

**LOK SATTA**  
*People Power*

## **Role of the Government in the New Context**

TATA Management Training Centre, Pune, 29<sup>th</sup> Aug, 2003

The purpose of a government is to make it easy  
for people to do good and difficult to do evil.

**William Gladstone**

# Irreducible Role of State

- Rule of law
  - Public order
  - Justice
  - Education
  - Health care
  - Infrastructure
  - Natural resources development
  - Social security
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# What does the Citizen Expect?

- Justice
- Dignity
- Vertical mobility

## Governance at a Glance

- Governments spend Rs. 1800 crores every day
  - Out of 27 million organised workers, government employs 70%
  - Fiscal deficit (Union and States) remains at 10 % GDP
  - 50% Union tax revenues go towards interest payment
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# Is Money the Issue?

## School Education

- 1.6 million classrooms needed
- Capital cost : Rs.16,000 crores – 9 days govt. expenditure
- Recurring expenditure : Rs.8000 crores – 5 days govt. expenditure

## Sanitation

- 140 million toilets needed
  - Cost: Rs 35000 crores
  - Equals just 20 days expenditure
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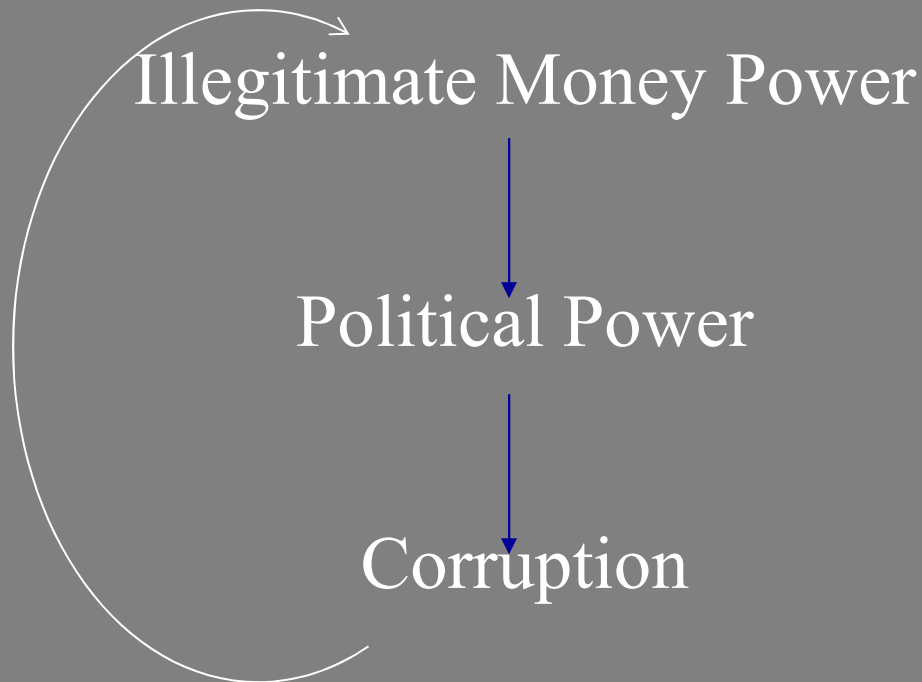
# In a Sane Democracy

- Political process should resolve the crisis
  - Parties, elections and public office are the route to reform
  - In India a vicious cycle operates
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# Failure of Political Process

Interlocking vicious cycles

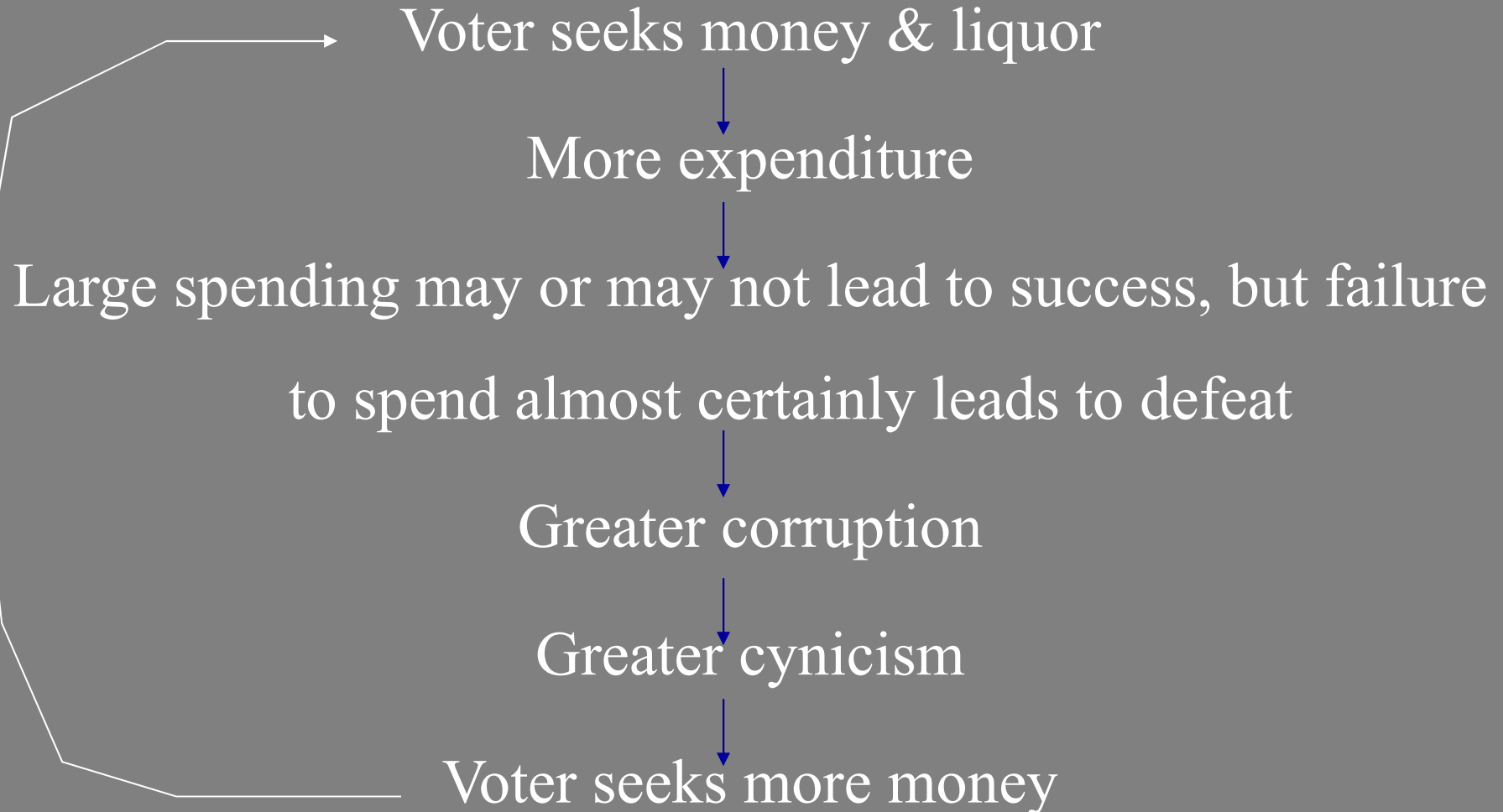
Inexhaustible demand for illegitimate funds





# Interlocking Vicious Cycles

Most expenditure is to buy votes



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## Rise of Political Fiefdoms

Need for money, caste and local clout



Parties are helpless in choice of candidates



Rise of political fiefdoms



Absence of internal party democracy



Competition among a few families in most constituencies



Oligopoly at constituency level

Vote delinked from public good

Centralized polity



No matter who wins, people lose



Vote does not promote public good



Voter maximizes short term gain



Money, liquor, caste, emotion and anger become dominant



Vicious cycle is perpetuated

# Interlocking Vicious Cycles Taxes delinked from services

Only 16 % of GDP collected as taxes (union & states)

Fiscal deficits and crisis

Higher Taxes

Unacceptable because  
of corruption and poor  
services

Desubsidization

The poor do not see  
alternative benefits for  
the subsidies given up

Wage Reduction

Centralization and Art  
311 preclude it

Deeper fiscal crisis

Poorer services and public goods

Perpetuation of poverty and backwardness

Contd..

## Political survival and honesty not compatible

Parliamentary executive

Government survival depends on legislative majority

Legislators spend a lot of money to get elected

They need multiple returns to sustain the system

Corruption and misgovernance endemic

Government has to yield to legislators' demands

Corruption is perpetuated even if government has the will

Honesty not compatible with survival

# What Ails Bureaucracy

- Life time security of bureaucracy
- Penchant for centralization and secrecy
- Lack of professionalism and specialized skills
- Absence of incentives for excellence
- No accountability
- Corruption and maladministration

# Distortions of State Power

- Positive Power restricted  
Negative power unchecked
  - All organs are dysfunctional
  - A system of alibis  
Victims of vicious cycle
  - Change of players  
No change in the rules of the game
  - Political process ought to be the solution  
But has become the problem itself
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# Keys to Resolution

- Crisis is systemic
- Most players are victims of a vicious cycle
- Change of players not enough
- Change of rules of the game needed
- Institutions are the key
- Resources are not a problem
- The way they are deployed is the key



# Key Reforms

<b>Electoral reforms</b>	<b>Funding</b>
	<b>Criminalization</b>
	<b>Voting irregularities</b>
<b>Electoral system</b>	<b>Proportional Representation</b>
	<b>Separation of Powers</b>
<b>Decentralization</b>	<b>Local Governments</b>
<b>Rule of Law</b>	<b>Judicial reforms</b>
<b>Accountability</b>	<b>Right to information</b>
	<b>Citizens' charters</b>
	<b>Independent crime investigation</b>

## Recent Reform Initiatives

- Disclosure of candidate details
  - Criminal antecedents
  - Assets and liabilities
  - Educational qualifications

### Current status

- With the final judgment of Supreme Court on March 13, disclosures are now mandatory

# Recent Reform Initiatives

- **Funding Reform Bill**

- Full tax exemption to individuals and corporates for funding party
  - Repeal of explanation 1 of Section 77 of RP Act - expenditure by parties will now come under ceiling limits
  - Disclosure of party finances and contributions over Rs. 20,000
  - Free air time for recognized parties in public and private channels
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# Recent Reform Initiatives

## Funding Reform Bill

### Impact

- Will help bring funding into the open
- Will help raise resources for legitimate campaign

### Deficiencies

- No penalties to donor for non-disclosure
- No auditing of accounts
- No direct public funding

### Current status

- Bill vetted by Parliamentary Committee. Revised Bill introduced in Parliament. Enjoys bipartisan support
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# Recent Reform Initiatives

- **Changes in Rajya Sabha Election**
  - Eligibility to contest from any State
  - Open voting by MLAs

## Impact

- Helps parties get competent persons elected to Parliament
- Minimises vote buying in Rajya Sabha elections

## Deficiencies

- Does not address the fundamental problems of electoral system
- Does not provide for democratic choice of candidates by parties

## Current status

- Passed by both Houses of Parliament president's assent due any time

# Recent Reform Initiatives

## Anti-defection Law Changes

- Disqualification of any member if party whip is violated
- Defecting members cannot be ministers until reelection or expiry of normal term

# Recent Reform Initiatives

## Anti-defection Law Changes

### Impact

- Collective defections for a price will be prevented
- Governments will be more stable

### Deficiencies

- Whip applicable to all matters; not only when government's survival is affected, i. e. vote of confidence and no-confidence and finance bills
- Members cannot stop bad laws or decisions  
eg: Muslim Women's Bill  
Ramaswamy impeachment

### Current status

- Amendments to X schedule of Constitution introduced in Parliament

# Recent Reform Initiatives

## Limiting the Size of Council of Ministers

- Council of ministers not to exceed 10% of the strength of house(s)

## Impact

- Smaller cabinets
- More cohesive governments
- Reduces waste

## Deficiencies

- Does not address the basic question. i.e sharing of spoils for survival of government
  - Cannot prevent other forms of patronage - corporations, offices with cabinet rank etc.
  - Does not prevent legislators functioning as disguised executives
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# Recent Reform Initiatives

## Women's Reservation in Legislatures

- Reservation of 1/3 constituencies for women by rotation

# Recent Reform Initiatives

## Women's Reservation in Legislatures

### Impact

- More women in legislatures

### Deficiencies

- Does not truly empower women and enhance women's participation in politics
  - Will lead to nearly 50% reservation
  - With rotation, politics and leadership reduced to a farce by draw of lots
  - Proxy women will be put up
  - Successful women cannot establish a power base
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# Recent Reform Initiatives

## Women's Reservation in Legislatures

### Improvement

- Party quotas by law

### Current status

- Introduction of bill stalled
- Search for alternative model is on

# Recent Reform Initiatives

## Post Office as Nodal Agency for Voter Registration

### Problem

- 15% of rural electoral rolls defective
- 40% of urban rolls defective
- Up to 15% of fraudulent vote in urban areas
- Voter registration inaccessible to people

### Solution

- Post Office as nodal agency
    - Display of rolls
    - Sale of rolls for the local polling stations
    - Sale of statutory forms
    - Receipt of applications for additions, changes etc for a fee and verification
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# Recent Reform Initiatives

## Post Office as Nodal Agency for Voter Registration Solution

- Post Office as nodal agency
  - Registration and changes at Post Office with provision for appeal
  - Assisting Election Commission during revision of rolls by verifying addresses etc.

## Current status

- Rules and procedures need to be changed
  - EC and Postal department agree to involve Post Offices in phases
  - Expected to result in tangible action by end of 2003
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# Recent Reform Initiatives

## National Judicial Commission

- Appointments of higher judiciary by 5 member body
    - 3 judges, Law Minister and PM's nominee
  - NJC to have a say in removal of judges
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# Recent Reform Initiatives

## National Judicial Commission

### Impact

- Better appointment of judges
- Greater accountability
- Restoring balance between judiciary and executive

### Deficiencies

- Executive and opposition should have a majority
- Opposition should have been represented
- Does not address the issue of competence of judges
- Does not go far enough to enforce accountability

### Status

- Bill amending Constitution introduced in Parliament

# Recent Reform Initiatives

## Right to Information Law

- Provides for right to information to citizens



# Recent Reform Initiatives

## Right to Information Law

### Impact

- Transparency

### Deficiencies

- Loose time frame (30 days)
- No penalties for noncompliance

### Correctives

- Through rules at national & state level

### Current status

- Union Law enacted, but rules not framed, and law has not been notified
- Several states enacted laws of varying quality; but in general they have not been effectively implemented

# Campaign Expenditure – India vs US

Expenditure for Lok Sabha + all Assemblies – all parties + candidates

Estimated : Rs.2500 + Rs.4500 crores

Total : Rs.7000 crores = \$1.5 b

70-80% is for vote buying

US election expenditure in 2000

Presidency + House + 1/3 Senate + 1/3 governors

Estimated expenditure: (Soft + Hard) \$ 3 billion

80% is for TV advertising.

Actual campaign expenditure :

50%

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\$ 1.5 billion

Adjusted to our low per-capita income, and high purchasing capacity of Rupee, our expenditure is 60 times that of US!

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# Campaign Expenses – Vicious Cycle

- Illegitimate expenses are often 5-10 times the ceiling or more

(Assembly ceiling: Rs 6 lakhs

Lok Sabha ceiling: Rs 15 lakhs)

- Every crore spent illegitimately



Rs 10 crore returns

(to cover ROR, Interest, personal upkeep, supporters, family's future, next election costs)



Rs 100 crore collected through bureaucracy

(for every legislator, there are 2000 employees who need to collect 'rent')

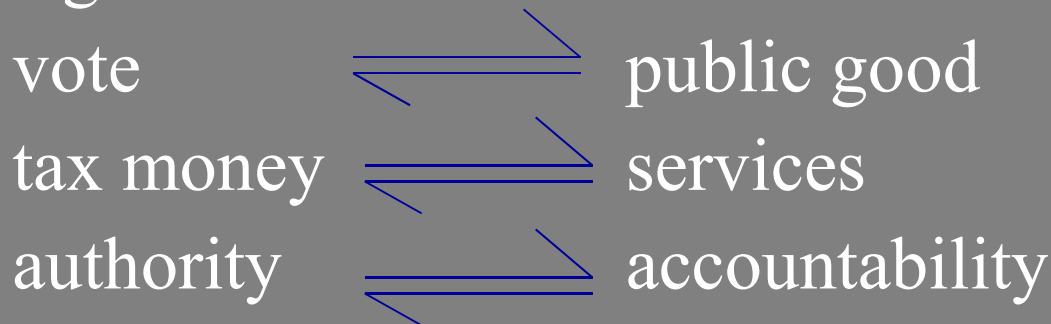


people suffer ten times more.

Payment extorted, on pain of delay, harassment, humiliation, anxiety and greater loss.

# Will Vote Buying Disappear?

- Not immediately
- People will continue to take money for voting
- Candidates will spend personal money for sometime
- Severe penalties will force disclosures
- Local government empowerment will reduce vote buying



- value of vote will then be far greater than the money offered

## Other Reforms

- Proportional representation (German model mixing with constituency election)
  - Incentive to buy votes in a constituency will disappear
  - Interests of local candidate will run counter to party's need to maximise overall vote
  - Will give representation to small parties and legitimate reform groups, forcing change
  - Voting will be based on party image and agenda, not local expenditure
  - Ignored sections will find voice and get representation

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## Other Reforms

- Direct election of head of government at State and local levels
    - No one can buy a whole state electorate
    - Image and agenda of leader will be decisive
    - With separation of powers, there will be no incentive to overspend for legislative office
    - At state level, there is no fear of authoritarianism as Union government, Election Commission, Supreme Court etc., will act as checks
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# Other Reforms

## Political party regulation

- Membership
- Free, open and voluntary
  - Uniform, objective conditions / no restrictions
  - No arbitrary expulsion
  - Due process for disciplinary action

- Leadership choice
- By regular, periodic, free and secret ballot
  - Opportunity to challenge leadership through formal procedures with no risk of being penalised

- Choice of candidates
- By members at constituency level through secret ballot
  - By elected delegates through secret ballot
  - Central leadership cannot nominate candidates
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# Other Reforms

## Judicial Reforms

- Indian Judicial Service
  - Changes in procedural laws
  - Local Courts for speedy justice
  - Independent crime investigation
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# Other Reforms

## Bureaucracy

- Amendments to Art. 311 limiting security
- Parallel recruitment for key offices
- Tenure with accountability in key positions

# Other Reforms

## Local Governments

- Link between
    - Vote and public good
    - Taxes and services
    - Authority and Accountability
  - Responsibilities, resources and control over staff
  - Amendments to Art 243 to make transfer of powers mandatory (on par with 7th schedule)
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# Other Reforms

## Corruption

- Independent, strong, anti-corruption agency
  - Law providing for confiscation of benami and own properties of corrupt public servants
  - Mandatory jail terms
  - Disqualification of all those named by various Commissions for corruption or abuse of office
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# Other Reforms

## State Level

- Local courts
  - Local government empowerment
  - Stakeholder empowerment
  - RTI Act and rules and enforcement
  - Anti-corruption agency
  - Police reforms
  - Independent crime investigation
  - Citizen's Charters
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# Window of Opportunity

- Deepening fiscal crisis
  - Citizen's disgust and concern
  - Unsustainable status quo
  - Relatively sound private economy
  - Demographic changes and rising expectations
  - Communications revolution
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## Two Paths - Choice is Ours

German example vs USSR example

- Freedom enhancing
  - Democratic
  - Orderly
  - Integrating
  - Growth-oriented
- Tyrannical
  - Chaotic
  - Disintegrating
  - Debilitating

“Never doubt that a small group of thoughtful  
committed citizens can change the world.  
Indeed it is the only thing that ever did ”

*Margaret Meade*