

Overview

A liberal and dynamic democracy is based on the principles of good governance through vigorous participation of informed citizenry. Understanding and reforming the institutions of democracy are essential for its survival and growth. Such an endeavour requires constant and concerted efforts on the part of citizens, civil society organisations and governments. *State of Governance: Delhi Citizen Handbook 2003* was an innovative step towards ensuring citizen participation in Delhi.

The *Handbook* was a compilation of 25 agencies, boards, corporations and departments (ABCDs) of the Delhi Government and the Municipal Corporation of Delhi. It recommended policy reforms based on the concept of new public management, the principle of subsidiarity, government provision and private production, expanding choice and competition, ward level management and result oriented management. The *Handbook* was also widely discussed in media, bureaucracy and political circuits. It had direct and indirect influence on some of the policy changes in Delhi.

...much of the problem stems not from a callous government but a lazy, ineffective citizenry that fails to utilise rights they are entitled to. This has just been proved by a bunch of youngsters who, under the guidance of an NGO called Centre for Civil Society, have put together the Delhi Citizen Handbook 2003. This is timely, coming just before the Delhi election. But it is no mere election-directed pamphlet. It is a thoughtful guide on how the governance of a city can be improved, and how citizens themselves can play an important role in taking control of the rules that control their lives.

-Swaminathan S Anklesaria Aiyer, The Times of India

How much a decentralised system could work in practice... is splendidly demonstrated in an innovative project undertaken by Parth Shah's Centre for Civil Society. ...local communities can deliver efficient and equitable public services. It would be nice to

imagine that in the forthcoming elections their 'State of Governance: Delhi Citizen Handbook 2003' could become the citizens manifesto to hold their elected officials to account.

-Professor Deepak Lal, Business Standard

State of Governance: Delhi Citizen Handbook 2006 is again the outcome of our constant and concerted commitment towards better governance. It is a compilation of more than 30 departments, agencies, boards and issues that ignite public debate in Delhi today. It hopes to further citizens' understanding of the workings of the government. The *Handbook* also makes constructive and bold recommendations for improving the quality and effectiveness of governance.

The Making and Meaning of the *Handbook 2006*

We selected more than 33 departments, boards and agencies for this study. The first issue taken up was Delhi's unique experiment in participatory governance, the Bhagidari scheme. Through appropriate departments, general public services like education, water, power, fire service, irrigation and flood control are evaluated in detail. Delhi's labour welfare schemes and employment exchanges along with land and development management of the Delhi Development Authority (DDA) are put under the microscope. We examined Delhi state's role in cultural issues like languages, archaeology and archives as well as in religion through the Haj Committee, Gurudwara Election Office, and the Waqf Board. Not only government's expenditures but also its efforts to raise revenues through myriad taxes and levies raise concerns about the efficiency and transparency of the processes. Overall, the 2006 *Handbook* covers a wide range of issues and ABCDs that affect everyday life of ordinary citizens of the city.

The young researchers collected information from reluctant and suspicious officers to document objectives, budget allocations and expenditures, personnel employed, achievements, and failures of the departments and agencies. The performance was evaluated on the basis of the budgetary and physical targets, reports of the Comptroller and Auditor General, evaluations by the Planning Department of the government, and other government commissions and reports. Newspaper reports were considered when they had concrete

information. Most important of all, the researchers talked with government officers across ranks and with the people affected, positively or negatively, by these organisations.

The young researchers who made all these possible refute the charge that the nation's youth has become apathetic and cynical. Instead of *morchas* and *dharnas*, in this information age they toiled to generate knowledge and understanding so that we may have informed debates and decisions. We hope that their labour would not go waste.

As in the 2003 *Handbook*, many of the reform ideas suggested in the following chapters are based on the principles of subsidiarity and new public management. Given the importance and centrality of these principles in achieving good governance, we reproduce them here.

The Principle of Subsidiarity & New Public Management

The principle of subsidiarity suggests that government should undertake only those tasks that people cannot accomplish themselves. Within the government, the first responsibility should be of local governments. The functions those local governments cannot perform should be given to district governments. And only the remaining areas should devolve to the state government.



The emergent field of New Public Management (NPM), amalgamation of public administration and business management, provides practical answers to the fundamental questions of good governance at different levels of government.

Since most immediate tasks of the government are performed by local governments, they should have the primary power to collect revenues. The local governments would pass on proportionate revenues to state governments, which would offer resources to the union government. The principle of subsidiarity indicates that the union government should be subsidiary to state governments and the state to local governments in functions as well as in finances. The

following are the basic principles of New Public Management, which could be fruitfully applied to resolve many of the problems and paradoxes of governance.

1. First, do no harm

The rule of medical practitioners, 'First, do no harm,' applies to government managers. The license-permit raj that we abolished in the industry exists in most other areas. To open a school in a slum or a barbershop or a *dhaba*, to sell ice cream, or water, or fruits and vegetables, licenses are necessary. The government should not prevent people from earning an honest living.¹ It would have to create fewer *rojgar yojanas* and subsidy schemes. Delicensing and deregulation should take the first priority. First, do no harm; do not obstruct or restrict citizens from what they can do for themselves

Delhi Municipal Corporation Act, 1957, Section 420

Street Hawkers: Technical Conditions Refrigerated Water Trolleys (Rule 5)

It has been decided by the Commissioner that distance of 50 metres between 2 water trolleys in congested areas of City, Sadr Pahar Ganj, Civil Line and K.B. Zones and 100 metres in less congested areas of Shahdra, New Delhi, South, West and Rural Zones be observed. However, this shall not hold good in case of parking of water trolleys near cinemas, markets and other places of recreation etc. Even at such places a distance of about 10 metres shall have to be maintained.

Delhi Municipal Corporation

Cycle-Rickshaw Bye-Laws, 1960, Section 3

(1) No person shall keep or ply for hire a cycle rickshaw in Delhi unless he himself is the owner thereof and holds a licence granted in that behalf by the Commissioner on payment of the fee that may, from time to time, be fixed under subsection

(2) of Section 430. Provided that no person will be granted more than one such licence [Provided further that Commissioner may grant more than one licences to a widow or a handicapped subject to the maximum of five licences.]

2. Separate Provision from Production

The government provides or finances the public good but the actual production is left to the private sector. Instead of attending to inputs into the department, the official focuses on the output. This separation allows the government to provide the service without having to manage production facilities. If the government wants to provide free textbooks to students, it doesn't need to run a whole publishing house, but purchase them from private producers, or better, give money to students so that they can purchase books they prefer directly.²

In the *Handbook* we apply this idea to the provision of primary education. 'Education Voucher' is given to each poor child who uses it to get education in any school of her choice. The school

cashes the voucher from the government. The government thus finances education for those who cannot afford it but it does not run schools. The Education Secretary would have time to check whether students get good education; she won't have to worry about tenders and evaluation of bids for blackboards, chalks, chairs, tables, construction of classes and schools, or about personnel appointments and transfers, disciplinary proceedings—areas where she spends all her time today.

Instead of managing thousands of Fair Price Shops (PDS shops) and combating daily shortages, corruption and crises, a 'Food Voucher' would allow the person to purchase food in the market.

3. Finance Services Through user Fees Instead of Taxes

Only those who actually use the service, pay for it. It may seem paradoxical but when government services are financed from general tax revenue, and not user charges, the poor pay more than the richer classes. Take for example water. A very small proportion of the total cost of supplying water is collected through user fee, most the expenditure is financed through general taxes. What actually happens is that those lucky enough to have water connection benefit from the subsidy—they pay less than the cost of providing water. But many, particularly the poor, do not have domestic water connections. They get little benefit of the water subsidy. It is more efficient as well as just to finance services by user fees than by taxes.

4. Expand Choice and Competition

Depending on the product or service, there are many ways to separate provision from production, charge user fees, or provide subsidies. Choose those methods that increase competition among suppliers and expand the range of choices for consumers.

The Kerala government gives scholarships and transport subsidy to the highest number of students compared to any other state government. Both scholarships (which are similar to education vouchers) and transport subsidy expand the range of schools that students can choose. They also increase competition among schools to attract and retain these students who are more demanding as well as mobile. This choice and competition improves education quality not just for these students but for all students. The choice

and competition are really at the heart of what is called the Kerala model of education.

5. Focus on the Core Function and Contract out the Rest

A hospital must focus on delivering best quality health services. It should contract out services where it has less of a comparative advantage: cleaning, security, managing a pharmacy, or a staff canteen. The contract does not have to be given to a private company, it could be to another government agency that specialises in that service.



6. Give clean Subsidies

Subsidies should reach the target group directly, without affecting the prices, and without distorting the incentives to economise on the use. The electricity subsidy to farmers, as it is commonly given, distorts the price of electricity and weakens the incentive to economise on the use of electricity. One result of this is electric motors running longer than necessary to pump water. Excessive water use has created problems of water logging and salinity. So the unclean subsidy for electricity use has increased water logging and water salinity. The issue is of whether to give subsidy to the farmer is different from what form should the subsidy take. Once it is decided to give farmers a subsidy then we must think hard about the way in which the subsidy is given. It should be ‘clean subsidy’ so that prices are not distorted and over consumption does not occur.



7. Sound Budget Management: Outcomes, not just Outlays

Budget making is still shrouded in secrecy even though the budget is the most important governance document. Budget should be

made in day light with open public debate. The budget documents about the overall budget, as well as individual departments should be easily available in a user-friendly format. At the least, they should all be put up on the government's website. Making all information accessible is the simplest part of e-governance.

It is now widely accepted that zero-based budgeting with a performance orientation can improve transparency and efficiency of government expenditures. The accounting system should be on an accrual basis not on cash basis. The fund based accounting system (FBAS) is even better in evaluating per unit cost of services and in matching the costs with performance standards.

8. Efficient and Corruption-free Procurement System

Two of the ways to achieve the goal of efficient and corruption-free system of procuring goods and services for the government are passing a False Claims and Whistleblower Protection Acts and making the procedures of tendering and bid selection completely transparent.

A **False Claim Act**, also know as *Onit Tam* Act, would allow anyone to bring a lawsuit or provide information on any supplier of goods or services to the government who makes 'false claims' about quality, quantity, or the price of the supplies. If the person provides critical information that helps convict the supplier, then a part of the fines is given to that person as a monetary reward. The higher is the share given to the whistleblower, the higher are the chances of getting that important information necessary for conviction.

The private suppliers will hesitate to cheat the government since anyone, including their own employees, can furnish evidence to convict them and collect large monetary rewards in exchange. The False Claims Act coupled with a **Whistleblower Protection Law** for private as well as government employees will mitigate corruption and fraud in government procurement and contracts.

The process of procurement can be made transparent by putting up the tender, all submitted bids, and the selected bid with details of the contract on the website of the concerned ministry or department. The people would know what the company has promised to

supply and they would help the government detect any breach in the contract.

The **'Two Bid System'** of selecting the tender is better and less prone to corruption. In this system, the bidders submit separate financial and technical bids. The government officials first select the best two technical bids and then open the financial bids of only those two best technical bidders. The officials reviewing the two types of bids could be different to reduce the possibility of collusion.

9. Implement the Right to Information Act: Duty to Publish

The central Right to Information Act, 2005 is applicable to all state governments. Delhi should be particularly pro-active in implementing this Act and can go one step further than the central Act. It should require that the types of information that are most widely requested by the people of Delhi would then be disclosed pro-actively. One way to implement this pro-active disclosure is to consider the top three to five requests in each category per quarter and then make that information available *suo moto* from that point onwards. This would also reduce the burden on the government in fulfilling multiple requests for the same information.

10. Performance, Performance, Performance!

In the private sector, profit is the bottom line—profits of a company are a signal that the company is producing the service that people want to use and are willing to pay a price higher than the cost of producing the service. What's the bottom line for the services provided by the government? How do we evaluate the performance of the departments of the government? For government services, the bottom line must be the satisfaction of the users of the services.

A **Report Card System** can regularly collect information from the users of various government services. Assessing medical services at a major hospital, for example. The first survey would establish the starting point on the quality and cost of the service—the overall satisfaction of the patients at the hospital. Then the managers of the hospital should set performance standards—by how much the satisfaction score should increase in various areas of services by next year. They should then design all their systems and train the personnel so as to achieve those performance standards. The next

year's Report Card would judge how far these standards have actually been achieved.

A **Citizens' Charter** can define objectives, standards of service, and penalties for failure to meet the standards. It would provide an overall performance benchmark.

It would also be feasible to demand performance from its civil service. It can put the civil servants on a **five-year renewable civil service contract**. To maintain impartiality and objectivity, it can hire a HR consultant to evaluate the performance of each officer at the end of the five years and decide whether to renew the contract or not.

We hope that the reform ideas and policies presented in the *Delhi Citizen Handbook 2006* will

become the seeds for a constructive debate about good governance in Delhi. Reform minded politicians, public servants, and citizens are sure to find the contents of the *Handbook* innovative, refreshing and bold.

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Parth J Shah

Boss has seen enough of Dehradun, and now he wants to be posted at Bombay... Being a member of All India Services has it's own benefits...



¹ The Prime Minister's Office in 2002 suggested to Delhi's Lieutenant Governor to scrap the licensing system for cycle rickshaw pullers and street vendors and implement simple registration system with zonal boundaries. Unfortunately even the PMO was unable to bring about the change.

² The Delhi government produces textbooks for government schools through a department: the Delhi Textbook Bureau. Wouldn't it be cheaper and cleaner to buy textbooks in the market and sell them at a lower price? Citizens would know how much subsidy is given for textbooks.

Private solutions to public woes