

# **GOOD GOVERNANCE IN INDIA**

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***“Free Enterprise was born with man and shall survive as long as man survives”.***

***-A. D. Shroff***

***1899-1965***

***Founder-President***

***Forum of Free Enterprise***

# GOOD GOVERNANCE IN INDIA

## I

### EFFECTIVE GOVERNANCE OF NGOs

By

**Minoo R. Shroff\***

**Non-Governmental Organisations (NGOs) cover a wide spectrum of activities *inter alia* education, health care, social amelioration, charity, environment, arts and culture, and other initiatives like creating public awareness on important national issues. These are funded by corporate sponsors, local and international donors, members and the community at large.**

It is a wise axiom that these must be run on commercial lines albeit with great accent on social good. Just as a business enterprise requires profit for its growth and development, besides rewarding shareholders, NGOs must generate a surplus for sustenance, renewal and expansion.

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\* The author is President, Forum of Free Enterprise.

Any public trust, foundation or endowment must be directed and controlled by a group of people who may be constituted into a Board at the apex, by whatever name called. Irrespective of the nomenclature the critical issue is that the terms of reference for the Board and the underlying philosophy guiding the institution must be amplified in clear intelligible terms.

A few years ago Lord Nolan, a famous British lawyer, was appointed by John Major, ex-British Prime Minister, to oversee standards in public life. This Committee drew up seven principles which are enumerated below:

*Selflessness* (holders of public office should serve the public interest, not seek gains for their friends); *integrity* (they should not place themselves under financial obligation to outsiders who might influence their duties); *objectivity* (they should award public appointments and contracts on merit); *accountability* (they should give reasons for their decisions); *honesty* (they should declare conflicts of interest); and *Leadership* (they should support these principles by personal example).

While these may be considered a wish list for the Boards, looking to the ground realities in the real world, every effort should be made to broadly incorporate most of these concepts in the Charter of Governance.

Leadership is crucial to good governance and performance. This has to be provided in a large measure by the Chairman. He is the Kingpin who must play a pivotal role as he is regarded as the custodian of all values and ethics. The leader is expected to lead by example and be

proactive and not merely react to situations. There is an old saying that “As at Top, so at the Bottom. No organisation is likely to be better than its top management, have a broader vision than its top people, or perform better than they do.”

The Chairman must have a well-grounded Board to advise him. Members of the Board are invariably selected or nominated by the sponsors and major donors. In the case of a public body they may be elected by voters on the electoral roll. It is in the fitness of things that the Board should comprise of individuals of good calibre, sound character, high integrity and deep commitment to the aims and objects of the body. The paramount quality required is ethical conduct, as Geoffrey Chaucer succinctly put it: “If gold rusteth what can iron do?”

Though the Board members may be drawn from different walks of life and diverse sections of the community it is imperative that there should be synergy and harmony between them. The Board must be a fine blend of celebrities and dedicated individuals who are involved in the actual working of the institution. It is common experience that hardly one half of the members are real performers while the rest are either decorative or play a peripheral role. Hence the core must be solid, as a chain is only as strong as its weakest link.

An essential ingredient for the smooth functioning of the Board is that there should be no conflict of interest and if it does arise, as it does in many cases, it must be nipped in the bud. It is vital that in matters of governance

emotional considerations are swept aside irrespective of the stature of the person, even if he happens to be the Chairman. The Board must be vigilant and if a conflict of interest is established the member or members concerned must be prevailed upon to leave.

For ensuring that the organisation maintains its vibrancy over a long span of time, the Chairman and the board members must have a specified term after which they must retire to ensure that fresh blood and thinking is injected into the deliberations and working of the Board. The term should preferably not exceed 10 years. Further, it should also be expedient to lay down a retirement age, an upper limit of 75 years may be appropriate.

A cardinal factor for success of any NGO, especially a charitable institution, is to function in a manner that inspires confidence among its donors, sponsors, supporters and the community it serves. It must establish an unblemished track record. The following check list is commended for purposeful functioning.

1. Formulate the Strategic Vision and Mission Statement.
2. Make out a Road Map for achieving the Vision.
3. Set up an Effective Organisation to achieve the objects.
4. Establish Systems and Procedures for monitoring and renewing performance.
5. Evolve a Financial Plan to provide adequate resources to fund the activities.

The performance of any organisation depends largely on the capability and competence of the Chief Executive (CE). The CE does not and cannot operate in isolation. Hence there must be close interaction and rapport between the Chairman and the CE.

Rendering real service is the *sine qua non* of any public institution. Often there is confusion between delegation and abdication. Consequently powers of the CE and the staff are circumscribed to a large extent on legal grounds. But no public body or trust of some size can operate and accomplish its objectives unless the CE and senior executives are given adequate authority and the lines of command and communication are clearly spelled out. Devolution of powers admittedly presupposes a proper monitoring and reviewing mechanism to make sure that the responsibilities assigned are discharged adequately and there is no misuse of authority. In the final analysis accountability rests with the Chairman and the Board. To ensure this, there must be an efficient system of internal audit which can be conducted departmentally by a qualified senior officer or preferably by a reputed firm of Chartered Accountants.

The CE, besides being a proficient manager, should be totally committed to the aims of the organisation. This is particularly so as the remuneration package offered to him in most cases is less attractive than for a comparable job in a commercial enterprise. He must have excellent human relations qualities as he has not only to inspire and motivate the personnel under him to subserve the goals of the institution, but more importantly to earn the confidence of the constituents. This is crucial for the

organisation to continue to attract funds and support from the promoters, sponsors and other well-wishers. Another very important prerequisite for the CE is to have fine networking qualities with other peer bodies, especially those with like objects.

However forward looking and profound the Mission Statement, the key to success is the capacity to deliver. This can only be assured by the Board working in tandem with the CE. Good counsel must be backed by good example to ensure results. Success is connected with action.

The CE cannot work in isolation and must be backed by trained and dedicated staff. While recruiting members of the staff, merit should be the only guiding factor. Nepotism in any shape or form should be scrupulously avoided. The inherent qualities one should look for in the staff are-competence; motivation to serve; amiable temperament and courtesy. Constant interaction with the public is inevitable and hence the interface must leave the right flavour. As the Chinese proverb goes "A man without a smile must not open a shop".

For any organisation, and even public charitable trusts, the importance of the finance function cannot be overemphasised. Every large NGO must have proper budgets, both revenue and capital, which should cover not only the short-term but also the medium term perspective, for say over three to five years. Budgets must be supported by funds flow statements prepared on a conservative basis. Despite all the care some overestimation of revenues and/or underpitching of outflows do



take place, particularly with the constant escalation in costs and downward movement of interest rates. Budgets must also incorporate adequate provision for contingencies which invariably emerge. The Financial Plan drawn up must be pragmatic and fundable at all times to infuse trust and faith among the patrons.

Administering NGOs, with wide-ranging objectives, is a daunting task at best of times. Expectations generally run ahead of resources, capital and human, to fulfil them. It is nonetheless a worthwhile and rewarding exercise for those who are prepared to spare time, effort and personal funds without looking for acclaim and gratification. In fact the need for such involvement is all the greater in our country where the delivery and response of public services is so poor.

## II

# OUR GOVERNMENTAL SYSTEM MUST IMPROVE

By  
**H. D. Shourie\***

Even though our country has made substantial progress in various areas there is a general feeling that in the governmental system and administrative functioning there are yet quite a few weaknesses and inadequacies which are proving quite a handicap in provision of satisfactory delivery of services to the people, and operations of our rules, regulations and procedures inevitably lead to delays, frustrations and exasperations, which necessitate resort to bribery and corruption by the people for receiving the services which normally should reach them without hassles.

We in COMMON CAUSE have been feeling very concerned about these weaknesses and inefficiencies of governmental functioning. More so in the States, where people come in direct contact with the governmental machinery and organisations.

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\* The author is Director, "Common Cause," an organisation for ventilating common problems of the people, based in New Delhi.

Various studies have been conducted over the past many years by Committees, Conferences and Working Groups constituted by the government for overcoming these shortcomings. We have examined the findings and recommendations of these studies. On the basis of these detailed studies we have addressed a comprehensive letter to all Chief Ministers and Chief Secretaries of the State and Union Territories. We have also written to the Prime Minister on the subject. In the letter to the Chief Ministers and Chief Secretaries, we have highlighted the specific deficiencies, weaknesses and problems, and have put forth before them the remedies which are necessitated for removing these.

January 14, 2002.

To  
Chief Ministers and  
Chief Secretaries of all States/Union Territories

I am writing to convey to you general impression of the people about functioning of State Governments in the matter of dealing with their problems and of delivery to them of the Governmental services. There can be no denying the fact that by and large people feel that Government is bloated, inefficiently operating, riddled with exasperating rules, regulations and procedures which inevitably lead to prevalence of delays and corruption; effecting frequent and arbitrary transfers at practically all levels, motivated on political considerations; lacking transparency and accountability; and showing absence of any satisfactory mechanism for grievance redressal of the staff. At the Centre certain concrete steps have been taken to effect improvements.

In this letter I am conveying to you problems in the States and suggestions of remedies that are necessitated.

Various Commissions, committees, conferences and Working Groups have gone into the matters of administrative reform requirements. They have made important recommendations but it is generally felt that implementation of their recommendations has not been effective enough and has often petered out without leaving any impact. An important conference of Chief Ministers was held in 1997. This Conference went into various aspects of administrative reforms and made many useful recommendations. Unfortunately recommendations of this Conference too did not make the envisaged change in the service delivery system of government functioning, particularly in the State.

Against the background of the prevalent feelings of inadequacies of governmental functioning, and in the context of paramount importance of improving the administrative system, we give hereunder specific suggestions in relation to some major issues. We earnestly hope that the Hon'ble Chief Minister and Chief Secretary will kindly give consideration to these suggestions for initiating remedial action.

#### **i) TRANSFERS - TENURE ASSURANCE :**

Frequent, arbitrary and capricious transfers of officers of the State Government, and also of institutions under the charge of the State Government including Public Sector undertakings, need to be scrupulously avoided. Impression needs to be removed that transfers are ordered under political considerations or due to whims of political masters. Mechanism for determining requirements of effecting

transfers, of officers of the level of Section Officers and above, in the Secretariat, Collectors and District heads of police as well as other departments operating under the charge of State Government, must be institutionalised by the establishment of Civil Services Board (CSB) in each State Government. CSB should consist of Chief Secretary and two Secretaries of the State Government, nominated by the Chief Minister. An officer of the level of Director, selected by the Chief Secretary, should be designated as the Establishment Officer, in addition to his other responsibilities. He should submit proposals to the Board and implement the posting and transfer orders passed by CSB. The Establishment Officer should also have the authority to deal with problems of other members of the staff. Heads of Institutions and Collectors in the districts should have powers to effect transfers of the staff under them, wherever necessary.

It is unfortunate that in the State of the importance of Uttar Pradesh the average tenure of an officer in the State Secretariat is reported to have been only six months during the recent years. It needs to be ensured that average tenure of an officer in the Secretariat must not be less than two years. If for any special reason, some officer has to be transferred earlier, it is envisaged that there would be increase of tenure of other officers and that average tenure in the senior staff of the Secretariat and in Districts will not be less than two years.

#### **ii) GRIEVANCE REDRESSAL :**

In the interest of effective administration there should be a satisfactory mechanism for redressal of grievance of any member of the governmental staff, of whatever level.

Civil Services Board (CSB) should have the authority to deal with the grievances of the staff operating in the State Secretariat. Establishment Officer will place before the Board the cases of grievances which need redressal. In the districts the grievances of staff should be removed by Grievance Redressal Committee of two senior officers nominated by district head of the concerned office.

In the absence of such grievances redressal mechanism there has been a tendency on the part of the aggrieved officials to approach the Central Administrative Tribunal (CAT) or a judicial court. Institution of CAT has already got over-loaded. Since its establishment in 1985 as many as 3,45,436 cases have been taken to CAT. There are 33 Benches of CAT operating at various places in the country. Presently there are 41,647 cases pending before the various Benches of CAT. Continuing pendency of cases of individuals inevitably causes exasperations. The cases coming up before the CAT are those relating to selection, appointment, promotion, seniority, confirmation, termination of service and various types of disciplinary matters.

It is desirable from all points of view that cases of posting, promotion etc. should normally be dealt with by Civil Services Board and the District Grievance Redressal Committee and the staff should not have to go to CAT or to a judicial court for settlement of their grievances. Proper institutionalisation of expeditious grievance redressal within the administration will be a source of great satisfaction.

### **iii) ACCOUNTABILITY :**

On the initiative of Central Government, individual institutions in various States as well as those operating in the Government of India, have published their Citizens

Charters. These Charters spell out in detail the requirements of public in relation to the functioning and responsibilities of these institutions, and they lay down specifically how and when the individual requirements will be dealt with by the institution. Omission to abide by the commitments made in the Charter enables the aggrieved person to seek redress from the senior-most authority of the institution. All institutions which have not hitherto published their Citizens Charters should be directed to publish them and ensure that they abide by the commitments made in them.

#### **iv) TRANSPARENCY :**

In the context of present-day operation of administration in various countries it is important that in India too the impression regarding transparency in Government functioning should be brought about to the maximum extent possible. Impression should not continue to prevail that decisions in government are always taken behind closed doors and secrecy must prevail. In terms of requirement of Transparency some State Governments have already passed the Right to Information Act; Central Government has initiated a proposal and has placed before the Parliament Freedom of Information Bill which is awaiting enactment. Inhibiting clauses in the Official Secrets Act and Conduct Rules should be eliminated. We hope that all State Governments will expedite the process of bringing about transparency in their functioning and enact the requisite laws.

#### **(v) OVER-STAFFING:**

It is being generally said that the State Governments, and also to a considerable extent the Central government,

are bloated with staff, and this disables expeditious decisions to be taken, besides causing heavy drain on the exchequer. There cannot be any doubt about the fact that the plethora of rules and regulations, and the over-sized staff, inevitably disable expeditious decisions, leading to poor impression about the governmental functioning. As an example the case of Orissa State has been cited in this context. In the recent cyclone disaster the Central Government is stated to have given a grant of Rs. 200 crores to the State Government for providing relief work to the people. This amount is stated to have been, instead, utilised towards payment of salaries of the staff.

#### **vi) CORRUPTION :**

It is very unfortunate and disturbing that corruption in various forms is prevalent in many spheres of governmental functioning as well as in autonomous bodies, and that this has brought about the stigma of India being among the lowest in the list of countries of the world in the matter of prevalence of corruption. State Governments must strive to effectively combat corruption, in whatever form it prevails. Vigilance officers and Lok Ayuktas have been appointed in a number of States; this must be done in all States. Through the intermediacy of Central Vigilance Commissioner the network of CBI/ Enforcement Directorate should be made operative in all States. There is also need of exploring the possibility of utilisation of the relevant provisions of Benami Transactions Prohibition Act, 1988, enactment of a law on the lines of Corrupt Public Servants (Forfeiture of Property) Act which is presently pending enactment at the Centre, and likewise enacting an effective Act on the lines Of Prevention of Money Laundering Act



which too is pending before the Parliament for checking and eliminating corruption. The State Governments can seek further guidelines from the Central Vigilance Commissioner (Central Vigilance Commission, Satarkta Bhawan, General Pool Officers Complex, Block - A, INA, New Delhi - 110023).

#### **vii) MODERNISATION - INFORMATION TECHNOLOGY :**

In the light of the various modernisation processes that have emerged, particularly in the fields of Information Technology, E-governance and Website installation, it is necessary that State Governments should determine what measures can be introduced by them for making the governmental functioning hassle-free for the citizens in the matter of delivery of services to them. It is of great importance that citizens should be able to get information and secure delivery of certain services without the difficulties which are presently encountered by them. More information about the promotion of E-governance, Website and the important areas of Information Technology can be secured by State Governments from the Department of Administrative Reforms, Government of India. They will be in a position to help the State Governments in acquainting them with the processes of development of quality in management and the concept of Total Quality Management (TQM). It is undoubtedly necessary that the State Governments should acquaint themselves with these modernisation processes and the introduction of the features of Information Technology.

We have attempted to present in the above paragraphs the specific problems relating to State Governments which are being viewed by the people as an unfortunate malaise

in the present administrative system. These inevitably cause feeling among the people that even after 50 years of independence the governmental apparatus is proving inadequate for meeting the requirements of the people and is in fact causing disappointments and exasperations which create unfortunate impression within the country as well as abroad. It is undoubtedly of paramount importance that each State Government should strive to deal with these specific issues, through utilisation of expertise and experienced administrators, so that these problems are effectively and expeditiously overcome. This needs to be done within defined time limits which should be laid down by the State Governments and communicated to the Central Government.

We earnestly hope that necessary action will be initiated by the State Governments in relation to these issues. We will eagerly look forward to confirmation that this task will be taken in hand by each State government.

Yours Sincerely

Sd/-

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*The views expressed in this article are not necessarily those of the Forum of Free Enterprise.*

*“People must come to accept private enterprise not as a necessary evil, but as an affirmative good”.*

*- Eugene Black*

## FORUM OF FREE ENTERPRISE

The Forum of Free Enterprise is a non-political and non-partisan organisation started in 1956, to educate public opinion in India on free enterprise and its close relationship with the democratic way of life. The Forum seeks to stimulate public thinking on vital economic problems of the day through booklets and leaflets, meetings, essay competitions and other means as befit a democratic society.

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