an exhaustive account of the statecraft and it is said that the narrated his experiences in the Arthashastra. As we are mostly concerned with village panchayats, we shall try to confine ourselves to this subject matter. Kautilya outlined the ideal size of the village, its demarcation, aloofness flanked by one village and another, and grouping of villages for purposes of posting police force and other state officials.

The villages had a number of officials, such as headman (Adhyaksha) Accountant (Sankhyaha) etc. All of them enjoyed property rights in excess of certain areas of land, without right of alienation, in lieu of their services to the state. The village headman exercised many duties and performed innumerable functions in the village. The after that higher official was the “Gopa” who had flanked by five and twenty-five villages under his charge. He was also entrusted with many responsibilities such as registration of land, census, maintenance of records of temples, irrigation works etc. Many other functions were entrusted to the “Gopa”. At the district stage, the Rajukas were entrusted with many functions mostly in relation to survey of land and settlement of land revenue. They also performed certain judicial functions.

Decentralization and Development All the above mentioned authorities were nominated through the king. Though S.C. Jain comments that the political links, through which village interests were represented at the highest stage, seemed to have broken down as a result of the ascendancy of towns and cities, growth of imperial ideas and bureaucratic practices. All these slowly restricted the areas of rural self-government. The system which had evolved
throughout the ancient period did not change under the Guptas. Though, there were certain minor changes mostly in the nomenclature. Throughout this period, the rulers in South India introduced many administrative units such as provincial (Mandals), districts (Nadu), sub-districts (Kottams) group of villages (Kurram) and village (Gram) These bodies were mostly responsible for management of land, temples, educational institutions, irrigation works, etc.

Another motivating aspect of the evolution of Panchayati Raj in India relates to the description of rural local government through Hindu Law Givers of the smriti period. Manu has given a detailed account of the organization of the country-state and the role of local self-government institutions. All the writers of smriti period had a broad agreement on the basic structure. The system ultimately led to a centralized bureaucratic control with the king as the final authority.

The anarchic circumstances created throughout the period of thrash about for political ascendancy (AD 600 to AD 1200) after the collapse of Gupta Empire led to a climate of uncertainty. This has led to many stages of disturbed circumstances in the working of local self-government institutions. Though, the village system remained intact and if we look into the epigraphic records, particularly of South India, we discover evidence of the Constitution and functioning of village government. It is argued that throughout this period the state was paternalistic in character.

There are three characteristics of the village administration of the ancient period which deserve mention. One is the community spirit which prevailed in the middle of the people. Another is the type of public functionaries who were concerned, with its administration and the third is the nature of public bodies through which the inhabitants participated in the management of its affairs.

There were two factors which fostered and strengthened unity in the
middle of the people. One was the self sufficiency of the village and the
interdependence of dissimilar groups within the village which resulted from it.
The other factor was the isolation in which each village was located. This
strengthened the spirit of communal effort in the middle of its people. There
were a number of administrative functionaries such as Ayagars, Karnam,
Talari, Brahmin etc., who performed respective administrative duties as per
the custom. Therefore the village was not only a compact economic unit but
also an administrative unit with its full compliment of public functionaries. All
of them were servants of the village community and not of the state
government.

Therefore, we discover village self-government was more real in the past
than what we have today. One cause for this is that the present day Panchayati
Raj owes its subsistence to legislation enacted through the State Government.
It is created through the state and can be abolished through the state. This was
not the case with village self-government in the ancient period. It owed its
subsistence to the customs and traditions. And no ruler, though, despotic he
might be, had the courage to interfere with what the custom laid down. This
gave to the village institution and unique stability and permanence. In this
connection, it is necessary to mention that it was an accepted theory in ancient
India that all institutions derived their authority from Dharma. Even the state
and its rulers were subject to it. Their duty was to uphold it and not to interfere
with it. Dharma, of which custom was a part, ordained that every village
should have its own self-governing institutions and that it was not right for the
rulers to interfere with them. This resulted in the decentralization of decision-
creation power to the village communities. Further, due to the isolation of
villages, it was not possible for state officials to visit villages and interfere
with the administrative matters through exercising control in excess of the
village authorities.
Mughal Period

From in relation to the twelfth century onwards, we discover that village administration, its functioning, its autonomy, entered a period of decline and it might be said that it even disappeared from most of the villages. The establishment of Muslim power in India signaled a political change which had a much deeper significance than the political changes caused through the thrash about in the middle of the medieval Hindu kingdoms. Although, the disorder and political instability, prevailing throughout the long period of decay hampered growth, yet the fundamental principles of central local relationships did not change much with the change of kingdoms. Muslim rule in India brought in many ideas which were new to the soil. The new rulers had dissimilar ideas and customs. There were marked differences in regard to the management of land, taxation. India, a land of diversity, has enriched through this experience. Though, it is necessary to mention that the local institutions still sustained to function. The hands of the administration reached only the district stage The village communities sustained to exist.

British Rule

Throughout the British rule, the isolation of the village communities was totally broken and with that, the age old economic self-sufficiency. The community spirit received a severe blow. There was development in the means of communication such as roads, railways, motor traffic, telegraphic and telephone. So, there was no need for the villager to remain self-enough in the supply of his economic needs. Commercial goods were developed at a rapid pace. There were contacts with outside world. Production for the market took the place of production for consumption in the village itself. Village craftsmen and artisans lost their importance. They had to go out of their villages in search of gainful employment. The other villagers no longer depended on them for the supply of the several articles they needed. They could purchase them at a cheaper rate from the adjacent town or market centre. The village ceased to be an economic unit for production purposes. The only tie that kept
the villagers jointly was their residence in the same locality. Therefore economic interdependence within the village slowly lessened in the villages.

The Britishers, being outsiders, adopted certain administrative policies which further strengthened the forces of disintegration of the village communities. One prominent characteristic of British Rule was the establishment of a direct connection flanked by the central and provincial governments on one side and central government and the individual inhabitants of the village on the other. For instance, Ryotwari System of land tenure was one such characteristic. Under this system, the government dealt directly with the individual cultivator and not through the village panchayat. In addition, the government took the responsibility of construction and maintenance of irrigation works, roads, schools, payment of grants to them. Other activities such as regulation of agricultural credit and relief to the people throughout natural calamities were also undertaken through the central government. All this meant that much of the work, which for ages had been associated with village authorities, was taken in excess of and accepted out through official agencies from outside. A psychological change took place as a consequence of this extreme and unprecedented centralization. It made the villagers look for more and more help from the district, provincial or central government. The village elders became dysfunctional. The villagers ceased to feel their need to the extent they had in former times.

The judicial system, introduced through the British, also led to the same result. Disputes, which for ages, were settled through elders in the village in accordance with custom and usage were now referred to the courts outside the village and decided in accordance with statutes enacted through the alien rulers. Naturally; this system cultivated the habit in the middle of the people to look to institutions absent from their villages for the redressal of their grievances.

Another landmark of the British administration which dealt a blow to the rural areas was the change which the British introduced in the position of
village officials such as the headman, karnam etc. These public functionaries, who had been regarded throughout the ages as the representatives and spokesmen of the village community, were now made the salaried officials of the government. The villagers naturally began to look at them as the mediators of an outside authority who could not be expected to serve them or be trusted. It deprived them of their natural leaders and cracks in the community spirit began to appear.

The educational system, introduced through the British, was another characteristic which also produced a similar effect. Under the new English education, the educated people began to migrate to towns in search of employment. Rural areas were therefore deprived of enlightened leadership. The effects of Western civilization, the Christian missions, weakening hold of custom and tradition without any other bond also contributed to a great extent to gradual erosion in the village community. Greater attachment to material values of life and growth of a spirit of individualism was a contributing factor that brought change in the outlook of the villager and through the end of British rule, the situation in the village was not what it had been in earlier times.

It is necessary to mention that the dissimilar steps taken through the British government to introduce a few events to strengthen rural local bodies did not result in any success. The colonial rulers selected the district as the chief administrative unit in preference to the village. It was only after the submission of the report through the Royal Commission on Decentralization that the importance of the village came to be recognized. And it was only in relation to the year 1920 that a serious effort was made to establish village panchayats and revive the old community through them. The process adopted for the purpose was very slow and it was subject to numerous limitations. Through then, the village community was practically broken up and circumstances became hostile for the successful working of the new panchayats.
It is also necessary to note that all the reports on the working of panchayats after 1920 create reference to too many factors which were responsible for decay in the system. They mention the power of village factions, caste and communal divide, apathy of the villagers, and reluctance of the people to contribute to the organization. In fact, all these are the features of the villages in a state of decadence brought in relation to them the changes introduced into the system of administration through the British. Centralization was the key factor to all these changes. Centralization and local self-government cannot exist side by side. They are antithetical. It is centralization that is responsible for the decline and disappearance of Panchayati Raj as it existed for years in the villages of India.

Development after Independence

The development of Panchayati Raj in India, after the country became independent in 1947, took a crucial turn and did not occur in isolation. It was part of a wider movement which affected the whole nation. In fact, the real meaning and implications of Panchayati Raj can be understood only in relation to the wider movement. There have been many factors which were responsible for the birth and growth of Panchayati Raj in India which led in course of time to a new structure, much dissimilar from what it was in the days of the British rule. Four major factors deserve mention. They are the teachings of Gandhiji, the Directive Principles of State Policy, and the Five Year Plans with their emphasis on popular cooperation and the Community Development Programmes. It can be safely mentioned that to a large extent, the present day Panchayati Raj in the country is the outcome of the powers of these factors. The factors are discussed below:

Power of Mahatma Gandhi

The power of Mahatma Gandhi, on the people of India, was profound. His approach to the troubles of India, particularly of the rural areas, is well-recognized. He advocated a philosophy of realism, as distinguished from
urbanism. The keynote of Gandhiji’s philosophy was the revival of the village community, with all its self-sufficiency and minimum dependence on the outside world. Back to the villages, was his main message? He called upon the people to focus their attention on the reconstruction of village life which was neglected throughout the British regime. It was his conviction that the cities were responsible for immense damage to village economy and that the only method of saving them was through creation them self-enough in as several essential needs of life as possible. He pleaded that agriculture, complemented through cottage industries, would give enough employment and help in achieving self-sufficiency. A self-enough economy would also be highly decentralized. It would be totally free from all control exercised through outside agencies.

Mahatma Gandhi felt that the village should be self-enough not only economically but also in political and administrative affairs. He was not in favour of people always looking to the government for anything and everything. He suggested that all the affairs in a village should be administered through a panchayat elected on the basis of adult suffrage. As distant as possible the state and central control should be brought down to the barest minimum. The impact of Gandhi’s ideals influenced to a large measure, the political executives after independence. There is no doubt that the impetus came from Gandhi. Hence, the State Governments entrusted many development functions to the Panchayati Raj bodies and if democratic decentralization has become their watchword, much of it has to be attributed to the power of Gandhi’s thoughts.

**The Directive Principles of State Policy**

The second major factor, which deserves mention, is the provisions of Article 40 in the Constitution. There was considerable debate in the Constituent Assembly when the draft bill was discussed. The draft bill did not give any reference at all to villages as a unit of self-government. In fact, Dr. Ambedkar spoke disparagingly in relation to the situation in the Indian
Villages. There were many others who supported Ambedkar. They said correctly that greater decentralization does not imply greater democracy in the villages, it is the people, belonging to so called higher castes, which would gain more power and would apply that power more ruthlessly against the poor.

Though, there was a very strong section who pleaded forcefully in favour of village panchayats. They argued that villages could not be ignored and that democracy should not be restricted only to governments at higher stages but should be extended to living units at the bottom. As a result of support from numerous members, Article 40 came to be incorporated in the Constitution in the provision entitled the Directive Principles of State Policies. This Article calls upon the state “to take steps to organize village panchayats and endow them with such power and authority, as may be necessary, to enable them to function as units of self-government.” This principle has been broadly interpreted through the Union as well as state government so as to give not only self-governing institutions but also democratic institutions at dissimilar stages in the rural areas.

The Five Year Plans

The third factor which deserves mention for the growth of Panchayati Raj institutions is the planned economic and social development undertaken through the government. In the implementation of the Five Year Plans it became necessary to secure the active cooperation and involvement of people in the rural areas. Active involvement became necessary particularly in respect of schemes of agricultural development. It was recognized that the transformation of the traditional methods into modern techniques, involving the use of latest improvements, could not be brought in relation to the without the willing cooperation of the farmers. The official machinery was not appropriate for this work. Further, experts could not approach each individual farmer in this task. The First Five Year Plan recognized this difficulty and suggested that “as the agencies of the state government cannot easily approach
each individual villager separately, progress depends largely on the subsistence of an active organization in the village which can bring the people into common programmes to be accepted out with the assistance of the administration.” One result of this view led to the creation of Panchayats through which Five Year Plans have sought to enlist the cooperation of people in their execution. In fact the First Five Year Plan observed that “several in the administration realize that official machinery through itself cannot carry out these developmental programmes, which call for a great deal of initiative and participation on the part of people themselves.”

The Second Five Year Plan had recognized two broad groups of functions—administrative and judicial. A long list of administrative functions had been prepared. The list is formidable. It clearly shows the attitude of government towards the role of Panchayati Raj bodies in the reconstruction of national life.

Community Development Movement

The fourth factor which has been to a large extent, instrumental in the origin and growth of Panchayati Raj is the community Development movement which was inaugurated on October 2, 1952. It had a direct impact on Panchayati Raj, which in essence, implies a new approach to the nation building activities. The emphasis of the Community Development movement is on the all-round development of local community — a village, a group of villages, a district. The philosophy of community development is to make an opportunity for the people to take initiative and identify their needs and discover out the methods to meet them. It is not an outside agency that defines the needs of the community and how those needs have to be satisfied. Further, it is observed that in the Community Development Movement, the community is prepared to discover possessions of its own to carry out the projects which it has decided to undertake.

The community development programme was first started under official
guidance. Although there were a number of voluntary bodies of non-official nominated members associated, it was found out that such bodies were not of much use in creating enthusiasm in the middle of the people in securing their participation. The problem was thoroughly examined through the Balvantray Mehta Committee. It was on its recommendations that the advisory bodies have been abolished and statutory bodies were created to undertake the work of Community Development. Therefore Panchayati Raj has been ushered in the country as a people’s programme with officials participating in it on account of their technical knowledge and guidance.

**Role of Panchayati Raj**

After tracing the evolution of Panchayati Raj in India, it is necessary to analyze the role of the Panchayati Raj institutions. There is no doubt that Panchayati Raj has become a powerful movement. All the states in India have adopted it. It is no more an experiment. It is being accepted to be significant in the democratic process. It is more than a political slogan, more than an administrative device. Panchayati Raj in India has come to stay. There is no alternative to it:

**Political Consciousness**

The first and foremost aspect in the study of role of Panchayati Raj relates to its role in awakening the political consciousness of the rural population. It has enabled a large number of people to acquire leadership at local stages. The excellence of this leadership will ultimately determine the success or failure of Panchayati Raj. It is no exaggeration to state that the Panchayati Raj bodies have provided political education, preparing the citizens for responsible living. In fact the Panchayati Raj bodies have developed leaders who could take control of democratic institutions at state and national stage. The prediction of Ripon that “it is not primarily with a view to improvement in administration that this measure is put forward and supported. It is chiefly intended as an instrument of political and popular education” has been realized to a large
extent. Panchayati Raj has become a powerful tool where caste and local interests interact, clash, compromise and arrive at common understanding on several issues. The experience gained through the new generation of leadership in democratic management has raised the excellence of legislative debates and working of other higher stage institutions. It has provided opportunity for the circulation of political elite which is very essential for maintaining democratic shapes in their true spirit.

**Planning and Development**

The Panchayati Raj institutions have been intended to play a crucial role in planning and development. A number of studies indicate that as units of planning and development, be it at the district or lower stage, the Panchayati Raj institutions have contributed considerably. In Maharashtra, Karnataka, West Bengal and many other states, local stage planning has been successfully formulated and implemented through these institutions. Ultimately to what extent the local bodies have the necessary autonomy and financial possessions to take up developmental activities, depends largely on the state government.

There is yet another point of view according to which the Panchayati Raj Institutions have become the connecting link flanked by the Parliament and State Legislature on the one hand and local bodies on the other so that the respective members can exchange views on the objectives of a plan and its priorities. The local members talk in relation to the local needs, urgencies and difficulties in the implementation whereas the members of Parliament and State Legislature can explain the possible solution since they decide national priorities and at the same time they are financially in a better position to help the rural bodies. This two method link has served the dual purpose of modifying the state policies at points of maladjustment as well as communicated the message from centre and/or state to the remote corner of the rural society. Therefore, the Panchayati Raj bodies have come to play a significant role in the sphere of planning and development.
Executive Institution

To what extent the Panchayati Raj bodies act as units of self-government requires a closer look into the functions performed through these bodies. Certain civic functions such as rural sanitation, public health, street lighting, drinking water supply, maintenance of village roads, culverts, management of primary and secondary education, etc., have been accepted out through the Panchayati Raj bodies.

In many states all the developmental functions have been divided into three categories: the central sector, the state sector and local sector. The Local Sector Schemes have been devolved to Panchayati Raj bodies for planning and execution; they contain subjects such as agriculture, minor irrigation, rural health animal husbandry, rural roads, social welfare, cooperation, cottage industries, rural housing etc. In all these fields the Panchayati Raj bodies have played a significant role. Finally, we should keep in mind that the Panchayati Raj bodies are the creations of the State Government. They have no inherent powers and functions of their own. They do only what they are authorized through the state. Now the time has come to think aloud in relation to the preparing a local list and incorporate the same in the Constitution. It depends on our political maturity and perhaps we need some more time to bring in such revolutionary change in this country.

REVIEW QUESTIONS

- What are the features recognized in the working of the specialized agencies?
- What are the objectives of the Desert Development Programme (DDP)?
- What are the objectives of Command Area Development Authority (CADA)?
- Write a short note on the concept of co-operation.
- What was the necessity of the co-operative movement?
- What are the several methods of voluntary action?
What is the relationship flanked by voluntary agencies and the state?

Why do the Panchayati Raj Institutions face troubles concerning finances?

How does the socioeconomic structures of India hamper the growth of Panchayati Raj Institutions?

What type of relationship exists flanked by the state government and the Panchayati Raj Institutions?

What was the resolution of the Central Council of Local Self Government?

What is meant through Decentralization?

Why is decentralization necessary?

Briefly discuss Kautilya's description of rural local government.

What was Gandhiji's view on decentralization?
CHAPTER 6
PUBLIC SECTOR AND DEVELOPMENT

STRUCTURE

- Learning objectives
- Administrative troubles of public sector
- Evolution and expansion of public sector
- Role of development corporations
- Forms of public enterprise
- Review questions

LEARNING OBJECTIVES

After reading this unit, you should be able to:

- Identify the major troubles relating to the performance of public sector in India;
- Analyze the several problem areas relating to the operation of public sector;
- Explain the meaning of public sector and public enterprise;
- Discuss the evolution of public sector in India;
- Explain the concept of development corporation and development bank;
- Evaluate the overall role of development corporations in promotional and developmental activities;
- State the main characteristics of Departmental Undertaking, Statutory Corporation and Company form of Organization; and
- Indicate the need for having an apex organization for public enterprises.

ADMINISTRATIVE TROUBLES OF PUBLIC SECTOR

Major Troubles of Public Sector in India

As a direct consequence of the Directive Principles of State Policy,
Industrial Policy Resolutions of 1948 and 1956 and the government’s declaration of establishing a socialistic pattern of society, the public sector in India has come to occupy a commanding position. It has been called to play an important role in accelerating the rate of economic growth, speeding up the process of industrialization, rising employment opportunities and improving the living standards of our people. The performance of public sector, so, largely determines the speed and the effectiveness with which we can achieve our social and economic goals.

All these years we have been facing several administrative troubles relating to planning, construction and the commissioning of the projects. It has been argued that several of our projects have not been properly planned. They have not been set up at the appropriate locations. Moreover, there has been delay in the construction and commissioning of the projects. There has been considerable augment in the cost of completion of these projects which in turn has not only deprived the nation of the much needed goods and services but has also put extra burden on the public exchequer. With the operation of these public sector undertakings, the operational troubles have now assumed greater importance.

In this context the public sector enterprise surveys have clearly brought out that several of the public sector enterprises have not been functioning as expected. The profitability profile of the public enterprises designates that throughout the year 1988-89, in 222 operating public enterprises having a capital investment of Rs. 67,535 crore, the net profit has been only Rs. 2,981 crore which works out to be 4.41 per cent of the capital employed. Even in conditions of capability utilization, labor productivity, operational cost of the products and the rate of industrial unrest the performance of public sector in India has not been much encouraging. The record should be a matter of concern and has been indeed an issue of public discussion at several stages. In an Endeavour to improve the performance of public undertakings several reports of the Parliamentary Committees, Administrative Reforms Commission and several other studies have highlighted several administrative
troubles. While emphasizing on improving the functioning of public enterprises a number of issues pertaining to the conceptual and operational characteristics, especially related to its economic and social objectives have been raised. It had clearly pointed out that the public enterprises are neither functioning according to its declared objectives nor it has been able to achieve effective utilization of possessions especially personnel, money and material. It is in this context that we are trying to highlight some of the administrative troubles being faced through the public sector in India towards the fulfillment of its declared policies and objectives.

For the purpose of discussion these troubles can be classified as those related to policy, organization and operations of the enterprises. The operational troubles may in turn cover some major issues relating to financial management, human resource management, materials management, marketing, pricing etc.

The Policy Aspect

As per the Industrial Policy Resolutions, the public enterprises were required to play a dominant and an exclusive role in the strategic as well as core industries. The consumer activities were left to the private sector. It is a matter of concern that the public enterprises have entered into non-priority areas including manufacturing of beverages and marketing of consumer goods, which legitimately could have been given to the private sector. Since the public sector has started operating in those areas which were assigned to private sector, the private sector is demanding a share in the core as well as strategic industries. There is a need to have a fresh look at our industrial policy. The public sector should hand in excess of these non-priority areas of operation to the private sector.

This would thereby reduce the size of the public sector. There is a need to encourage small and medium level industries in the private sector. The
government should adhere to only those areas of operation which are strategic, core and basic in nature.

Organizational Troubles

We indicated that there has been no consistency rather there has been confusion in relation to the organizational policy of state enterprises. There has been a demand for creating statutory corporation rather than a joint stock company. On the contrary we are creating a large number of companies out of the existing departmental shapes of organization. But most of these enterprises are functioning as bureaucratic organizations. Moreover there are a large number of public sector units performing almost the same functions and there is no co-ordination flanked by these units in matters relating to marketing, research and personnel management. There is a lack of effective and proper linkages flanked by the dissimilar units within the public sector on one hand and the government on the other.

Most of the public enterprises do not have adequate delegation of powers. There are frequent instructions and directions which are given through the government. Also there is no clarity of objectives for these organizations. Most of the public enterprises do not have adequate power to take timely decisions. There is frequent interference both through the politicians as well as the administrators of the concerned departments. Both ministerial control and the parliamentary accountability have been found to be ineffective. Norms and techniques of accountability have not been adequately recognized. The control and accountability has been ad hoc in nature and has restricted the managerial autonomy. This has neither been in the best interest of the public enterprises nor has assured their accountability in substantial conditions.

There is a need for new scientific techniques of accountability, monitoring and evaluation as opposed to routine rule of thumb and strict bureaucratic system. The main concern should not be more accountability but good
accountability. It is only through the “management through objectives” and accountability through results and operational output that the operational autonomy and accountability can be reconciled. In this process both operational autonomy and accountability can be simultaneously enhanced. More accountability can be secured if it is not for individual actions and decisions but for results. To achieve this, instead of hierarchical, authoritative and unidirectional control, there should be more managerial accountability which lays stress on harmonious relationship, unity of action based on common purpose amongst controlling agency and public sector undertakings in the formulation of policies and their implementation. It is hoped that with the memorandum of understanding which has been introduced in our country, the control and accountability in public sector would become more meaningful.

Another problem relating to the organizational structure has been the composition of the board of directors. Most of the public enterprises have a mixed type of board consisting of a few full-time members and a few part-time members. The studies have indicated that several of the part-time members do not take adequate interest in the functioning of public enterprises. Several of them do not attend meetings regularly. So, the advantage of having external experts on the board of directors to provide adequate representation to dissimilar interests like consumers, suppliers, financial institutions and others is not being served. There has also been a talk of bringing employees/workers representatives on the board of directors. Once this policy is accepted and implemented in toto, it may bring in relation to the cordial relationship flanked by the management and the workers of the public enterprises. One hopes that the industrial unrest may also reduce and we may witness a harmonious relationship flanked by the management and the workers. Unless adequate powers of decision creation are given to its board of directors, a structural change may not bring in relation to the desired improvement.
Planning and Construction of the Projects

Studies have indicated that there have been defects in the planning, preparation of the detailed project reports. In some cases the feasibility reports have not been prepared or have been prepared on the basis of wrong assumptions. There has been lack of proper assessment of the location of the projects and partial analysis of commercial profitability as well as socio-economic benefits. For instance, 6th Report (Third Lok Sabha) of the Committee on Public Undertakings revealed that setting up of two plants of Fertilizer Corporation at Namrup and Gorakhpur suffered from vocational disadvantages. No techno-economic evaluation of the project was undertaken before setting up these two plants and the decision to this effect was taken through the government based on consideration that every state needs to have a fertilizer plant. At times when the reports have been prepared it takes a long time to get it cleared from the appropriate authority which results in considerable delay. Even at the time of construction, the site of the projects has been changed due to political interference. It has not been completed as per the time schedule. Modern techniques like PERT and CPM which help in project planning and monitoring have neither been prepared nor adhered to. Whenever contracts were given, the details were not adequately laid down. All this has resulted in delay in the construction and augment in the cost of the project.

Operational Troubles

The operational troubles faced through the public sector in India relate mainly to financial management, human resource management, materials management, industrial relations, pricing, marketing etc. Let us briefly discuss these troubles.

Financial Management

If the public enterprises have to function on commercial principles it is essential that their financial management is constant with this requirement.
Several of them adhere to the bureaucratic procedures existing in the government departments and have not applied the modern techniques of financial management.

A sound budgeting system is very essential for building up an effective mechanism of financial management and control. The budget which separately from providing accountability and internal control is also a plan of action and a tool of management. The financial performance of an enterprise depends significantly on proper planning and control of its possessions. But most of the public enterprises in India do not provide much importance to this tool of budget while planning their physical and financial targets. The Estimates Committee in its 20th Report of the Second Lok Sabha also stressed upon the need for toning up the efficiency of public sector undertakings through preparation of a performance cum programme statement for the budget year jointly with the previous year’s statement. The Study Team of the Administrative Reforms Commission in 1967 which investigated into this aspect pointed out towards this adoption of the traditional pattern of budgetary shapes and procedures in public sector and emphasized the need for introduction of performance budgeting as the expenditure needs to be connected to the activities and end results. But not much headway was made in the adoption of performance budgeting in public sector as still most of the enterprises follow the preparation of traditional budgets.

There is a need to introduce ‘performance budgeting’ and ‘zero-base’ budgeting in the public sector enterprises. The improvement in the budgetary system should also be accompanied through greater delegation of authority as well as reduction in the number of cases requiring prior financial approval. Internal audit is also a significant tool of financial management. There is a need to strengthen the internal audit system so that it is able to review the soundness adequacy and application of sound financial principles and operational control. It should play a positive role in suggesting improvements in the financial' management rather than acting in an obstructive method. They should also conduct a test check of a certain percentage of transactions with a
view to verify inventories and ensure prevention and reduction of fraud, misappropriation and pilferage.

One of the greatest troubles of financial management is resource mobilization. Most of the public enterprises have their initial supply of capital out of the budgetary allocation. Throughout the last few years some of the public enterprises are getting loans directly from the public to augment their possessions. Recently a decision has been taken through the government that 20% of the finances can also be obtained from the public in the form of equity. This equity participation would augment the financial possessions of the public enterprises and would reduce their dependence on the budgetary allocation. Moreover, if the public enterprises are able to improve their overall performance, it would be able to generate enough internal possessions and keep those financial results for their modernization and future development.

**Human Resource Development**

It has been well recognized that the success of any undertaking ultimately depends on the skill, training, experience and morale of the personnel occupied through the public enterprises. Perhaps the most significant failure of the public sector has been its inability to develop, to a requisite extent, its own possessions of managerial and technical personnel. For staffing most of the managerial positions, the government and the public enterprises right from the beginning have been depending upon private sector, foreign personnel and civil services. But their continuous dependence on any of these possessions has been found to be neither practical nor desirable. Private sector as a source of staffing is professional and qualitatively weak because the nature of public sector is dissimilar from the private sector. Moreover some of public sector units are in competition with the private sector. So, dependence on this source is not desirable. Most of the existing public sector departments like railways, posts and telegraphs and the then existing ordnance factories did give a limited number of persons for filling up those positions. With the expansion of the public sector it may not be possible to spare their experienced personnel to the
new public sector enterprises. Even the services of foreign personnel which were acquired through the public undertakings for staffing their positions have been found to be very costly and their dependence may not result in the development of people from within organization as it limits the opportunity for development of its own employees. Most of the public undertakings, so, throughout the initial stages have been depending upon the civil servants to staff several positions. This dependence on the civil service, especially in the central public enterprises has reduced to some extent but it still continues at the state stage. The dependence on the civil servants has brought a large number of troubles relating to the bureaucratic culture, short tenure and lack of commitment to the public enterprises. Ultimately, the public enterprises are required to have its cadre of management. In this regard the Public Enterprises Selection Board (PESB) in the Bureau of Public Enterprises has been of some help. Even then most of the top positions are vacant for a long period. There had been a suggestion to make separate management service for the public enterprises and to have separate public service commissions for the public sector undertakings. Neither of the suggestions has found favour with the government.

Public enterprises have not been able to attract trained and competent managerial personnel because the salary structure is not comparable with the private sector. Pay-level is measured as one of the significant factors which affect motivation and mobility of personnel. It is so desirable that the remuneration policies of the public sector should be rationalized and considerable changes in the pay structure should be brought about. It should be uniform throughout the public sector and should be somewhat comparable with the private sector.

Several of the public enterprises have excess manpower that too, at the clerical and unskilled stage. Partially it has been because the public enterprises were required to retain the employees working in the construction of the projects and there have been tendencies to give helpers, peons and other staff to the skilled and senior personnel. Partly, it has been due to the fact that
manpower planning has not been done on scientific basis throughout the initial stages of the project. This has resulted in reduction of ‘labor productivity’ and augment in the cost of operation. Defects in manpower planning in public sector in India has been pointed out through several studies and committees. Excess of staff strength, employment of large-level casual labor, ad hoc additions from time to time and employment of helpers etc., have been said to be the troubles facing some public enterprises.

Training and development of the employees is another area which can help in providing the undertaking competent employees on a continuous basis. With the augment in the number of public enterprises, the present supply of technical and managerial personnel to man several positions is not enough. Also our educational system is not directly related to the professional requirement of the public undertakings. Moreover, most the public undertakings are modernizing and diversifying their activities. All this necessitates augmenting of the training facilities and co-coordinating all the training activities which are currently accepted on through the public sector. There are two institutions which impart management training in public enterprises i.e. Institute of Public Enterprises in Hyderabad, and Continuing Education for Public Enterprises in New Delhi. Also several public enterprises have in-house training facilities for workers, supervisory managerial staff.

Several of the public enterprises have been sending their employees to foreign countries for training. It has been observed that at times, this training is not effectively utilized as it does not suit the necessities of the job to be performed. This is because right type of identification of training needs has not been done.

**Industrial relations**

Unfortunately the public enterprises are suffering from poor industrial relations. Being not owned through any individual or a group of capitalists the public sector was expected to have not only cordial but harmonious industrial
relations. Owing to the political interference and political patronage, greater concept of job security and encouragement from senior managers, several of the trade unions in the public sector are resorting to frequent strikes and thereby creating industrial unrest. The present system of works committees and limited employee’s participation in management has not improved the industrial relations to a great extent. It is hoped that if the government introduces the customized form of workers participation, whereby the employees can participate at the shop floor stage, plant stage and the board stage it would help in bringing in relation to the better industrial relations. Though public enterprises are spending considerably on labor welfare, housing, employee’s education, transportations and other such facilities, the employees have not been adequately motivated to provide their best to the organization.

**Materials Management**

The efficient and economic use of materials is essential for the profitable operation of any undertaking. It shapes the most significant part of managerial effort in controlling cost. Moreover the value of inventory also imposes a heavy financial burden. The study team of the Administrative Reforms Commission, based on its own study and the reports of the parliamentary committees and Planning Commission pointed out some of the deficiencies in the area of materials management. These contain unjustifiably high amount of inventories, lack of adoption of scientific methods of inventory control, delay in the delivery of materials which has resulted in under-utilization of the capability of the undertakings. Also, some of the undertakings do not have proper storage and handling facilities. Even the procedure for purchases' is lengthy and involves a large number of references to the finance branch.

Studies relating to inventory management in public sector reveals that the time taken to place an order for purchasing materials from the time of placing requisition for those materials is very long. Also there are procedural delays, in the organization for processing the orders for purchase of materials. With
this, especially those public enterprises which import materials for their operations tend to import vast stocks, to avoid any possible stoppage of production in flanked by due to non-availability of material. There is a need to simplify the procedures and introduce modern techniques of materials management, adequate delegation of powers for the purchase of materials. Inventory preparation should be done in a scientific method and should be kept to the minimum. Better storage facilities would help maintain the material in good form and quality.

**Marketing**

One of the very significant functions, namely marketing is usually not effective in the public sector. This is basically because it enjoys the patronage of the government. Much importance is not given to market planning. Public sector faces other troubles like lack of well-developed and integrated marketing information system, formulation of marketing objectives in generalized conditions, lack of professionally qualified and trained marketing executives etc. The marketing function has not assumed importance in the public enterprises, owing to monopolistic nature of the enterprises in the market and the absence of private competition. This has retarded the growth and development of public enterprises especially when they have to compete in the international market.

It is, so, essential that the public enterprises should create special efforts to attract and develop marketing strategies for the overall growth and prosperity of public sector in India. The Committee on public undertakings has recommended that the government should evolve a centralized marketing set up for each type of industry as well as for specialized products manufactured through more than one public enterprise. The marketing strategy should be to develop long range plans through assessing the environmental factors, production capability and the capability of the market to absorb the products and services of the public sector.
Pricing

The most controversial and regularly debated issue relating to public enterprises has been its pricing policy. Since there are a number of enterprises in public sector operating in dissimilar fields like developmental and promotional, industrial and trading, basic or essential service sectors, there has been no uniform policy and hence they vary from one enterprise to the other. Broadly, the pricing policies can be classified under three major areas namely; (a) promotion oriented pricing (b) surplus-generation-oriented pricing and (c) regulation oriented pricing. For the enterprises adopting promotion oriented pricing, the prices are fixed low and the external benefits are greater as compared to the surplus created for the organizations. This indirectly implies subsidies to the beneficiaries. For instance in case of a public sector unit like the Food Corporation of India, the costs incurred through the unit at the point of sale are higher than the issue price fixed through the government.

Some of the public enterprises follow the surplus-generation oriented price policy to generate surpluses for their own development or to contribute to the public exchequer. In fixing such prices they take into account the cost of operation and the desired profit. The regulation oriented price policy is adopted through certain enterprises where there is a need to stabilize or regulate the prices and the enterprises are required to give adequate goods and services at lower prices so that the prices in the private sector are brought to some reasonable stages. Such prices are fixed for commodities which are of mass consumption.

The Bureau of Public Enterprises from time to time has been laying down guidelines concerning pricing policies to be followed through public enterprises. It has been emphasized that the public sector has economically viable units and all efforts should be made to augment their efficiency and establish their profitability. In respect of those units producing goods and services which are in competition with the private sector the normal market forces of demand and supply should operate and such organizations should have competitive prices. A public sector unit like Hindustan Machine Tools
(HMT) comes in this category. For instance, the price policy of enterprises operating in the international market like the Bharat Heavy Electricals (BHEL), Hindustan Steel Ltd., etc. is determined through the forces in the international market.

Since the pricing policy in public sector has to satisfy varied interests of the enterprise, consumer, and supplier it becomes hard to fully meet everyone’s necessities and hence some clash of interests is inevitable. But the prices need to be determined keeping in view the overall guidelines issued through the government, individual circumstances of each enterprise, and larger national interests.

EVOLUTION AND EXPANSION OF PUBLIC SECTOR

Public Sector and Public Enterprise- Meaning

Despite a large volume of literature on the subject which has measured the importance of public sector in the economic development, the meaning of public sector, public enterprise, public sector undertaking continues to be vague and varying. Now let us know the meaning of these conditions. As we have read in Block 2 of this course, the present Indian economic structure is characterized as ‘mixed economy’ with the attendance of public, private and joint sectors. Public sector in a wider sense covers all the governmental activities which are social, industrial, and commercial in nature. Public sector is said to cover all publicly controlled activities, the developmental activities in the fields of education, public health, transport and communications, infrastructure etc. Public Sector comprises not only government departments but also government companies whether in the central or the state sector, irrigation and power projects, railways, posts and telegraphs, ordnance factories, other departmental undertakings. The banking, insurance, financial and other services also come under the purview of public sector.

The Bureau of Public Enterprises, Government of India in its annual
Report 1973-74 states, “Public Sector in its widest sense covers all activities of the Government. It is in this sense that the overall expenditure mentioned in the Five Year Plans are described. In a more specific sense, though, public sector would cover industrial and commercial undertakings of the Government which are in the form of state corporations or companies registered under the Indian Companies Act”. Public enterprises, on the other hand, can be defined as those specific shapes of institutions set up either at the central, state or local stages involving manufacturing or production of goods including agriculture or creation accessible a service for the price. Such institutions can be maintained either directly in the form of a departmental organization or through any autonomous body. The main focus is that in public enterprise, the price is charged for goods and services provided through it. Such price may cover the whole cost or not but the aim is that the enterprise as a whole, should at least have a breakeven. So, the social services, the administrative functions of the government are not sheltered under the term public enterprises, while public utility services like railways, postal services and telecommunications, though supervised through the respective departments are called public enterprises because the objective is to breakeven in excess of a period of time.

According to the United Nations Document, a public enterprise is that organization in which the government has a majority of interest of ownership and/or management. In one of the studies of the Standing Conference of Public Enterprises (SCOPE), a public enterprise is defined as an entity/organization which is owned and/or controlled through public authorities and whose output is marketed. In UK, public enterprises are recognized as nationalized industry because most of them came into subsistence as a result of nationalization of existing industries. In India, on the other hand, majority of the public enterprises have been set up as a result of governmental entrepreneurial efforts after Independence.

Therefore, while public sector refers in a widest sense to all the economic activities undertaken through the government, public enterprises are those specific shapes of institutions or establishments in the public sector,
responsible for production of certain goods and services. Public enterprises are also referred as public sector undertakings/units, government controlled enterprises, state economic enterprises. Public enterprises are set up in several shapes like corporation, company etc.

**Evolution of Public Sector in India**

The earliest reference to the state ownership and operation of industry in India is contained in the report of the Indian Finance Commission of 1888. It recommends envelopment of industries as a remedy for frequent famines. The Commission stressed the need for governmental help for the creation of new industries. It also suggested that the government should start manufacturing of sugar, cotton, wool, silk, paper, pottery, glass etc. Though, no action was taken through the then government as India’s role was confined to that of an exporter of raw materials for manufacturers in England. Even in the Report of the Indian Industrial Commission (1904) the government’s policy of industrial development was confined to a few provisions of technical and industrial education, collection and dissemination of commercial information and publication of monographs on Indian industries. In 1905, the government recognized a Department of Commerce and Industry. It was hoped that public sector would be initiated. Though some steps were taken in this regard, it aroused opposition through the European Communities who interpreted the action of the government as a serious menace to private enterprise and measured it as an intervention on the part of the state in matters beyond their sphere.

The First World War brought to the fore, the vulnerability of the Indian economy. After the commencement of the war, the government resolved to look at the industrial policy. It was felt that a definite and self-conscious policy of improving the industrial capabilities of India should be pursued after the war. This led to the appointment of Industrial Finance Commission in 1916. It recommended that the government necessity play an active part in
industrial development. It also felt there was a need for establishing certain key industries. Later, under the Government of India Act 1935, the development of industry became a provincial subject and the Centre had only the powers to provide directions and give technical education. Since the provincial government lacked adequate experience, organizational funds, initiative and creativity, nothing much was done except the creation of departments of industries in provinces. In 1937, when the Congress came to power in several provinces, the Conference of Industry Ministries of the provinces under the Chairmanship of Subhash Chandra Bose emphasized the need for industrialization and recommended a comprehensive national plan for the purpose. It was also felt that the public utility services could be owned through the central, provincial and local governments. Even the key industries like machine tools, manufacture of machinery, heavy engineering, automobiles, chemicals and fertilizers were recommended to be under the direct operation of the state.

In April 1945, the government issued a statement on industrial policy. Under which continuation of ordnance factories, railways and public utility services already under the state ownership and operation was confirmed. It declared that some of the basic industries should also be under the ownership of the state. Such state intervention was required as adequate capital was not forthcoming and also it was essential in the national interest to promote such industries. The Advisory Planning Board set up in December, 1946, suggested that the state should take into its own hands the ownership and management of large industries. Though, the interim government which came into power in 1946 was more concerned with the transfer of power, and so nothing could be done on this recommendation.

After Independence, the government had to tackle the urgent and hard problem of securing growth at a faster rate. Basic necessities of economic development were lacking and foundation for economic growth had to be laid. For this purpose it was measured that building up of infrastructure was essential. It was also felt that owing to long gestation period, low yield and
high capital rigorous nature of the investments, which could not be taken up through the private enterprises, state intervention in economic activities, was necessary. Keeping in view the varied troubles faced through India on its economic, social fronts, it became imperative to introduce public sector which was to help in building a sound agricultural and industrial base, overcoming the economic and social backwardness.

The growth of public sector in India in excess of the years, since Independence can be traced to the Industrial Policy Resolutions made through the government. The Industrial Policy Resolution of 1948 emphasized on the growth of industry and expanding production capability of both the public and private sectors; It made it clear that the State necessity play a progressively active role in the development of industries. It was also felt that due to the inadequacy of possessions, the State may not be able to enter into all industries as widely as it may desire. So, the decision was to set up units of production in the newer fields rather than acquiring or running existing units. It was also felt that the private enterprises if properly directed and regulated necessity also play a significant role. According to the Resolution, the industries were divided into four categories. The first category incorporated the manufacturing of arms and ammunition, production and control of atomic energy, ownership and management of railways and transport. These were to be under the exclusive monopoly of the Central Government.

The second category which sheltered setting up of new undertakings like coal, iron and steel, aircraft manufacturing, ship building, telephones etc., were to be the responsibility of Central, State governments and municipal corporations. The third category of industries which incorporated automobiles, heavy machinery etc., was to be increasingly subject to Central control and regulation in co-operation with state governments. Rest of the industries were left to the private enterprises subject to the provision that the State will also progressively participate in this field and will not hesitate to intervene where the progress of industry, under private enterprise is unsatisfactory.
The Constitution of India which was adopted later emphasized the role of the State for ensuring better utilization of possessions, and also in preventing concentration of wealth in few hands. Article 39 of the Constitution gives that “the State shall, in scrupulous, direct its policy towards securing that the ownership arid control of the material possessions of the community are so distributed as best to sub serve the common good” and that “the operation of economic system does not result in the concentration of wealth and means of production to the common detriment”. The introduction of planned economy and setting the goal of achieving socialistic pattern of society also emphasized the need for public sector and for its rapid expansion. It was felt that the public sector should not only initiate developments in the activities in which the private sector was either unwilling or unable to undertake, but also play a dominant role in shaping the whole economy of the country. Therefore, the extensive role of the public sector in the country had been well recognized after Independence.

The Industrial Policy Resolution of 1956 emphasized on the need for planned and economic development and declared that all industries of public utility services should be in the public sector. Other industries which are essential for the development of the country and required investment on a large level should also be in the public sector. Therefore, the government was to assume direct responsibility for future development of industries in excess of a wide area. The industries under the Resolution of 1956 were classified into three categories. Category one consisted of industries like arms, ammunition, defense equipment etc., the development of which would be the exclusive monopoly of the State. In the second category, industries were to be progressively State-owned and the State was to take initiative to establish new undertakings. The private sector was expected to supplement the efforts of the state. The third, category comprised the consumer industries, the development of which was usually left to the initiative of private sector though the State could set up any industry in this category. From the Industrial Policy Resolution, it is amply clear that India has consciously adopted the policy of mixed economy where the co-subsistence of public and private sectors have
been emphasized.

It is clear from the Industrial Policy Resolutions that the compulsions of securing the desired socio-economic objectives for improving the standard of living of people, and also the then prevailing inability of the private enterprises to meet this challenge were primarily responsible for assigning a dominant role to public sector in India. The Industrial Policy of 1977 also envisaged a greater role for public sector in several fields. The Industrial Policy Statement made in 1980, also expressed that public sector will continue to play an increasingly significant role. Throughout the last two decades, there has been an unprecedented expansion of public sector, to the extent that there is no sphere of economic activity left where the direct participation of the public sector is not to be seen. This has led to several positive benefits in the economy in relation to the which we will be discussing in an significant aspect which needs to be discussed is the objectives for the fulfillment of which the public sector has evolved in India. The Five Year Plans as well as the Directive Principles of State Policy have enumerated a number of objectives which are to be fulfilled through the public sector.

Objectives of Public Sector

Though the causes for the expansion of public sector in dissimilar countries may differ, the United Nations has clearly given a comprehensive understanding of the causes why the governments have set up the public sector. Following are some of the objectives as indicated through the United Nations:

- Government necessity supply the developmental initiative. The purpose of the future development will require the stimulus of the government on the demand side and its determined direct participation in the economic and social works. Such an initiative may come in the form of initiative for investment and promotion of industrial activity, initiative for developing infrastructure and basic activities or the
government may supply the required managerial and technical capabilities to the enterprise.

- Government has specific priorities and compulsions which are unlikely to be realized if they are left entirely to the private enterprise.
- Government may be able to supplement the efforts of the private sector in import substitution and export promotional activities.
- The government may wish to promote savings faster through generating possessions through prices charged through public sector enterprises. This is being measured as more convenient method of resource mobilization rather than exclusive resort to measure of borrowings from public.
- The government may introduce public sector enterprises as an agency of development in an under-developed region because the private sector has a tendency to entrust their units in already developed region.
- In several cases, the governments of the developing countries have certain ideological objectives such as promotion of economic and social justice, which also necessitates a greater role for public sector.

The state of Indian economy, at the time of Independence which is basically agrarian, with a weak industrial base, low stage of savings and investment, close to absence of infrastructural facilities, made it imperative for the government to step in to all sectors of the economy. Moreover there still exists considerable inequalities of income, low stage of employment opportunities, serious regional imbalances in economic development and inadequate trained manpower. Given the types and ranges of troubles faced through the economy in the economic, social and strategic fronts, it became a pragmatic compulsion to expand the role of public sector as an instrument of self-reliant economic growth so as to develop a sound agriculture and industrial base, diversify public economy and overcome the socio-economic backwardness. The need for public sector arises to meet the following objectives:
- To help in the rapid economic growth and industrialization of the country and make the necessary infrastructure for economic development;
- To earn return on investment and therefore generate possessions for development,
- To promote redistribution of income and wealth;
- To make employment opportunities;
- To promote balanced regional development;
- To assist in the development of small-level and ancillary industries;
- To promote import substitution, save and earn foreign exchange for the Economy.

These objectives are the macro-goals or broad objectives of the public sector. Till now no effort has been made to lay down micro-objectives for public enterprises on an individual basis. Andhra Pradesh was the first state to have brought out a white paper on state stage public sector enterprises, in 1989 which was the first of its type in India. There has been persistent demand on the Central Government to present a white paper on public enterprises. Earlier too, the Administrative Reforms Commission and the Parliamentary Committees have repeatedly recommended to the government to specify the objectives of every public enterprise. This will facilitate the evaluation of the performance of public enterprise, in conditions of the fulfillment of the laid down objectives. A recent development in this direction is the practice adopted through the government in signing a Memorandum of Understanding (MOU) flanked by the government and the enterprise. It is a simple and effective technique of establishing clear objectives and targets, unambiguous criteria for evaluation and a system of rewards for achievement. Almost 26 public sector enterprises have been sheltered through this system and one hundred more are likely to be sheltered throughout 1991-92.
Expansion of Public Sector and its Impact on the Economy

In India, before Independence, State intervention in economic and commercial activities was confined to a few areas like railways, ports, posts and telegraphs ordnance factories etc. Since Independence, the range of activities and products of public sector have expanded tremendously. It comprises creation of steel, mining of coal, ferrous and non ferrous minerals, extraction and refining of crude oil, manufacturing of tools, machines, electrical, building equipment, telecommunications, cement, textiles, newsprint, and several other consumer, trading and service activities. These activities control the national economy in many sectors especially in the production of basic metal industries, fertilizers, and fuel. The public sector’s contribution to the total industrial production constitutes more than 50% in several metals, steel and coal, while it is 100% in the area of petroleum, copper, lead and electromechanical teleprompters.

In the last two decades there has been sustained large investments in public sector. This was done with a view to accelerating the growth of core sectors of the economy, to serve the equipment needs of the strategically significant sectors like railways, telecommunications, defense etc., and also to achieve a certain degree of self-sufficiency in critical sectors. There has been growth of consumer oriented industries in public sector like drugs, hotels, food industries etc. This was done to ensure easier availability of vital articles of mass consumption and to check prices of significant products.

There are a large number, of public enterprises operating in national and international trade, consultancy, contract and construction activities, communications etc. The public sector coverage has of late enlarged and a sizeable proportion of its outlay has been directed towards the several public enterprises. At the commencement of the First Five Year Plan, there were only five Central Government enterprises and the number rose to 244 through March 1990. The growth of public sector enterprises has been phenomenal not only in conditions of investment, but also in conditions of production,
profitability and range of activities. The imperatives of bringing in relation to the accelerated economic growth of the country as well as achieving socio-economic goals under planned development has given fillip to the expansion of public sector.

The expansion of public sector in conditions of the number as well as investment has led to several positive effects on the economy in conditions of output, employment, generation of possessions, balanced regional development in the country etc. Let us discuss these briefly.

Investment

The investment in central public sector undertakings alone has "grown appreciably in excess of all these years. From Rs. 29 crore as on April 1st 1951 in five enterprises, the investment has slowly increased to Rs. 99,315 crore in 244 operational public enterprises as on March 31, 1990. The plan-wise growth of investment in central public sector enterprises from 1st April 1957 to 31 March, 1990, is given in the table below:
Besides the number of units given in the table above, there are several enterprises which are under the several departments of the government. If those are incorporated, the amount of investment would become tremendous.

**Turnover**

The expansion of public sector can also be analyzed from the turnover of the public enterprises. The turnover which throughout 1979-80, was only 23,290 crore rose to Rs. 93,122.13 crore in 1988-89. Throughout the last ten years, the turnover has increased through almost four times. The ratio of net turnover to capital employed brings out the efficiency of utilization of funds of any enterprise. Throughout 1988-89, this ratio was in relation to the $127\%$. Bulk of this turnover is from enterprises like Indian Oil Corporation, Oil and
Natural Gas Commission, Steel Authority of India and Food Corporation of India. In fact, the major turnover is in the Oil and Petroleum Industry. The public sector’s role in the total economy of India has been rapidly expanding since the beginning of planning. In conditions of its contribution to net domestic product which was only 3% at one time has already increased to in excess of 20%. Separately from the share in the Net Domestic Product, the rapid rise of public sector is manifested in the growth of income. In excess of the last few decades the income of public enterprises has increased through 374 crore, at an annual rate of 20% as compared to 11% for the private sector in the organised segment of the economy.

**Infrastructure Development**

Public Sector has contributed significantly to the development of strong infrastructure which is essential for economic development. There has been tremendous improvement in the road, rail, and air and sea transport system. There has been enough expansion of irrigation facilities, power, energy which has contributed to agricultural and industrial development. Such improvements brought in relation to the infrastructure through the public sector after Independence have benefited the private sector too.

**Balanced Regional Development**

Public Sector had made important contribution in bringing in relation to the balanced regional development and accelerating economic growth. The position of economic development in some states and regions in the country has not been uniform in excess of the years owing to some historic causes and other factors. Throughout the pre-Independence days, there was concentration of industries in Bombay, Calcutta and Madras while other parts of the country lagged behind. It was only after 1951, that attention was paid towards these troubles and steps were initiated to set up industries in other areas which had been neglected. The Industrial Policy Resolution of 1956, and subsequently the Resolutions of 1977 and 1980 also emphasized the need for accelerated
rate of growth in the economy, speedy industrialization and removal of imbalances in development flanked by dissimilar states/regions/areas. Hence, a substantial portion of investment of public sector has been diverted to setting up large units in backward regions and also in remote areas. It was with this objective of developing the backward areas that all the four major steel plants have been set up in Madhya Pradesh, Orissa, Bihar and West Bengal; fertilizer factories have been located in Andhra Pradesh, Bihar, Assam and so on.

The dispersal of public sector units to all the states and union territories has been appreciable as it has led to the expansion of employment opportunities, growth of small level and ancillary industries beside with the development of infrastructural facilities: It is with this view of bringing in relation to the balanced regional development that the government has been following the policy of giving preferential treatment to backward states in the field of public sector investment.

**Employment**

The real strategic-position of public sector can be seen through looking at its shares in employment. The expansion of public sector has witnessed considerable augment in employment. As on March 31, 1989, 232 Central Public Sector enterprises employed 22.93 lakh people which constitutes more than one third of the total employment in the organised sector. Throughout 1978-79, the number of employees in public sector was only 17.03 lakhs. State-wise sharing of employees reveals that Bihar accounted for the largest number of 4.33 lakh employees as on March 31, 1990 followed through West Bengal, Madhya Pradesh, Maharashtra, and Uttar Pradesh. The industries, which have a sizeable number of employees in the public sector, contain coal and lignite followed through steel, textiles, heavy engineering, petroleum etc. The coal and lignite sector alone accounted for more than 30 per cent of the total employees.

The public sector is becoming a model employer and most of the
enterprises have recognized their social responsibility in providing housing, educational, medical, recreational facilities to the employees, especially in cases where the projects are located in towns and villages which are inaccessible. The actual gross investment incurred on township of public sector enterprises (including work in progress) as on March 31, 1990 amounted to Rs. 2,965 crore. Housing is a major contributory factor in bringing in relation to than attachment of employees with their enterprises and in promoting better and balanced industrial development including higher productivity. Keeping in view the need for overall improvement in the productivity of personnel working in several public enterprises attention is being paid towards training and re-training programmes. Public sector has been one of the instruments in bringing in relation to the development of human possessions.

**Internal Resource Generation**

In excess of all these years, public sector has been paying great attention towards generating possessions internally for financing their own expansion and for other development activities. In the context of resource crunch being faced through the country, the generation in internal possessions through the public sector has assumed greater importance. The gross internal possessions generated through the public sector enterprises throughout the third plan period was of the order of Rs. 287 crore which in the seventh plan period went up to 37,678 crore. The public sector contributes to the government exchequer through method of

- Dividends
- Interest payment on loans
- Income tax
- Excise and other duties.

Throughout the year 1989-90, such contribution amounted to Rs. 18,252 crore as against Rs. 16,352 crore in the previous year, recording an augment of 11.6 per cent.
Import-Substitution and Export Promotion

In a developing economy like India, the problem of foreign exchange becomes a serious constraint on the process of industrialization. The expansion of activities of public sector in areas like steel, aluminum, heavy engineering has to a certain extent lessened this problem. The contribution of some of the public enterprises like Indian Oil Corporation, Oil and Natural Gas Commission, Bharat Heavy Electricals has been important in reducing imports considerably thereby reducing foreign exchange pressure and creating a base for industrial and economic self-reliance of the country.

Public Sector has also contributed towards expanding exports of the country especially in products as metal ores, engineering goods etc. Separately from foreign exchange earned through exports through manufacturing concerns, other enterprises like Air Corporations, Shipping Companies etc., are also contributing towards the external trade of the country. Throughout all these years there has been steady growth of export earnings through the public sector enterprises which in the year 1988-89 stood at Rs. 4,898.07 crores.

Public Sector in any country, more so in the developing countries, certainly plays a significant role in its economic development. In fact in the developing countries it is the most significant agent of development. It has been able to translate into reality the policy of technical managerial and economic development. It is also true that the financial position of a large number of public enterprises the world in excess of, has not been appreciable. For instance, in India, the net profit works out to be 4.4% of the capital. Some of the public enterprises are having constant losses. There is a need to improve the performance of public enterprises but at the same time there are no easy solutions for improving the performance. Profitability, though very significant, cannot be the sole criterion for judging the performance of public enterprises in a developing country. Though, there is a need to efficiently manage all the accessible possessions at the disposal of public sector enterprises. In the
foreseeable future, industrial and economic development in the country is expected to take place to a considerable extent through the public sector. Public sector has to give the lead with the private sector enterprises continuing and supplementing the effort of economic development.

ROLE OF DEVELOPMENT CORPORATIONS

Concept of Development Corporation

It is hard to describe a development corporation in exact conditions. In most of the developing countries the term is used to signify an autonomous agency recognized in the public sector mainly to promote, rather than operate economic activities through some system of assistance. A significant characteristic of such a corporation is that it aims at achieving some external returns and benefits against its own profit. As distant as fostering promotional activities is concerned, the development corporations are useful as they:

- Promote an activity which otherwise may not be supported through the private sector or where the private initiative is lacking,
- Accelerate those activities which may materialize but at a slow pace, in a small size and that too, in a sectorally unbalanced manner,
- Promote a desired economic activity as envisaged through the government.

The development corporation connotes the expansion of desired sector of activity, promotion of units, effecting reforms in the structure of ownership and management of some economic activities, attaining the desired balance of payments and development of economic activities in certain backward regions or areas. Therefore, the central focus of the development corporation is a planned and deliberate promotional initiative in the public sector which is desirable but may not take place through the initiative of the private sector. The initiative of the government through the development corporation gives initial boost to the economic activities. At times these corporations may
promote an activity jointly with the private sector so as to give necessary confidence to the private sector. Desired development activities are promoted through the development corporations and its promotional benefits do not go to the undeserving beneficiaries.

These development corporations are recognized in the public sector, firstly because the private sector is not interested in such activities as the projects involve vast amounts of investment, long gestation period or the return on investment is negligible. Secondly, most of the developing countries have the chronic shortage of finances due to reduced amount of savings, low rate of capital formation and these corporations are intended to fill the gap flanked by savings and investment. Thirdly, it may act as an instrument of government policy in bringing in relation to the planned economic growth and industrialization.

Development corporations are provided enough autonomy as is normally given to a statutory corporation. These development corporations owing to internal autonomy are able to perform such promotional, developmental and commercial activities which otherwise may not be possible under a departmental form of organization. It is due to this autonomy, that they are able to offer financial, technical and managerial assistance to the beneficiaries. And they can take decisions suited to the circumstances of each case, like for instance whether to participate in the form of equity or loans or to operate activities through itself or to provide some subsidies or to sell the whole enterprise to the private sector.

**Functions of Development Corporations**

In most of the developing countries, development corporations perform a number of functions. These functions can be broadly classified under four dissimilar categories:

- Financial,
Promotional, Technical and Operative functions.

Financial Functions

Development Corporations give loans to industry, trade or agriculture. They may also participate in the equity of an enterprise whereby they are able to promote an enterprise. They may also engage in the activities that have the effect of promoting an active capital market through underwriting the capital issues of the company. In India, the development corporations or development banks like the Industrial Finance Corporation of India, National Industrial Development Corporation, Industrial Credit and Investment Corporation of India, the Industrial Development Bank of India discharge these financial functions. Likewise, several financial and development corporations have been created through the respective state governments since 1952 to give financial assistance to small and medium-level industries.

Promotional Functions

The promotional functions take dissimilar shapes. In some cases, the development corporations may undertake pre-investment studies of the viability of the project and help the entrepreneurs and investors to pick up a feasible project. In most of the developing countries where the skills of the project appraisal and market analysis is not adequately accessible this promotional aspect of the development corporations helps the entrepreneurs. In some of the cases, these corporations set up industrial estates in which the promoters are given incentives to locate their establishment. In these industrial estates, land is provided at a confessional rate. Inputs required through the industrial units like power, water etc., are given at subsidized rates. Marketing, warehousing, communication facilities are also provided in these industrial estates. Several state governments in India have set up a large number of such industrial estates.
In several development corporations, actual promotion may take place through initiating steps including procurement of capital arrangements for foreign collaboration and equipment. The State Trading Corporation of India Limited (STC) is a classical instance of such promotional activities. The principal business of the STC comprises organising and undertaking trade with other trading countries and promotion of export of both traditional and new commodities with a view to diversifying trade and maximizing foreign exchange earnings.

Some development corporations are set up, either exclusively or partly, to develop a backward region. For instance, the IDBI and other financial institutions have started consultancy organizations like the North Eastern Industrial and Technical Consultancy Organization (NEITCO), Kerala Industrial and Technical Consultancy Organization (KITCO) etc, for providing technical advice to entrepreneurs who are desirous of setting up industries in backward regions.

The Industrial Policy Resolutions of 1956 and 1977 entrusted the public sector with the responsibility of encouraging and developing a wide range of ancillary industries and contributing to the growth of decentralized production through creation accessible its expertise in technology and management through small level and cottage industries. Balanced regional development, extension of the benefits of economic progress to the backward regions and a widespread expansion of industries have been the major objectives of the development corporations in India.

**Technical Functions**

Research and development of new technology is one of the major objectives of the development corporations. For instance, the National Research Development Corporation of India was recognized with a view to promote technical research. The development corporations discharge the
function of arranging technical know-how for the enterprises which may be accessible either indigenously or from other countries. This to a large extent helps small level industries in modernizing their technology. In India, the National Industrial Development Corporation, is one such development corporation whose major and a continuous function consists of providing consultancy in project engineering, preparation of detailed project reports, drawings as well as assistance and site supervision. The Engineering India Limited is another instance whose development function consists of processing, designing and supervising the engineering work of the proposed units. Some of the development corporations give managerial advice and expertise to the entrepreneurs. They also give training facilities to their technical and managerial personnel. A development corporation may also offer assistance in the marketing of products of certain categories of industrial enterprises. For this purpose, a large number of marketing units for the sale of agricultural as well as industrial products have been set up through the state governments in our country.

**Operative functions**

A development corporation may promote and operate the activities, of any enterprise under its own control or before transferring it into private sector. Hence, a number of joint sector units have been promoted through the state governments. In the developing countries, owing to the non-availability of desired co-operation either through the government or private sector, the role of the development corporations has not been fully realized. Though, there is great potential in co-operative ventures for operating diverse activities. Throughout the world, there has arisen a tendency to privatize the existing units set up in the public sector. This is being regarded as a better alternative for fast industrializations, in a developing country.

A development corporation, so, is set up not exclusively for one scrupulous function, but may have divergent functions as discussed above. Several of the financial corporations like the Industrial Finance Corporation of
India, Industrial Credit and Investment Corporation of India, Industrial Bank of India are also assigned non-financial functions.

**Development Banks**

Those development corporations entrusted with financial functions are also recognized as development banks. The evolution of these specialized financial institutions has been a post World War-II phenomenon. In most of the developing countries one of the major causes for lack of development has been the inadequacy of finance. Consequently, in the post-war period several of the developing countries have recognized special institutions to supply finance for the purpose of industrialization. These financial institutions are recognized as development banks. These banks were first set up in Europe and Japan. The significant function of a development bank is to mobilize possessions and then utilize them for industrial growth.

In India, the Industrial Finance Corporation of India (IFCI) was the first all-India lending institution set up in 1948, entrusted with the function of providing medium and long term credit to industry. Later, the state government had also set up state stage institutions recognized as State Financial Corporations. In 1964, the Industrial Development Bank of India (IDBI) was set up as an apex organization in the field of development banking. It was assigned the functions of co-coordinating the activities of other financial institutions, supplement their possessions, plan and promote industries of major importance and adopt priorities, promote industrial growth.

Like other development corporations, these development banks are playing a very significant role in filling the gap in the capital market and providing finances to those industrial enterprises which may not be able to raise funds from the normal channels existing in the country. One of the greatest barriers to development, namely finances, has been removed to a large extent. Their rendering of financial assistance is confined not only to new enterprises, but
small and medium firms, enterprises in the backward region and non-traditional enterprises. Such, assistance is provided for expansion, diversification and modernization of the enterprise.

Most of these development banks beside with providing finances, discharge promotional activities also. Some of these activities are:

- Identification of projects from an overall economic study of the country through area and sector surveys.
- Identifying entrepreneurs to manage the projects.
- Undertaking full feasible studies of the project either through their own efforts or through appointed consultants.
- Appraising the feasible studies and assisting in the implementation and execution of these projects.

These development banks are now occupying a position of dominance in the field of finance. The technical help coupled with the financial help have helped in reducing regional imbalances, developing backward regions, encouraging structural changes and bringing in relation to the diversification in the industrialization of the country. Through the efforts of these financial institutions, infrastructure for development has been created. Small and medium level industries have been encouraged which in turn has accelerated the industrial development in our country.

**Role of Development Corporations and a Critical Evaluation**

In India, we have a large number of development corporations both at the Central as well as the State stage. As we have discussed earlier, some of these separately from the development banks, contain the National Research Development Corporation, National Small Level Industries Corporation, Central Warehousing Corporation, State Trading Corporation, Rehabilitation Industries Corporation, National Seeds Corporation, Indian Tourism Development Corporation, Film Finance Corporation etc. Likewise a large
number of state governments have also set up development corporations for the purpose of meeting the needs of agro-based industries, small-level industries, for the export, marketing and tourism sectors. There has been a gradual tendency in India to establish development corporations with specific purposes rather than in an omnibus manner. The dominant area in our country has been in the field of finances. But some of these corporations in fields of tourism, export, research and development have been very effective.

The National Industrial Development Corporation has been functioning effectively as an instrument of government for securing a balanced and integrated development of industries both in public and private sectors. It has been setting up new industries and developing new lines of production. It has also taken up the study and investigation of industrial schemes, ensuring the maximum possible use of industrial equipment, and also the accessible ability and experience in the country. The industries which have been set up in turn encourage the growth of ancillary industries.

The promotional activities undertaken through development corporations in the area of agro-based industries, fisheries, textiles, jute and similar other activities have boosted the overall production and the marketing of these products. On a wider level the development corporations have also been effective in bringing in relation to the social transformation especially for the scheduled castes and tribes and in the tribal areas. They have inculcated the spirit of self help and provided sources of employment to the large number of vulnerable sections of the society. The warehousing facilities provided through these corporations has provided adequate protection to our small level manufacturers and growers. Tourism in most of the states has become a significant industry and in this context the contribution through the Tourist Development Corporations has been quite important. Substantial foreign exchange is also being earned through this sector.

The development corporation has no doubt contributed to the cause of overall development, strengthening the economy through providing economic
and social infrastructure, removal of regional imbalances and encouraged entrepreneurship in the middle of dissimilar sections of our society. But a serious problem facing most of these corporations have been one relating to its autonomy. Though it is in the form of statutory corporation which enjoys more operational autonomy, being an instrument of government policy and promotional intentions, these corporations have not been able to come out of the government power in any major method. Unless enough autonomy to these institutions is granted it will not be possible for them to operate as commercial enterprises. Since most of these development corporations are undertaking developmental and promotional activities, the power through the government cannot be undermined especially when they have some social implications. It is expected that a clear understanding especially with the help of memorandum of understanding needs to be built up to have an effective working relationship with the government and the corporations. Once the objectives are clarified and the targets fixed, these corporations should be provided enough autonomy so that they are able to discharge their functions.

The priorities laid down for the development corporations several a times are broad in nature. This hinders the effective functioning of the corporations. For instance, the Industrial Financial Corporation of India has been creation frequent changes in the priorities of its financial operations constant with the directives received from the Government of India. Unless the directives are clear, positive and issued timely, the development corporations cannot discharge their functions effectively. To enable the development corporations create an important impact, their organization should be so constituted that they are ensured of autonomy in their day to day matters constant with their overall objectives. There is need for proper delegation of administrative and financial powers to, the Board of Directors and lower authorities in the organization. Professionalism needs to be developed in these corporations through imparting training to the managerial and technical personnel. Modern techniques of financial management, electronic data processing and better office management techniques should be introduced to improve the overall effectiveness and efficiency of the corporations. This may bring in better
FORMS OF PUBLIC ENTERPRISE

Departmental Undertaking

In the middle of the dissimilar shapes of organization, the ‘Departmental’ form is the oldest and is at par with normal government departments in matters of appropriation, parliamentary control and accountability. This form has commonly been used for the administration of national services like posts and telegraphs and railways besides defense production units.

The main characteristics of the ‘Departmental’ form of organization are:

- A department is headed through a minister who is responsible for policy creation and day to day administration.
- Departments do not enjoy any financial autonomy, as the government exercises strict financial and budgetary control in excess of them.
- Department follows routine procedures of administration and this leaves no scope for any flexibility in taking decisions and other matters too.
- The departments do not enjoy any autonomy in personnel matters. The personnel working in the departments are recruited through the public service commission and are governed through strict rules, regulations of the government.

According to the Report of the Seminar on Organization and Administration of Public Enterprises in the Industrial Field mannered through the United Nations Economic Commission for Asia and the Distant East in 1956, the main characteristics of departmental form of organization in most of the countries are:

- The departmental enterprise is financed entirely through appropriations from the Treasury and all or a major share of its revenues are paid into the Treasury;
The enterprise is subject to budget, accounting and audit controls applicable to other government activities;

The permanent staff of the enterprise are civil servants and the methods through which they are recruited and the circumstances of service under which they are employed are ordinarily the same as for other civil servants;

The enterprise Ms usually organised as major subdivision of one of the control departments of government and is subject to the direct control of the Head of the Department; and

Where this applies in the legal system of the country concerned, the enterprise possesses the sovereign immunity of the State and cannot be used without the consent of the government.

Although this form of organization ensures full control through the government, there are obvious limitations in this form of organization. It may not have adequate freedom of action in matters such as technological improvements, capital expansion, finance and accounting, purchase and personnel administration. The Krishna Menon Committee Report on State Undertakings has also pointed out some limitations in having a purely departmental form of organization. These contain:

- Permanent staff is subject to rules and regulations applicable to civil servants, there through preventing both promotion on merit and prompt disciplinary action where necessary;
- Tardy procedures for arranging funds, for instance, the necessity for getting sanctions for expenditure and other matters in every single case;
- Cash receipts have to be put into government account and cannot be taken out without special sanction;
- The system of accounting; and
- The departmental methods of purchase of raw material and sale of products and so on.
The Departmental form of undertakings due to their being subject to such limitations are not very popular. Inadequacy of this form has been recognized and two alternative shapes viz., a ‘statutory corporation’ and ‘government company’ were developed to allow flexibility and initiative in the management of the public sector undertakings. Let us now discuss these two shapes of organization.

Statutory Corporation

After Independence with the government assuming new economic, commercial, industrial functions for the welfare of the people; it was felt that departments are not appropriate for carrying out all these functions. Departmental undertakings lack flexibility, autonomy, quick decision creation powers. Hence statutory corporations are better suited for these functions, as they have altogether a dissimilar type of structure. Since they have more freedom in decision creation and flexibility in their day to day working than departments there was acceptance of statutory corporation as the appropriate form of organization for public sector units. This is one of the causes, for adopting this form of organization while setting up the Damodar Valley Corporation, the Industrial Finance Corporation etc., after Independence.

Statutory Corporations are set up under specific statutes of the Parliament and the extent of their accountability and the nature of the parliamentary control is indicated in the statutes.

The principal features of a corporation are:

- It is owned through the government and it is recognized for some specific purpose.
- It is recognized through law or statute passed through the Parliament or Legislature. The statute clearly lays down the objectives, powers, and privileges, the form of management and its relationship with the recognized departments and ministries.
The statutes creating the corporations also vest in a body, usually recognized as the ‘Board of Directors’ the powers to act in the name of the ‘Corporation’ subject to government’s right to issue directions from time to time.

The corporation has a ‘corporate status’ It implies that in the eyes of law a corporation has a status of that of an individual. For legal purposes it is a separate entity, can enter into contracts, acquire property, can sue anybody and be sued. A statutory corporation is an administrative agency of the government, but in the eyes of law it has an independent status like a citizen. This is recognized as ‘corporate statuses of the corporation.

The statutory corporation has financial autonomy. It is usually independently financed. It obtains its funds from borrowings and is authorized to use and re-use its revenues.

The employees of the corporation normally are not civil servants. They are recruited and remunerated under the conditions and circumstances determined through the corporation, except that in certain matters certain broad guidelines issued through the government have to be adhered to.

A corporation so is in an advantageous position because it has initiative, flexibility and operational freedom and relieves the ministers of direct administrative responsibility. Though, the creation of this device has given rise to new and equally hard troubles. There is a danger that their operations may become uncoordinated and they may become too much independent. According to Hanson, “the freedom conferred on an enterprise through this form of organization can be so large that the problem of public accountability becomes very hard”. The resultant problem is as to how distant the government should keep control in excess of a corporation or how distant should it go to grant it autonomy. Exercise of control through the government and Parliament is likely to take absent its primary advantages of autonomy and freedom.
Government Company

Government company is the new form of organization which is being widely used in India and several European countries for the industrial and commercial undertakings. The company form has become popular due to the merits of easy formation, flexibility in administration, freedom from governmental interference etc. The government company, according to Sec. 617 of the Companies Act is that in which not less than 51 per cent of the paid-up share capital is held through the Central government or State government or jointly through the Central and state governments. This form of organization can associate private enterprise-national or foreign. A government company is recognized through issue of an executive order. It does not need the approval of the Parliament or State Legislature.

Some of the features of a government company are:

- It is a body corporate created under the Companies Act. Like statutory corporation, it can own property, sue, be sued in its own name and enter into contracts.
- It is governed through Memorandum of Association and Articles of Association which lay down the objectives of the company, and other rules governing its internal management.
- A company is supervised through a board and depending upon the extent to which private capital is participating in the enterprise, all the directors or majority of them are appointed through the government.
- The personnel of a government company are not civil servants and they are appointed through the company on conditions and circumstances dissimilar from that of government departments.
- It enjoys financial autonomy. If it is fully owned through the government, it obtains funds from the government and otherwise from some private shareholders, revenues secured through sale of its goods
and services. It is also not governed through accounting and audit procedures applicable to government departments.

A government company is distant easier to form than a public corporation. The latter usually calls for specific legislation for which the Parliament may not have time or which the government may not wish to introduce at a given point. With the adoption of company form of set up for any public enterprise, the government is not bound through any limitations as imposed through any specific act because of the regulations governing and guiding the Board of Directors in the form of Articles of Association which unlike an Act, can be customized periodically in an easier method. The company form is also convenient when

- The government has to take in excess of an existing enterprise in an emergency;
- The government wishes to manage an enterprise in association with private enterprise;
- There is competition with the private sector requiring operational autonomy; and
- There are certain compulsions through the donor countries to have specific form of organization.

The use of company form of organization has at times been criticized on certain grounds like it does not assume accountability to the Parliament which is implicit in the case of departmental form of organization and explicit through legislation in the case of public corporation. Also it serves a limited purpose in the case of organizations recognized for developmental or promotional purposes.

**Choice of a Form of Organization for Public Enterprises**

The problem of evolving an appropriate form of organization for public enterprises has been since long a matter of controversy. Concerning the
suitability of departmental type of organization, consensus exists that it be used for undertakings relating to defense, having a strategic or security base and for enterprises intended for commercial activities or public utility services. The Estimates Committee also in its 16th Report (1954-55) discussed this problem and expressed its disapproval of adopting a form of departmental undertaking and recommended company type of organization.

Concerning the relative utility of the ‘corporation’ or ‘government company’ as the form of organization, there has been an absence of raison deter. The corporation form has been adopted for most of the industries in England and other Commonwealth countries. The company form is very popular in Europe, France, Germany and Italy. In India too, the company form has been favored for industrial and manufacturing industries.

A company form of organization provides the government a free hand and there is less dependence on Parliament’s approval for policies relating to day to day administration of such an organization. Hence the parliament naturally, is not in favour of such an organization, which reduces its ‘Parliamentary control’. This controversy flanked by the choice of either a statutory corporation or a government company form of organization is pretty old.

The Estimates Committee again in April 1960 in its report observed that no well-defined principles had been followed in determining the form of organization. It recommended that state owned public undertakings be organised in the form of statutory corporations and the company form be organised only under special circumstances like for instance if an enterprise is to be launched in association with private capital. The government in reply defended its choice and pointed out that the company form has the necessary flexibility and autonomy needed for the successful operation of commercial enterprises. The government though agreed that corporation form of organization will be deemed favorable whenever the undertaking is to handle enormous finances or where the normal functions of an industrial or commercial enterprise are lacking.
The Administrative Reforms Commission in 1967 examined the issue, and felt that the adoption of a statutory form of organization for a public enterprise is advantageous as compared to the company form. Since the corporations are set up through the Parliament, it has the opportunity of discussing the details of the constitution of enterprise in public sector, its objectives, operations and other obligations the enterprise has to fulfill. The specific act creating a corporation can describe the extent of autonomy and decentralization necessary for the enterprise. It recommended:

- Adoption of statutory corporation form in general for public sector projects in the industrial and manufacturing field.
- Company form of organization for projects where there is an element of private participation, undertakings which are primarily trading concerns or which are set up to improve scrupulous areas of business. This form is suited for an undertaking which is small in size and is to be given an independent legal status.
- Promotional and developmental agencies should as distant as possible, be shaped as statutory corporations or departmental concerns.

The Government of India did not fully accept the recommendations of the ARC, but later, keeping them in view clearly demarcated areas where the corporation and company form of organizations are preferred. The statutory corporation is preferred for certain enterprises which give utilities, which are primarily planned to develop the basic infrastructure facilities, but where the commercial aspect is predominant the company form of organization may be adopted.

It is the experience of most of the countries including India that both statutory corporations and government companies do not enjoy the extent of autonomy which was originally expected from them. The thought which was once widely expressed that the requisite autonomy for a public undertaking can be secured through the appropriate legal status has now proved rather
illusory. Whether the undertaking is organised as a statutory corporation or a
government company, the autonomy which it enjoys and the type of control
under which it has to work depends mainly on the conventions and the
working precedents which develop beside with its legal status. With the
obstructive attendance of our bureaucracy and political interference, directly
or indirectly in the appointment of personnel, it turns more into an apology of
autonomy, being what politicians permit and civil servants allow.

Hence, every form of organization has its relative advantages and
disadvantages. Determining a scrupulous type of organization for a public
enterprise is a hard task which has to take into account several factors like the
nature of activity of that scrupulous enterprise, its contribution to the national
economy, its personnel, financial necessities, etc.

Other Shapes of Organization

Separately from the three principal shapes of organization we have
mentioned above, there are other shapes of organization under which some
public enterprises are functioning. Let us discuss these.

Control Board

The Control Board comes into subsistence based on the resolution of
Central or state governments as the case may be. These Boards are set up
usually for the management of river valley projects. Control Board is not a
statutory body but is created through the executive authority and hence does
not enjoy operational autonomy like the public corporation. Except the
Damodar Valley Corporation which was set up as a statutory corporation,
other projects like Bhakra Management Board, Tungabhadra Project are set up
under the form of Control Board. The Board is given the charge of the project
including technical and financial matters.
**Operating Contract**

It is another form of organization where the government entrusts management functions to a private party on an agreed remuneration with a view to getting the benefit of private control and management. Till now no central public enterprise has been set up in India in this form of operating contract as this device establishes the supremacy of private management.

**Co-operative Society**

At times a public enterprise may also be recognized as a co-operative society. A public enterprise is treated as a co-operative society only if the government has a majority investment. Several of the development or promotional activities can also be taken up through registered societies under the Societies Registration Act: Such organizations are basically non-profitable in nature. Some of the central enterprises like the Indian Diary Corporation, Trade Fair Authority of India, And National Research Development Corporation are set up in the form of co-operative societies.

**Sector Corporation**

In most of the countries including India there are large number of organizations which are performing scrupulous activity or area of operation. They function directly under the concerned ministry. It was the Administrative Reforms Commission which recommended the setting up of sector corporation in areas like oil, coal and lignite, petroleum, petrochemicals, iron and steel, electrical, fertilizers etc... The objectives of "sector corporation which will be a single integrated corporation for each major sector of industry are to:

- Achieve broader co-ordination and uniformity of policies in the middle of constituent units;
- Give better professional development to its employees through exchange of experience and training;
- Avoid duplication of services and unnecessary competition;
- Pool jointly the activities relating to research and development.
According to the ARC, setting up of sector corporation through amalgamation of similar activities and converting the organization into corporation would create the government control more effective through confining it to strategic and vital points. Even the span of control for the purpose of ministerial supervision would be reduced. The major functions of the sector corporation were to (i) advise the government on general matters affecting the scrupulous industry, (ii) receive and secure the implementation of government directives and (in) promote, give, co-ordinate activities relating to research and consultancy, recruitment and training of personnel, marketing and purchase, pricing policy etc.

The Government of India did not agree with the suggestion made through the Administrative Reforms Commission, as it felt that a large organization like sector corporation would become unmanageable. Moreover healthy competition in the middle of the public enterprises is needed to improve, their performance. Though, the government agreed on an experimental basis to integrate some of the units having some common functions. For this purpose in 1973, a holding company in the form of Steel Authority of India (SAIL) was created. A holding company is that which through virtue of its share ownership in other companies is able to exercise control in excess of the management of those other companies recognized as subsidiaries. It was meant to integrate all the companies into one company so that there is overall control of the management of its subsidiary companies. Such a system would bring better co-ordination in the development of an overall strategy to plan, promote and organize its. management functions. The Steel Authority of India was assigned functions of planning, organising an integrated and efficient development of iron and steel industries, formulating a national policy for the development of iron and steel industries and also rendering advice on all policy and technical matters.

The formation of sector corporation was extended to coal industries too through creating Coal India Limited and to the Hotel Industries through
creating Ashoka Group of Hotels. Though, this had not been extended to other industries. The argument concerning grouping of public enterprises having somewhat similar functions still remains valid. In a developing country like ours, this grouping will help to reduce unnecessary expenditure and will bring in relation to the better management. The establishment of Holding Companies in core sectors was emphasized again in 1986 through the Arjun Sengupta Committee especially in areas like energy, fertilizers etc., as it would give a link flanked by the government and public enterprises under them.

**Joint Enterprise**

A new trend in the field of public undertakings in some of the developing countries is government participation in economic activities jointly with the private sector. It was the Industrial Licensing Policy Enquiry Committee popularly recognized as Dutt Committee, which in its report in 1969 advocated the joint sector as an effective antidote to the concentration of economic power, curb the uncontrolled growth of large business houses. According to the Committee the joint sector could fulfill two significant objectives of (a) ensuring a positive say in the management and control of assisted private sector industries (b) preventing large industrial houses from expanding their industrial empire with the possessions of public financial institutions.

The causes for creating joint enterprises can be as follows:

- While the government desires to set up an enterprise but lacks requisite initiative, ability, through using this device of joint sector, private sector managerial possessions can be drawn.
- Through joint sector the government may acquire some equity interest in some enterprise that is sick or is mismanaged through the private sector and is causing concern to the government.
• The government participation through joint sector would accelerate industrial growth as it helps in activating any untapped segment of industrial sector.

• The government may acquire shares in the private enterprises for the sake of profits that are likely to follow.

Although the concept as well as the practice of joint sector has been gaining popularity, it seems that there is no clarity concerning the exact roles of public or private sectors. Also some operational troubles like autonomy, pricing policy, representation of government and private sector in the board of management are faced through the joint sector undertakings. Joint enterprise can be powerful instrument of development in the developing countries if mutual trust and confidence is created flanked by the private and public sectors.

Need for an Apex Organization for Public Enterprises

This poses a question whether there is any need to have one overall organization or single apex body for all the public undertakings. A.D. Gorwala in his Report on the “Efficient Conduct of State Enterprises” (1951) recommended that there should be one Board of Management for all public undertakings. Based on this recommendation, a Ministry of Production was created in the mid fifties and was given the responsibility of co-coordinating the activities of all production units in public sector. But this ministry was wound up later due to resistance put up through other ministries affected through this move. The proposal of the Select Committee on Nationalized Industries of the UK to have a Ministry of Nationalized Industries and also the attendance of Ministry of State Holdings in Italy since 1956 brings the issue of having a separate Ministry of Public Enterprises to the fore.

It is felt that there should be a separate ministry which is well equipped
with the managerial personnel having technical skill to deal with all the troubles relating to public enterprises. Such a ministry would help in having constant policies and integrating the efforts of public enterprises towards the process of national development. It will be able to develop and promote common techniques and bring in relation to the harmonious relationship in the middle of the public enterprises. Even the ministerial control and parliamentary accountability will become effective. On the other hand, since the public enterprises are large in number and constitute a substantial part of the economy, creation of a ministry might lead to organizational troubles. The main problem of such a ministry would be its organizational size which may become unwieldy and gigantic. Moreover public enterprises are functioning in dissimilar areas which are either commercial or non-commercial in nature with divergent objectives of the individual enterprises and each functioning with a dissimilar technology. Hence co-ordination may become ineffective.

The Department of Public Enterprises was created in 1985. The Bureau of Public Enterprises (BPE) which was created in 1965 acts as a nodal staff agency to give managerial, advisory, performance monitoring services in several facets of management of public enterprises. The Bureau which was functioning earlier under the Ministry of Finance is now under the Department of Public Enterprises. The Bureau is required not only to bring unity and co-ordination in the internal functioning of enterprises but to provide expert advice and guidance to several public enterprises. It acts as a vital link with the public enterprises on the one hand and the government and Parliament on the other. It also consolidates the whole activities of public enterprises and their financial results into one consolidated report. Likewise, the Standing Conference of Public Enterprises (SCOPE) also brings similar type of co-ordination within the public enterprises. Besides this there are several committees which are being set up to bring co-ordination in the middle of several public enterprises.

REVIEW QUESTIONS
• Explain the nature of the major troubles being faced through the public sector in India.
• Discuss some of the organizational troubles of the public sector in India.
• Distinguish flanked by public sector and public enterprise.
• What steps were taken throughout the pre-Independence period towards promoting State intervention in economic activities?
• Explain the meaning of development corporation. What purpose do they serve in developing countries like India?
• Describe any two functions of development corporations.
• Distinguish flanked by a departmental form of undertaking and a statutory corporation.
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