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Indian Administration

SEMESTER II

POLITICAL SCIENCE

BLOCK - 1

KRISHNA KANTA HANDIQUI STATE OPEN UNIVERSITY

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BLOCK INTRODUCTION

The second course of the Second Semester of MA Programme in Political Science of KKHSOU is titled as "Indian Administration". It is designed to help the learners to have a deep understanding of the various dimensions of the Indian Administration. It is supposed that the learners of the Master Degree Programme in Political Science should have thorough knowledge about various aspects of the Administration of the country where he/she resides. Keeping in view of the above, the course begins with the evolution of the Indian administrative system and its features.

The first unit of the course deals with the evolution of the administrative system in India and features of the Indian administrative system. In this unit, we have discussed about the development of Indian administrative system from pre to post-colonial period in India. The second unit of the course discusses the structural framework of the civil service in India. In this unit, various dimensions of the All India Services, Central Services and State Services are discussed including their role in running the administration of India. In the third unit, we have discussed about the Union and State Public Service Commissions. Through this unit, the learners will be familiar with the structure and functions of the Union and State Public Service Commissions. The fourth unit is related with the powers and functions of the Comptroller and Auditor General of India. The role of the bureaucrats are discussed in the fifth unit. Through this unit, the learners will be able to identify the meaning of Generalist and Specialist Bureaucracy and also to understand the ongoing debate and controversy between the two. The sixth unit deals with the Development Administration in India. This unit is related with the evolution, meaning and functioning of the Development Administration in India. The seventh unit discusses about the Indian financial administration. The various aspects of budgetary process in India are elaborately explained here. Accordingly, the unit eight is deals with the ideas and meaning of Performance and Zero-Base budgeting.

The unit nine is deals with ideas and concepts of good governance, accountability and commitment. Accordingly, the ideas of e-governance including National e-governance Plan and National e-governance Division are discussed in the unit tenth. In this unit, the scope, importance and implications of e-governance are discussed elaborately. The eleventh unit deals with another burning issues of India i.e. corruption. Here, detailed discussions are made regarding meaning, definition, causes and remedies of corruption. In the unit twelve, the institutions of Ombusdman are explained. In this unit, discussions are

made on the institutions of Lok Pal and Lok Ayuktas. The thirteenth unit highlights the importance of transparency in administration.In this unit, the Right to Information Act, 2005 is also clearly explained. The fourteenth unit focusses the importance and benefits of people's participation in administration. The fifteenth unit deals with various aspects of administrative reforms in India namely Appleby Report on Public Administration in India, Gorwala Report on Public Administration and Administrative Reforms Commission.

The course "Indian Administration" is divided into two blocks- Block 1 and Block 2. Block 1 contains eight units (Unit 1 - 8) and Block 2 contains seven units (Unit 9 - 15).

INTRODUCTION TO BLOCK- 1

This is the first block of the second course or paper of krishna Kanta Handiqui State Open University's M. A. Second Semester Programme in Political Science. The second course or paper of the MA Second Semester Programme in Political Science is titled as "Indian Administration". The first block of this course contains eight units- (Units 1-8).

The first unit of the course deals with the evolution of the administrative system in India and features of the Indian administrative system. In this unit, we have discussed about the development of Indian administrative system from pre to post-colonial period in India. The second unit of the course discusses the structural framework of the civil service in India. In this unit, various dimensions of the All India Services, Central Services and State Services are discussed including their role in running the administration of India. In the third unit, we have discussed about the Union and State Public Service Commissions. Through this unit, the learners will be familiar with the structure and functions of the Union and State Public Service Commissions. The fourth unit is related with the powers and functions of the Comptroller and Auditor General of India. The role of the bureaucrats are discussed in the fifth unit. Through this unit, the learners will be able to identify the meaning of Generalist and Specialist Bureaucracy and also to understand the ongoing debate and controversy between the two. The sixth unit deals with the Development Administration in India. This unit is related with the evolution, meaning and functioning of the Development Administration in India. The seventh unit discusses about the Indian financial administration. The various aspects of budgetary process in India are elaborately explained here. Accordingly, the unit eight is deals with the ideas and meaning of Performance and Zero-Base budgeting.

While going through the units of the block, you will find that the units are further divided into certain sections and sub-sections, wherever necessary, for your better understanding. Besides, in order to give you additional information on certain relevant topics, you will find a category called "LET US KNOW" after the sections in each unit. Another category that has been included at the end of each section of a particular unit is "CHECK YOUR PROGRESS". The purpose of this category is to help you to asses for yourself as to how thoroughly you have understood a particular section. You may then match your answers with "ANSWERS TO CHECK YOUR PROGRESS" given at the end of each unit. The section "FURTHER READING" in each unit contains the names of a few books which you might want to consult if you are interested in learning more elaborately about the concepts discussed in a particular unit. Furthermore, the category called "POSSIBLE QUESTIONS" is intended to give you a hint of the type of questions you are likely to get in the examination.

UNIT 1: THE INDIAN ADMINISTRATIVE SYSTEM: EVOLUTION AND FEATURES

UNIT STRUCTURE

1.1. Learning Objectives

1.2. Introduction

1.3. Evolution of The Indian Administrative System

1.4. Indian Administrative System: Main Features

1.5. Let Us Sum Up

1.6. Further Reading

1.7. Answers to Check Your Progress

1.8. Possible Questions

1.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- understand the history and development of Indian administrative system
- explain the landmark events and reforms concerning Indian administration
- discuss the impact of British rule on Indian Administration
- describe the main characteristics of Indian administration

1.2 INTRODUCTION

The root of Indian administration can be traced back to the Indus Valley Civilization that is more than 5000 years old. Starting from Kautilya's time, coming through Mughal's period, the present Indian administrative system has impact of British administrative system. In the years down the line, many classics had come, offered in-depth description of power and obligations of king; theories and principles of effective governance and public administration including welfare orientation; unity of command; division of work; coordination; planning, budgeting and accounting; decentralization;

recruitment based on qualifications laid down for each post; paid civil service; hierarchy; and delegation of authority.

1.3 EVOLUTION OF THE INDIAN ADMINISTRATIVE SYSTEM

Indian 'Administration' has passed through various stages of development which is known from the tribal system to the monarchical system of administration. Manu and Kautilya played an important role in the development of Indian administration. The ArthaShastra of kautilya during Mauryan period gave a very first detailed account of the Indian Administrative system. It highlighted the topics like functions of the chief executive, hierarchy, bureaucracy, corruption, local administration, supervisory management, motivation, morale and job description. Kautilya viewed the State as an institutional necessity for human advancement. Thus, Kautilya deals with a proper strategy and system of centralised autocracy with a welfare objective in mind before performing any function by the king and his ministers which may be conceptualised as Welfare State in Modern times.

The Mughal administration was another organised and long lasting administration which contributed a lot towards the development of Indian administration. The main architect of this system was Akbar. During this period, emphasis was given on greater centralisation and a rigid structure. The sovereign was the king who was paternalistic and he had supreme authority over everything. He had a number of ministers and officials to help, advise and assist him in the discharge of his functions. The officials were classified into different grading system that are practiced in the recruitment process of today.

Justice was administered based on the Quranic Law as the Mughal state was a Muslim State. Fatwas were issued when required and ordinances by the emperor. The principles of equity were followed and the Emperor's interpretations only was allowed till the point it did not run contrary to the sacred laws.

The present system of administration in India evolved during the rule of East India Company. This period can be further divided into two phases: Company's rule up to 1857 and under British rule from 1857 till 1947. The East India Company came to India for purely business purposes, but later took over the government of the country. The end of the company rule came in 1858 with the taking over of the government by the British Crown. These are some of the very important evolutionary steps in the administrative history of India. After the death of Aurangzeb in 1707, the Mughal Empire began to disintegrate and the central administration became paralysed. The East India Company took advantage of this situation and established its hold over several parts of the country. The East India Company in the year 1765 secured the Diwani rights of Bengal, Bihar and Orissa, but continued the administrative system of the Mughals. However, the British wanted to reduce the exploitation of the people of these provinces by the 'Zamindars' and other intermediaries. Therefore, they established rapport with the people through their own officers and this led to the establishment, in stages of the modern system of district administration. In 1772 they appointed 'Supervisors' in each bigger district, who were later nominated as 'Collectors' by Warren Hastings in 1772. The Board of Directors of the Company in 1786 directed the Governor-General in Council to place all the districts under Collectors. These collectors were responsible for collection of land revenue, dispensation of civic justice and magisterial work, etc. This office is the most significant one, even today. In the year 1829, Divisional Commissioners were appointed in Bengal to supervise the administration of a group of districts and this was the beginning of the Divisional Commissioner system, which is still in vogue in present states. Four years after receiving the 'Diwani; the conferment of which did not 'ipso facto', make the company a sovereign authority in Bengal, Bihar and Orissa but which led the way to exercise of such authority, it did not make any move in respect of organizing the government which was now in a state of virtual collapse. But from 1769 onwards, the Company started making experiments in this regard. At first, they proved

to be not only ineffectual but also almost disastrous. By 1786, however, it appeared to have groped its way into the right direction. But even then further experiments had to be made to make the structure efficient and well organised and the administration stable and strong. Though the Company had control over some of the Indian provinces, the administration was unstable and not so good. The result was the passing of various Acts by the British Government.

The year 1773 was a landmark in the growth of Indian Administration. Before 1773 there was no central authority in the country. The 1773 Act restricted the powers of the presidencies from making war or treaties without the sanction of the Governor-General in Council. This confirmed the British Parliament's control over East India Company's affairs. The Pitt's India Act of 1784 placed Indian Affairs under the direct control of the British Government by establishing a Board of Control representing the British Cabinet, over the court of Directors. This system remained in operation till 1858 and Company's rule ended with the enactment of the Government of India Act, 1858 and passed on to the Crown. The Board of Control and the Court of Directors, both were abolished and their powers were given to the newly created office of the Secretary of State for India. His office was known as India office which enabled him to discharge his functions smoothly.

- **Portfolio System**

  In 1859 Lord Canning introduced the Portfolio system. According to this innovation, a member of the Council would be appointed in charge of one or more departments of the government by Governor-General and he would issue orders on behalf of the Governor-General- In-Council. The Act of 1861 Section 8 gave statutory recognition to this innovation. Where any other department was concerned, it was also consulted the finance department would advise on matters relating to finance and expenditure, so also the home department for matters relating to the services of the general administration or internal politics. If the concerned department did

not agree, the matter was referred to the Governor-General. Every important matter of any department, as well as where it was proposed to overrule any local (Provincial) government, reference to the Governor-General was necessary. The Portfolio system, in the first place increased efficiency and speed of the government work. Second, the members of the council were recognized as heads of their departments and had greater degree of initiative and responsibility in the working of the departments.

The Act of 1861 enlarged the Executive Council of the Governor General by adding a fifth as the law member and he was given power to conveniently transact the business. This Act tried to render the Executive Government too strong to be handicapped by any expansion of the legislature and restored the legislative powers of the local governments without affecting central control.

- **Local Self-Government**

  In 1688 a corporation in Madras was established. In 1726 Calcutta and Bombay corporations were created. In the Presidencies of Madras and Bombay, ancient village system of rural self-government agency was retained and in the 19th Century, Panchayats received encouragement from district authorities. A further step in the direction of local self-government was taken by Lord Mayo in 1870, popularly known as Mayo Resolution of 1870. As a result New Municipal Acts were passed in various provinces. The next important step was taken during the viceroyalty of Ripon, who has been called the 'father of local self-government in India.' In 1882, the famous Ripon Resolution for local Self Government was issued which continued to influence the development of local government in India, till 1947.

The Act of 1909, popularly known as the Morley-Minto Reforms increased the size of the legislative councils at all levels. They still remained deliberative bodies only. The indirect election system continued but for the first time separate representation was given for the Muslims.

- **Administrative Reforms of 1919**

  The Government of India Act, 1919 introduced the bicameral system and demarcated the central and provincial subjects. The central list consisted of important subjects such as defence, foreign affairs, tariff and customs, railways, post and telegraphs, income tax, currency and coinage, all India services, etc. The Provincial list included local self-government, public health, public works, education, water supply, irrigation, agriculture, land revenue, police, forests, justice, excise & fisheries, etc. The Provincial subjects were further divided into "resolved" and "transferred" subjects. The 'reserved' subject being important, were placed under the charge of counsellors, who along with governor were made responsible to the Secretary of State and the Central legislature. The administration of "transferred" subjects was entrusted to the ministers responsible to the Provincial Legislative Council. The distribution of executive power between the governor-general-in- council and the governor acting on the advice of his ministers responsible to the provincial legislative council was called diarchy. This reform reduced the control of Secretary of State for India, over the central and provincial administration so far as the "transferred" subjects were concerned; but as regards "reserved" subjects, there had been no change.

- **Administrative Reforms of 1935**

  The Government of India Act, 1935 had two basic concepts: one Provincial autonomy and the other, an all India federation. In the structure of the Home Government, some changes were made. The Indian Council was dissolved and to take its place, there was to be a set of advisers to the Secretary of State for India, whose number was fixed between three and six. The Secretary of State had the right to consult these advisers individually or collectively. The Act provided for the introduction of dyarchy at the centre, whereas the system of dyarchy in the provinces, was abolished. The federal executive was made partly responsible to the federal

legislature. The executive councillors were put in charge of defence, external affairs, ecclesiastical affairs and tribal affairs and were responsible to the Governor-General and not to the federal legislature. Under the federal set-up, the subjects were divided into three lists, viz., the Federal, Provincial and Concurrent list. These provisions of the Act at the central level could not be implemented, but at the provincial level, these were introduced in 1937. Inspite of the failure of the federal provisions of the Act, the Government of India continued its working under the provisions of the Act of 1919 with certain modifications, till the Indian Independence Act of 1947 came into force.

1.4 INDIAN ADMINISTRATIVE SYSTEM: MAIN FEATURES

India became independent in August 1947 with the end of the British rule. A new Constitution was framed and adopted on January 26, 1950 and India became a republic. Though Indians were very happy to get rid of the colonial rule, it was soon realised that the governmental system and administrative apparatus developed by the Britishers was capable of meeting all the needs of the country, therefore, the same administrative system was maintained even after independence, of course, with some changes as per the requirements of the time. The current administrative system of India is developed in post 1947, and one can still see a few features as legacy of the British time which are still continuing and no better alternatives are found yet. Indian political system like many other political systems has a well-organized administrative system. The main features of the Indian administrative system are:

- **Legacy of British Administrative System:** After five decades of independence, Indian administrative system still bears the legacies of the British administration. The influence of British administrative system upon Indian administration still continues. It is worth mentioning here that the judicial system, rule of law, bureaucratic

system etc. are the legacy of the British administrative system in India.

After independence, the popular government came to power and the administration was called upon to work hand-in-hand with the elected representatives of the people. Changes were made to adjust the administration to the needs of free and democratic India. However, despite these, the basic pattern of functioning of administration remained similar to the administration of the British era. The transfer of the power from British to Indian govt., partition of the country, refugee problem all combined to put pressure upon the civil service and the administration system had to remain bureaucratic in nature as earlier.

- **Unitarian Federalism:** Blend of Centralisation and Decentralisation: The Indian constitution provides dual administration-central administration and state administration. The constitution effects division of legislative, executive and judicial powers between the state and the centre so that both can exercise their constitutional authority and power over the area of fall within their jurisdiction. The Central govt. exercises legislative and judiciary power over the 97 subjects contained in Union List and the State govt exercises power over the 67 subjects contained in the state list. In the subjects contained in concurrent list both state and central govt can exercise power. However, if dispute exists over concurrent list, the law by central govt precedes over state law. The division of power is made to keep the balance between the central and state govt, however the division weights more in favour of the central govt-the union list is the biggest list, union can exercise power over subjects form state list, union law enjoys primacy over state law in respect of concurrent subjects and also the residuary subjects are in hands of the union. The union government has the capacity to exercise authority over state administration through the governor being the representative of the centre. Moreover the top officials of the state

administration belong to the All India Services (IAS, IPS) which is controlled by the union government in matters of recruitment and conditions of service.

- **Welfare as the objective of the administration:** The constitution of India provides for a welfare polity. The British government were mainly concerned about their own rule, but after independence the welfare of the people became the main goal of the government. To solve the problems of poverty, economic backwardness, hunger, ignorance, diseases etc. planning commission was established and accordingly various steps and measures were taken. Following the Gandhian principle of welfare of all people, rural self government was organised in the form of Panchayati Raj. Free health services, free and compulsory education and similar other welfare measures were initiated. Thus, administration in India was made not only a law and order administration, or regulatory administration but also a welfare administration.
- **Democratic Decentralization:** The Indian administration stands based on democratic principle. It is governed by the representatives of the people. Besides the local self-government in urban areas look after some of the local services and needs of the urban people. Also the Panchayati Raj Institutions working in the village areas are looking after the developmental and community development programmes in rural areas. Decentralisation of power, autonomy of working for local institutions, and democratic organisation are hallmarks of Indian administration system.
- **Independent and active judiciary:** The framers of Indian constitution wanted to establish an independent judiciary that is free from influence of either executive or legislature. Appointments of judges of Supreme Court and High Courts are made by executives with advice of the Chief Justice of Supreme Court. The strict and tough procedure of removal of them also ensures their independence. It has the power to declare any law made by parliament null and void

if it does not conform to the provision and spirit of the constitution. Judiciary also enjoys the judicial review power over the administrative acts.

- **Administrative Specialization:** After independence, the role of the administration has changed and responsibility and function increased. Administration felt the need of new skills and techniques to manage new activities and responsibilities. This resulted in the increased importance of specialists in different spheres of administration i.e. civil, judicial, economic service etc. In the last almost 60 years, the number of technical staffs in administration has increased considerably. However, there also arose the problem of conflict between the generalist and specialist which harm the smooth functioning of the administration in many respects.
- **Administrative Tribunals and System of Administrative Justice:** One exceptional feature of Indian Administration is the increasing power of the administration-not only executive or law making but also semi judicial powers. Administrative tribunals provide the mechanisms for it. Administrative tribunals have become integral part of democracy and they have started to respond to new social needs and goals.
- **Independent or extra administrative Agencies:** Indian constitution provides for a strong union government and the power of the government is vested in the President. This power in reality is used by the Council of ministers headed by the prime minister. Cabinet constituted out of the ministers from council of ministers actually directs and supervises the whole administrative machinery consisted of 43 different ministries. Besides these ministries, there are various independent bodies and commissions which are out of the control of any ministers and free from administrative hierarchy. Many of such independent bodies are created by the constitution and thus enjoy status of constitutional bodies. These bodies play crucial role in governmental affairs. They assist in the regular administrative works.

Being out of the ministerial control also helps them to function in an effective manner.

- **Centralised services:** In India, the civil servants enjoy constitutional protection. Change in the political power does not really affect the status, rights, and privileges of the civil servants. Existence of three kinds of civil services distinguishes Indian administration from the administrative systems of other countries and those are-the All India services, the Central services and the State service. Centralised recruitment is conducted for the first two services while that of the state services are conducted within the state. The all India services are highly respectable and the most important one. They serve both the central and the state. IAS, IPS and IFS are three most important services of this kind. The central services only serve the union government. Central Secretariat Service, Indian Foreign Service, Indian Postal service, Indian Scientific Service, Railway Service are a few central services.The central services are directly connected with the Government of India. They are the permanent bureaucracy of the Indian Government.
- **Economic Administration:** The industrial policy resolution and the five years plan have assigned important place to public sector in the economic and industrial development of India. It also led to increase of government owned and operated business enterprises in the country. Govt. took initiatives in the field of business or industries wherever the need of huge financial and managerial aid were required along with postal and railways which were already in the central list, other public corporation of business nature like Air India, ONGC, LIC, FCI etc. came as part of public sector.
- **Administrative accountability:** In democracy, administration is accountable for its actions. The feature of being accountable to the democratically elected representatives makes the administration in the post independence period different from its pre-independence period. The administration is responsible and answerable to the

representatives of the people. Institutional arrangements exist in centre, state and local levels to investigate the functioning of the administration. All kinds of administrative works are under ministerial, parliamentary and judicial control. Any act or order of the administration can be challenged by the court and if it is found contrary to the constitution, can be declared void. Thus, the rights of the citizens are protected for which the Act like Right to Information Act, 2005 are enacted. With the help of this Act, any citizen can seek information from the government in different fields of administration.

- **Open to reform and Innovation:** Being the administrative system of a developing country, Indian administrative system is open for reformation and up-gradation. The need of fast growth and all round socio-economic and political changes and development of the country necessitated the acceptance of required continuous changes in the administration. This made the Indian administration ready to develop and reform to remain abreast with the changing socio-economic environment.

It is clear from the above that various attempts have been made to improve the functioning of Indian administration. In this regard, various committees and commissions were also appointed to find out the deficiencies and shortcomings and to suggest measures to improve them.



CHECK YOUR PROGRESS

Q 1: Which Act introduced the bicameral system and demarcated the central and provincial subjects?

……...…….

…….

Q 2: Who is considered as the father of Local Self Government in India?

……...…….

……

Q 3: What are the Provisions of the Govt. of India Act 1919 related to administrative reforms?

……

……

Q 4: When did the Constitution of India come into force?

……

……

Q 5: 'Indian Administration is Welfare oriented.'-Elaborate.

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1.5 LET US SUM UP

- The Indian administration is one of the oldest administrative systems. It has been influenced by various administrative systems form ancient time till present time.
- Manu and Kautilya played an important role in the development of Indian administration. The ArthaShastra of kautilya during Mauryan period gave a very first detailed account of the Indian Administrative system.
- The Mughal administration was another organised and long lasting administration which contributed a lot towards the development of Indian administration.
- The most crucial period for the growth of Indian administration was the period under East India Company. However, after the company the British Crown took over the control and started ruling India and simultaneously Indian Administration system started getting influenced by it.
- The year 1773 was a landmark in the growth of Indian Administration. Before 1773 there was no central authority in the country.

- Introduction of Portfolio system and Local self government had been two important landmarks in the growth of Indian Administrative system.
- The Government of India act 1919 and 1935 has been important for Indian Administrative system and its development.
- The present system of administration has visible impact of the British Administration and carries federal and welfare character.
- Various attempts have been made to improve the functioning of Indian administration by appointing different committees and commissions to find out the deficiencies and shortcomings and to suggest measures to improve them.



1.6 FURTHER READING

1) Puri, B.N.(1968). History of Indian Administration, Bombay: Bharatiya Bidya Bhavan.
2) Roy, N.C. (1960). The Civil Service in India, Calcutta, Firma K.L. Mukhupadhyay.
3) Misra. B.B. (1970). The Administrative History of India 1834-1947: General Administration, London: OUP.

1.7 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The Govt. of India Act 1919.

Ans to Q No 2: Lord Rippon.

Ans to Q No 3:

The Government of India Act, 1919 introduced the bicameral system and demarcated the central and provincial subjects. The central list consisted of important subjects such as defence, foreign affairs, tariff

and customs, railways, post and telegraphs, income tax, currency and coinage, all India services, etc. The Provincial list included local self-government, public health, public works, education, water supply, irrigation, agriculture, land revenue, police, forests, justice, excise & fisheries, etc. The Provincial subjects were further divided into "resolved" and "transferred" subjects. The 'reserved' subject being important, were placed under the charge of counsellors, who along with governor were made responsible to the Secretary of State and the Central legislature. The administration of "transferred" subjects was entrusted to the ministers responsible to the Provincial Legislative Council. The distribution of executive power between the governor-general-in- council and the governor acting on the advice of his ministers responsible to the provincial legislative council was called diarchy. This reform reduced the control of Secretary of State for India, over the central and provincial administration so far as the "transferred" subjects were concerned; but as regards "reserved" subjects, there had been no change.

Ans to Q No 4: 26th January, 1950.

Ans to Q No 5:

The constitution of India provides for a welfare polity. The British government were mainly concerned about their own rule, but after independence the welfare of the people became the main goal of the government. To solve the problems of poverty, economic backwardness, hunger, ignorance, diseases etc planning commission was established and accordingly various steps and measures were taken. Following the Gandhian principle of welfare of all people, rural self government was organised in the form of Panchayati Raj. Free health services, free and compulsory education and similar other welfare measures were initiated. Thus, administration in India was made not only a law and order administration, or regulatory administration but also a welfare administration.



1.8 POSSIBLE QUESTIONS

Q. 1: Trace the evolution and development of the Indian administrative system.

Q. 2: Write a note on the Government of India Act, 1919.

Q. 3: Discuss the important features of the Indian Administration.

Q. 4: Write short notes on-

a) Democratic Decentralisation,

b) Administrative Accountability,

c) Welfare Administration.

*** ***** ***

UNIT 2: CIVIL SERVICE IN INDIA: STRUCTURAL FRAMEWORK

UNIT STRUCTURE

2.1 Learning Objectives
2.2 Introduction
2.3 Formation of Indian Civil Service
2.4 Functions and Duties
2.5 Structure of Indian Civil Service
  2.5.1 All India Services
  2.5.2 The Central Services
  2.5.3 State Services
2.6 Let Us Sum Up
2.7 Further Reading
2.8 Answers to Check Your Progress
2.9 Possible Questions

2.1 LEARNING OBJECTIVES

After reading this unit you will be able to:

- describe about the formation of the Indian Civil Service
- know about All India, Central and Sate public services.
- know about the selection processes for different public services.
- explain the role of Kothari Commission in shaping the current selection process of administrative officers.
- understand the role of different services in running the administration of India.
- differentiate between Central and State services.

2.2 INTRODUCTION

The word "Civil Service" coined during the rule of the East India Company. The term civil service came into use first time in the mid of the 19th century. During that period the East India Company called their employees servants and the British rulers decided to hold competitive

examinations to select candidates for higher posts in India. It was called civil to differentiate from the military therefore it had a separate identity. Later in 1854, the British government adopted the practice of holding competitive examinations for filling up posts under the government at home as well, the recruited persons began to be referred to as Civil Servants.

2.3 FORMATION OF INDIAN CIVIL SERVICE

The concept of civil service is one of the enormous contributions of British Government in India. This system was introduced in India by Warren Hastings and modernized by Charles Cornwallis and therefore he is regarded as father of Indian civil service. The term civil service indicates about the administrators who are appointed for implementing the government policies. The origin of civil service lies in the implementation of the Northcote-Trevelyan reform of 1854. British parliament took the initiative and as a result civil service has come to be an integral part of public administration. However, in the wake of the industrial revolution that took place in early 19th century, eminent German sociologist Max Weber had enlightened on the concept of public service where a special category of officers specially trained was needed for the management of industrialized society and subsequently, those trained officials were collectively known as bureaucracy.

The term civil service first initiated to designate those servants of the East India Company who were engaged in mercantile work. Employees of the East India Company were called its servants and those who conducted its trade overseas were called civil servants so as to distinguish them from those whose duties were of a naval or military nature. The Indian Civil Service (ICS) was the highest level of public service and was at the top of the administrative hierarchy in India. The ICS was the steel frame of Indian administration. Most securely till the enforcement of the Government of Indian Act, 1919, the ICS constituted both the government and the administration, combining in itself both the policy-making and administering function, when the 1935 Act came into operation, division of powers had also emerged. However in 1930, the ICS was a group of small elite with a membership of 1014.

2.4 FUNCTIONS AND DUTIES

The civil service plays an important role in the Indian administrative system. It is the permanent, professional and trained executive behind the political executives. In India, the civil services enjoy enormous functions and duties. Among the various functions performed by the civil services today the following may be mentioned briefly.

1. Advice to ministers on all matters of policy formulation or execution.
2. Supervision of all aspects of the governmental schemes and projects.
3. Carry out social services.
4. Tax collection.
5. Keeping accounts etc.

Apart from these duties Civil Servants also perform certain functions-

1. Chief instrument for implementation of government's policy.
2. Transform policies into action.
3. Civil servants of the technical category engaged in various productive and public sector or organizations are rendering useful social and economic service to the people.
4. Today tasks of civil servants are comprehensive and include planning and guidance of the entire economic as well social activities.

From the above mentioned points, the duties and responsibilities of the civil services can be discussed under the following heads:

- **Execution of Government Policies:** The civil service is mainly responsible for the execution of various policies and programme adopted by the government. They also help the political executives in formulating the policies by providing necessary data. After the approval of the legislature, it is the bureaucrats who implement the policies on behalf of the government.
- **Advisory Function:** Advisory function is another important function of the civil service. The ministers are solely dependent upon the advice of the bureaucrats in different matters for running the day to day administration. Even, before taking any final decision or policy, the ministers seek the advice of the civil service.

- **Financial Activities:** Regarding financial activities also the civil servants play an important role. They advise the government in preparing the budget and proposal for taxation. They also collect taxes and settle disputes regarding taxation problems when arise.
- **Keeping of Government Records:** The civil service keeps the government records systematically and supply them when it is sought by the political executives. The government depends upon these records for the continuation and implementation of governmental policies and programme.
- **Building Public Relations:** The civil service builds a strong public relations in the society. They inform the public about the various policies and decisions of the government. Similarly, they also inform about the needs and interests of the people to the government. In this way, they establish a link between the government and the public.

From the above discussion it is clear that the civil service plays an important role in running the administration of India. The success and failure of our administration mainly depends upon the civil servants running the administration. Without their active involvement the political executives cannot implement their policies properly.

2.5 STRUCTURE OF INDIAN CIVIL SERVICE

The Indian constitution has provided for the organization of the civil services in India on the basis of which the parliament of India had made legal framework for organizing the same. All the civil services in India are classified into the following three classifications namely- All India Services, the Central Services and State Civil Services. It is discussed below:

2.5.1 All India Services

As an all India service the IAS is under the joint control of the Centre and the States and its members are divided into state cadres. The ultimate control rests with the Central Government but immediate control is exercised by the State Government to which a member

has been assigned. Article 312 of the constitution of India entrusted the constitutional status to the two pre-existing All India Services (Indian Civil Service i.e IAS) and Indian Police Service i.e. IPS. At present there are three categories of such services. These are- Indian Administrative Service, Indian Police Service and the Indian Forest Service.

- **Examination process:**

  The Examination is administered by the Union Public Service Commission. After preparing a list of successful candidates they submit the list to the Ministry of personnel. The actual appointment letters are issued by the Government and the Union public service commission's role being advisory. In practice, however, the list sent by the Union Public Service Commission is generally accepted by the Government.

The candidates have to appear for an examination in -

(a) Three compulsory subjects- Essay, General English and General knowledge,

(b) Three optional subjects out of over 20 subjects being taught in the Indian Universities,

(c) Two additional subjects out of a list of over 15 subjects being taught at the post graduate level in the Indian Universities.

However the question papers for the preliminary as well as the main examination are in English and Hindi only. Those who qualify in the written part of the main examination are called for the interview, which carries 300 marks. Upper age limit for the civil service examination is 26 and usual relaxation for candidates who belonging to the scheduled Castes and scheduled tribes. Candidates are allowed three chances at the examination without any restriction on the number of chances, subject of course, to the prescribed age limits. The minimum educational qualification for appearing at the main examination continues to be a university degree. The allocation of the candidates to diverse services is prepared on the basis of the main examination and interview, taking into consideration their rank in the final examination and preferences. After selection of the candidates, they are called

probationers. All probationers have compulsorily to go through training- a more correct term would be educational course at Lal Bahadur Shastri National Academy of Administration in Mussoorie (a training school operating under the ministry of Personne). The training programme for the IAS has undergone change since 1969 when the central government introduced what was called a sandwich course. The probationers are required to undergo two spells of training, with an interval of one year between them. The first spell consists of a foundational course and professional training. Its duration is six months. In the foundational course the IAS probationers are joined by probationers of other central services. The idea underlining the foundational course is that officers of the higher services should acquire an understanding of the constitutional, economic and social framework within which they have to function, as these largely determine the policies and programs towards the promotion and execution of which they will have to make their contribution. They should also explain themselves with the machinery of government and the broad principles of public administration. The foundational course is also intended to cover such matters as the rights and obligations of the civil services and the ethics of the profession- objectivity, integrity, morality, etc. After the completion of the foundational course and the first phase of training at the National academy of administration, the IAS probationers are sent for one year of district training in the state to which they have been assigned.

- **Kothari Committee Report on recruitment and selection method:**

  The Kothari Committee recommended regarding the recruitment to the IAS officers and other class I central services. According to them there should be a preliminary screening examination and post training test besides the main civil services examination. The suggestion for a preliminary, objective type test to weed out candidates who are not skilled enough to write the main examination is sound; for it is only through a device like this that the main examination can be made manageable and meaningful.

Nowadays, a large number of candidates take the main test, and obviously it is senseless to administer it to so many when only about 700 are to be selected. Apart from this Kothari Committee had given some recommendation to democratize the examination. The committee recommended a single scheme of recruitment common to the IAS, IPS and non- technical, Class I central services. What it means is that no service is administered a lower test to make it look like a second class service. This is an democratic move and is to be salutation. It is also to be mentioned that the post- selection test is an interview by a selection board constituted by the Union Public Service Commission. The committee thus accords more importance to the interview (carrying 700 marks) than it has now (carrying 400,300 and 200 marks for the Indian foreign service, Indian administrative service and other services respectively). As in all oral type examinations, the element of subjectivity cannot be ruled out in this aspect of the selection process. The committee has also suggested that the candidates for the main examination should be permissible to answer all the papers, except the language one, in any language listed in 8th Schedule of Indian constitution, or English. This, definitely, is a continuation of the official policy first adopted in 1968. However the proportion of candidates choosing to exercise the regional language option has either remained stationary or even declined, never exceeding 18 percent. This is as much ascribable to the inadequate development of the regional languages as to the snob value of English. Also, with uneven development of the regional languages, a broadly uniform level of competence is unlikely if not impossible to attain. Besides, this may set into motion rather subjective and political criteria of evaluation, which has to be strictly guarded against.

- **Implementation of the recommendation of Kothari Committee**

  In 1978 December, the Government accepted the proposed examination scheme recommended by the Kothari Committee

as a result the competitive examinations held by the Union Public Service Commission in 1979 and subsequent years marked a significant departure from the pattern hitherto followed. In simple words, the competitive examination for the higher civil service held from 1979 onwards has been based on the new scheme.

- **The salient features of the new scheme are as follows:**

1. There is a single examination for recruitment to the Indian Administrative Service, Indian Foreign Service, Indian police Service and Group A (class I) Central Services.
2. The civil services examination consists of two parts: a qualifying preliminary examination (objective types) and the main examination (written test and interview).
3. The candidates are given the choice to write their papers, other than English and the language papers, in any language mentioned in the eight schedule of the Constitution or in English. However, the question papers, for the preliminary as well as the main examination, will be in English and Hindi only.
4. Only those qualifying in the written test of the main examination are called for the interview, which carries 250 marks.

2.5.2 The Central Services

The Central Services are the direct control of the Central government. Among the leading All India Services, there are two types of services i.e. IAS and IPS and they have enjoyed enormous status and prestige. It is common knowledge that candidates with the highest rank in the combined competitive examinations go to the IAS and IPS, and those with successively lower ranks go to the Central Services. The only exclusion is the Indian Foreign Service, which, though a Central Service, competes with the All- India Services in position and status. There was a time when the candidates with the first twenty or so ranks choose for the Indian Foreign Service. During the past few years, the glamour of the India

Foreign Service has reduced considerably, and it is not the first choice of most of the top- rankers in the combined examination. Nevertheless, among the Central services, the Indian Foreign Service continues to enjoy a distinctive position. The public services of the Central Government consist- i) All- India services ii) Central Services. The former are under the joint control of both the central and state governments. The central services are under the exclusive control of the Centre. Their number has been increasing. It was 30 in 1971, and increased to 49 in 1984, the latest year for which published data is available. Some of them are small in size. For example, Indian Salt Service has strength of 11 and Central legal service has 70 posts. In fact, there are only 20 services with a cadre strength exceeding 500. The central health service has cadre strength of about 3500. The Indian Economic Service and Indian Statistical Service has a total strength of 600 and 500 respectively. Apart from this there are major differences between the All- India Services (IAS and IPS) and the Central Services. It may be mentioned that the actual power enjoyed by the members of a few Central Services is much more formidable than that enjoyed by the members of a few Central Services. Take for instance, the clout of the members of the Indian Revenue Service and even the Indian Audit and Accounts Service. Their discretion in decision- making is substantial and, on occasions, they keep top government servants on tenterhooks. In no way does it mean that they are always more powerful than the IAS or IPS.

All Central service officers work on a tenure system, they are placed in various position like- city/state for three years or so and then move to the Centre or to other states. In fact, a central service officer, by the time he retires, has served in eight to ten or even more states. Thus in contrast to an IAS or IPS officer, who is responsible in a particular state, and who, at the most, works in the Centre for a few years, a central service officer serves in a much larger area of the Indian territory. Though the central service officers are not all -India service officers, the nature of their task and postings make them truly

"all -India" in character. It is the time that the real influence and contribution of the Central services was assessed dispassionately.

Unlike the all India services, the Central Civil Services are under the special control of the Central Government. The civil services of the Central Government comprise established services known as the Central Civil Services as well as civil posts created outside the established services, which constitute the General Central Service. Both the established Central Civil Services and the civil posts are classified in descending order of seniority as class I, class II, Class III and class IV. Recruitment to the Central Services Class I and II are made by the Union Public Service Commission on the basis of the unified all India Civil Service Examination. It has often been pointed out that since the appointing authority is the same, there is no justification for classifying the services into the all India and central services. Though the appointing authority is the same, yet there is a significant difference between the two. Officers of all India services are employed to serve under the central as well as the state governments. Further, the members of IAS can be appointed to any office calling for duties of a general supervisory nature, while the officers of the central services are employed in jobs of specialised nature. Therefore, the distinction can be said to be justified.

- **A list of Central Services:**
  1. Indian Foreign Service.
  2. Indian Postal Service.
  3. Indian P & T Accounts & Finance Service.
  4. Indian Railway Accounts Service.
  5. Indian Railway Traffic Service.
  6. Indian Railway Personal Service.
  7. Indian Defence Accounts Service.
  8. Defence lands & Cantonment Service.
  9. Indian Ordinance factories Service.
  10. Indian Audit and Accounts Service.
  11. Central Information Service.
  12. Indian Income- tax Service.

13. Indian Customs & Central Excise Service.
14. Indian Civil Accounts Service.
15. Central Trade Service.
16. Indian Telecommunication Service.
17. Indian Railway Service of Electrical Engineers.
18. Indian Railway Service of Signal Engineers.
19. Indian Railway Service of Mechanical Engineers.
20. Indian Railway Service of Engineers.
21. Indian Railway Stores Service.
22. Military Engineering Service.
23. Indian Naval Armament Service.
24. Indian Ordinance Factories Service.
25. Central Power Engineering Service.
26. Indian Inspection Service.
27. Indian Supply Service.
28. Central Electrical & Mechanical Engineering Service.
29. Central Engineering Service.
30. Central Water Engineering Service.
31. Central Engineering Service (Roads).
32. Indian Broadcasting (Engs.) Service.
33. Border Roads Engineering Service.
34. Overseas Communication Service.
35. Railway Medical Service.
36. Central Health Service.
37. Indian Ordinance Factories Health Service.
38. Indian Cost Accounts Service.
39. Indian Economic Service.
40. Indian Statistical Service.
41. Defence Research and development Service.
42. Defence Aeronautical Quality Assurance Service.
43. Defence Quality Assurance Service.
44. Central Legal Service.
45. Company Law Board Service.
46. Indian Salt Service.

2.5.3 State Services

For the better administrative convenience, the administrative structure of India is divided into many departments in both the central and state level. The state services include those services and posts which are concerned with the administration of state subjects such as- agriculture, education, forest, health, police etc. The recruitment and service conditions of these services are controlled by the rules under the Act which may be taken by the State legislature. In the absence of legislation, the Governor has been empowered to issue rules and regulations for the said reason.

The IAS, IPS and IFS as well as the State Services take up the higher posts in the State Administration. Commissioners, Secretaries, Chief Secretary etc. are mostly held by IAS officers, while in police administration the posts of DGPs, DIGs, Superintendents are occupied by IPS officers. These higher officers work under the administrative control of the State, frames rules to regulate the service conditions of these personnel.

The State Services like Central Services have been classified into class I, class II, class III and class IV. Members of class I and II services are gazette officers. Class III consists of clerical staff and class IV comprises peons etc. The State normally has the following services:

1. Police Service
2. Judicial Service
3. Educational Service
4. Cooperative Service
5. Forest Service
6. Medical Service
7. Agriculture Service
8. Public Health Service
9. Veterinary Service
10. Service of Engineers

11. Ayurvedic Service
12. Excise Service
13. Fisheries Service
14. Irrigation Service
15. Sales Service
16. Tourism Service

Apart from these three services, municipal service is also very integral service in the various states. Including Tamil Nadu and other southern states, the integrated system is followed, under which the Officers serving the municipal government are transferred horizontally among the municipalities and also vertically between the state and municipal governments. In Rajasthan, Uttar Pradesh, Punjab and Haryana, municipal services have been unified up to the supervisory and clerical levels but at the lowest level, employees are recruited and controlled by the municipal authorities. In West Bengal, Gujarat and Maharashtra, the separate personnel model functions, under which the municipal bodies have authority to recruit and manage their own personnel, subject to the regulations of the concerned state government.



CHECK YOUR PROGRESS

Q 1: Who is the father of Civil Service?

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Q 2: What are the duties of Civil Servants?

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Q 3: What are the salient features of the new scheme of competitive examinations recommended by Kothari Committee?

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Q 4: Which agency manages the Central Civil Services?

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……

Q 5: Write a note on different State Services.

……...……

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2.6 LET US SUM UP

- The word "Civil Service" coined during the rule of the East India Company. The term civil service came into use first time in the mid of the 19th century.
- The system of civil service was introduced in India by Warren Hastings and modernized by Charles Cornwallis and therefore he is regarded as father of Indian civil service.
- The civil service plays an important role in running the administration of India. The success and failure of our administration mainly depends upon the civil servants running the administration.
- All the civil services in India are classified into the following three classifications namely- All India Services, the Central Services and State Civil Services.
- The UPSC is concerned with recruitment of best personnel for All India Services and Central services. There is difference between the tasks perform by the two types of services.
- Kothari committee played an important role in shaping the selection process of different services.
- The Central Services and All India Services are different in regard of their classification, recruitment, training, placement and cadre management etc.



2.7 FURTHER READING

1) Avasthi Amreshwar & Avasthi Anand Prakash. (1993). Indian Administration, Agra: Lakshmi Narayan Agarwal Education Publishers.
2. Maheshwari. S.R.(1968). Indian Administration, New Delhi: Orient BlackSwan Private Limited,

3. K. K. Ghai, (2007): Indian Government and Politics, Kalyani Publishers, New Delhi- 110002.

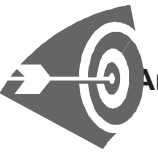
2.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Charles Cornwallis.

Ans to Q No 2:

The duties of the civil service today are many and varied. It includes:

1. Advice to ministers on all matters of policy formulation or execution.
2. Supervision of all aspects of the governmental schemes and projects.
3. Carry out social services.
4. Tax collection.
5. Keeping accounts etc.



Ans to Q No 3:

The salient features of the new scheme of competitive examinations recommended by Kothari Committee are:

1. There is a single examination for recruitment to the Indian Administrative Service, Indian Foreign Service, Indian police Service and Group A (class I) Central Services.
2. The civil services examination consists of two parts: a qualifying preliminary examination (objective types) and the main examination (written test and interview).
3. The candidates are given the choice to write their papers, other than English and the language papers, in any language mentioned in the eight schedule of the Constitution or in English. However, the question papers, for the preliminary as well as the main examination, will be in English and Hindi only.
4. Only those qualifying in the written test of the main examination are called for the interview, which carries 250 marks.

Ans to Q No 4:

The Central Services are under the exclusive control of the centre.

Ans to Q No 5:

The state services include those services and posts which are concerned with the administration of state subjects such as- agriculture, education, forest, health, police etc. The recruitment and service conditions of these services are controlled by the rules under the Act which may be taken by the State legislature. In the absence of legislation, the Governor has been empowered to issue rules and regulation for the said reason.

The IAS, IPS and IFS as well as the State Services take up the high posts in the State Administration. Commissioners, Secretaries, Chief Secretary etc. are mostly held by IAS officers, while in police administration the posts of DGPs, DIGs, Superintendents are occupied by IPS officers. These higher officers work under the administrative control of the State, frames rules to regulate the service conditions of these personnel.

The State Services like Central Services have been classified into class I, class II, class III, and class IV.



2.9 POSSIBLE QUESTIONS

Q. 1: Write the formation of Civil Services in India.

Q. 2: Explain the duties and responsibilities of the civil servants in India.

Q. 3: Discuss the selection procedure of the Indian Administrative Service.

Q. 4: Critically examine the Kothari Committee Report on recruitment and selection procedure of the civil servant.

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UNIT 3: UNION AND STATE PUBIC SERVICE COMMISSIONS

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Introduction

3.3 Union Public Service Commission (U.P.S.C) in India

3.4 Brief History of Public Service Commissions in India

3.5 Structure of UPSC

3.6 Functions of UPSC

3.7 Working of the UPSC

3.8 Working of the State Public Service Commission (SPSC)

3.9 Let Us Sum Up

3.10 Further Reading

3.11 Answers to Check Your Progress

3.12 Possible Questions

3.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- know how the UPSC has come into existence and various constitutional provisions related to UPSC
- know the composition and functions of UPSC
- know about the working of UPSC and the various aspects of the selection process
- understand the important role played by UPSC in Indian Administrative System
- discuss the working of the State Public Service Commissions.

3.2 INTRODUCTION

The primary function of the government of every state is rule-making, rule-application and rule-adjudication. The three main organs of government

namely the legislature, executive and judiciary perform these functions. While performing these functions, the organs of the government are helped by a group of educated, trained and professionally experts, who are politically neutral. This group of experts is called the civil service or civil servants or the bureaucracy. With the help provided by civil service, the government can function properly and thus plays the important political role. The civil service and the work being done by it constitute the administrative system of our country. The outcomes of political system like rules, laws, policies, decisions are implemented by the administrative system. Efficiency of administrative system is therefore essential for smooth functioning of the government.

3.3 UNION PUBLIC SERVICE COMMISSION (U.P.S.C.) IN INDIA

The success and effectiveness of public administration depends essentially on the ability impartiality and honesty of the bureaucrats. As such the responsibility of selecting such type of persons for administrative jobs should be vested on an independent and neutral Public Service Commission. That is the system in all democratic countries, and following that system the responsibility of selecting the right type of administrators for the central administrative service has been vested on the Union Public Service Commission and for the states, on the respective State Public Service Commissions. The UPSC is the recruiting agency for civil services whose members control the commanding heights of the administration. The Indian Civil Service of British times was one of the finest administrative system in the world. Despite their prejudices against the ICS, the leaders of free India made it a part of the new political system and gave it the name 'The Indian Administrative Service' because they believed and realized that no democratic government could be effective without a proper, well organized and well disciplined civil service to carry out its will and to advise it on how to give its policies concrete and practical shape.

3.4 BRIEF HISTORY OF PUBLIC SERVICE COMMISSIONS IN INDIA

It was the government of India act 1919, which initiated the creation of the Public Service Commission in India. The act was for the recruitment and control of the public services in India. Section 96-C of Govt India Act 1919 had a provision for the establishment of public service commission comprising not more than five members including the chairman. These were appointed by the Secretary of the State in Council. In 1924, the Lee Commission recommended in its report for the establishment of an independent and impartial Public Service Commission for India and on the basis of such recommendation the Union Public Service Commission was established in 1926. The Govt of India Act 1935, provided for the establishment of not only a Federal Public Service Commission but also a Provincial Public Service Commission and Joint Public Service Commission for two or more provinces. The act provided for public Service Commissions in the provinces as well. Article 315 of the constitution of India provides for a public service commission for the union and for each state. The Federal Public Service Commission became Union Public Service Commission on January 26th 1950.

The Union Public Service Commission of India (UPSC) is the highest body for conducting the recruitment and appointment of the best administrative officers without any political and personal consideration in different departments and ministries of the Government of India.

3.5 STRUCTURE OF THE UPSC

According to Art. 315 of the constitution of India there shall be a permanent Union Public Service Commission for appointment to the various posts of the central government services. Likewise as Art. 318 of the constitution of India also stated that the Union Public Service Commission will be constituted with a chairman and a few members. The number of members is not fixed by the constitution. The President for UPSC or the Governor for SPSCs is authorised to determine the number of members to

be appointed. Nearly half of the members appointed as member of UPSC, shall have held office for at least 10 years under Govt. of India or under Govt. of a State. The office of the union public service commission is considered as a part of the central secretariat. The commission is appointed for a period of six years and the age limit is 65 years. As soon as the term is over or they attain the age limit, they have to resign from the office.

As per Art. 319, the Chairman is not eligible for re-appointment after his term of office expires. But, a member other than the Chairman of the Union Public Service Commission shall be eligible for appointment as the Chairman of the Union Public Service Commission, or as the Chairman of a State Public Service Commission, but not for any other employment either under the Government of India or under the Government of a State.

- **Removal**

It is interesting to note that according to Art. 317 of the constitution of India, the period of service of the chairman and other members of the Union Public Service Commission is not determined by the pleasure of the executive department of the government of India and as such, they cannot be removed from their positions quite easily. As per Art. 317(1) only the President of India can remove these members from their offices under the special charge of corruption and dishonest behaviour by a special measure. The system is, when a special charge against any member of the Union Public Service Commission is made before the President of India about corruption and dishonesty the latter directs the Supreme Count of India to make enquiry on it and the Supreme Court after making the inquiry submits its report to him. If the alleged charge is proved against the member or even the chairman of the commission the President can remove him from his office. Art. 317(2)also says that if a member is found insolvent or mentally and physically unfit then also the President can remove him from the post of membership.

The removal process of the members is not an easy one. A strict and tough process is followed to remove any of the members. The members of UPSC can either resign from their posts or can be removed by the President if found involving in inappropriate behaviour. However, the

complaints against the members of the UPSC is investigated by the Supreme Court and if found proven, the removal takes place. During investigation the person against whom a complaint is lodged remains away from duty. Apart from complaint of inappropriate behaviour, a member can also be removed if he goes bankrupt, holds other job of profit or if found insolvent or mentally and physically unfit then also the President can remove him from the post.

The attempt was to create an independent body for recruitment purposes, but little attention was paid regarding the qualification of the members of UPSC. The agency being the multipurpose body requires combination of various types of qualities for its members. To choose the best candidates out of many, members must be capable to perform this job. The quality of administration depends upon the initial recruitment of the personnel; the later depends upon the qualifications and impartiality of the members of the UPSC. The only safeguard mentioned is about having 10 years of administrative experiences by half of the members.

- **Service conditions**

The president of India has the power to decide the service conditions for the chairman and other members of the commission. Certain provisions are included in the constitution to keep them away from bribery, fear or pressure from other officials or ministerial, and to help them remain impartial and neutral in service. Some of the service conditions are:

I. The chairman can not join any office of profit under central government or any state governments after his retirement.
II. Before the expiry of the term, executive cannot remove the chairman or any member of the commission.
III. Once they are appointed the terms and conditions of services cannot be changed.
IV. As per Art. 322, their salaries and allowances are charged form the consolidated fund of India and hence not subjected to the approval of parliament.

These provisions make the commission free from any kind of pressure from any ministry and provide the scope to work in an unbiased

and independent way. These provisions remove the fear of being pressurised or dominated by any higher authority. Being free form any kind of force or stress, the commission can perform their task smoothly and render adequate service to the state.

3.6 FUNCTION OF UPSC

The UPSC is a Constitutional Body and is assigned the duty of making recruitment by conduct of competitive examinations as well as selection through interviews, advising on the suitability of officers for appointment on promotion and transfer-on-deputation, advising the Government on all matters relating to methods of recruitment to various services, framing & amendment of Recruitment Rules, disciplinary cases relating to various Civil Services, miscellaneous matters relating to grant of extra-ordinary pensions, reimbursement of legal expenses etc, advising the Government on any matter referred to the Commission by the President of India and on the request of the Governor of a State, to serve all or any of the needs of a State relating to recruitment, with the approval of the President.

In order to fulfil its constitutional obligations, the Commission is supported by Officers and Staff broadly known as Secretariat of the Commission, headed by the Secretary. The Administrative Branch of the Commission is entrusted with the functions of administering the Secretariat of the Commission as well as looking after the personal matters of Hon'ble Chairman or Hon'ble Members and other Officers and Staff of the Commission.

The functions of the commission as prescribed by the constitution of India fall into two categories: a) Administrative and b) Advisory. The administrative functions relate to recruitment to all civil services and posts under the union government or the state government by written examination or by interviews or both. The advisory functions relate to advising the government. Art. 320 of the constitution of India have categorically enumerated the functions of the Union Public Service Commission. Those are as follows:

I. The Union Public Service Commission recommends the meritorious and prospective young men and women after selecting them through

All India competitive examinations for appointment in administrative services.

II. Secondly, if two or more state governments so request the UPSC to assist them in framing and operating schemes of joint recruitment for any service for which candidates possessing special qualification are required.

III. Thirdly, it advises the President on:

a. "all matters relating to methods of recruitment to civil services and for civil posts;

b. the principles to be followed in making appointments to civil services and posts and in making promotions and transfers from the service to another and on the suitability of candidates for such appointments promotions or transfer;

c. all disciplinary matters affecting a person serving under the Government of India or the Government of a State in a civil capacity, including memorials or petitions relating to such matter;

d. any claim in respect of a person who is serving or has served under the govt. of India in a civil capacity, that any cost incurred by him in defending, legal proceedings instituted against him in respect of acts done or purporting to be done in the execution of his duty should be paid out of the consolidated fund of India;

e. any claim for the award of a pension in respect of injuries sustained by a person while serving under the government of India in a civil capacity and any question as to the amount of such award;

f. any other matter which may be referred to it by the President for advice."

It is usually obligatory for the Government of India to consult the Union public Service Commission in respect of all the above matters. However, the President has the power to make regulations, specifying the matters in which, either generally or in particular circumstances the commission may not be consulted. Under the Union Public Service Commission (exemption

from consultation) regulations framed by the President in 1958, it is not obligatory for the President to consult the U.P.S.C. in the following cases;

I. Posts in respect of which the authority of appointment, has specifically been conferred by the constitution in the President,

II. Chairman of members of any Board, Tribunal Commission, Committee or any other similar authority, created under a statute or under the authority of a resolution of either Houses of the Parliament or by a resolution of the government of India for conducting an enquiry into any matter or advising the government of specified matters.

III. Heads of diplomatic, consular and other similar Indian Missions in other countries,

IV. Personal staff attached to the holders of the posts mentioned in categories mentioned above,

V. Posts in the Secretariat of the Lok Sabha and Rajya Sabha,

VI. All technical and administrative posts in or under the Atomic Energy Commission,

VII. Judicial Commissioners and Additional Judicial Commissioners, District Judges and Additional District Judges of the Union Territories and the subordinate Judges and Munsifs in the Union Territories of Manipur, Tripura and Himachal Pradesh,

VIII. Any service or post in respect of which the commission has agreed that it is not necessary for it to be consulted. The temporary and officiating appointments can also be made without consulting the U.P.S.C. provided the incumbent is not likely to hold the post for more than a year. But intimation has to be sent to the commission regarding such appointment as soon as the posts are filled. Similarly there is no need to make any reference to the commission regarding the reservation of posts in favour of backward classes, Scheduled Castes, Schedule Tribes.

The government is not bound to take advises of the Union Public Service Commission in regard to the issues of making reservation in services for the schedule caste, schedule tribe and other backward communities or

for making some special provision and privileges for making such reservations for them under Art 335 under the constitution of India. The constitution of India has made the Public Service Commission a mere advisory institution which is required to give advises to the subject sent to it by the President of India or by the Governors of the States. But to accept or refuse their advices is the absolute discretion of the respective governments. This is because India has adopted a responsible democratic government where in the council of ministers cannot delegate its responsibilities to their employees to any other organization, though at the same time it should not neglect the advices made by a commission consisting of experienced and expert persons. Since the Council of Ministers is responsible to the legislature, the task of up keeping the standard of images and activities of the government servants before the people should be en-shouldered by the ministers themselves and not by any commission whatsoever.

- **Annual reports of the UPSC**

The constitution provides that it is the duty of the UPSC and the State Public Service Commissions to present annually to the President or the Governor or the case may be reports of its work. Immediately after the receipt of such report, the President or the Governor is required to lay it before each house of parliament or the state legislature together with a memorandum of the cases where the advice of the commission was not accepted and reasons for such non-acceptance. It may be remembered that though technically the selection of candidates by the public service commission is only in nature of recommendation to the government which is free to accept or reject, yet the advice of the commission is as a rule accepted by governments and the number of cases in which the commission's advice is not accepted is really negligible, e.g. of the hundreds of recommendations made by the UPSC during 1954-55, only one had not been followed by the government, but even then there was raised a storm of protest over that. The commission in its different reports presented to the parliament has mentioned about occurrences of irregular appointment and delayed references to the commission by government.

- **Precautionary Measures in Indian Constitution**

In order to prevent the ministers from taking any undue advantages or using the U.P.S.C. for their own personal and party interests, the constitution had taken two precautionary measures.

- First, the government must consult with the Union Public Service Commission regarding the appointment of its employees and the other matters relating to their interest and
- Secondly, if the recommendation or advice of the Union Public Service Commission is not accepted the government is to explain the reason of such non-acceptance to the parliament.

Without the recommendation of the Union Public Service Commission the Government of India can appoint temporarily some employees but such employee cannot be appointed for more than a year. If such employee is to be appointed for more than a year, the approval of the U.P.S.C. must be taken. Moreover, if the government does not take the recommendation or advice of the U.P.S.C. or refuse or neglect it, the reasons for it are to be reported to the Parliament. This would provide a check on the Executive. These intended checks against the nepotism and favouritism of the executive are only in theory and there are various limitations. Sometimes the reports are not thoroughly discussed in the parliament due to time scarcity and tight schedule and sometimes members don't even understand the real purpose of the reports. Moreover, due to strict party discipline, nothing can actually stop the government from indulging in favouritism and nepotism. Sometimes delayed presentation of reports also makes it useless to discuss in parliament.

3.7 WORKING OF THE UPSC

The main work of UPSC is to conduct examination for the recruitment of civil servants. The examination system has been questioned by scholars of public administration. In 1975, the Kothari Committee was set up to improve the recruitment policy and selection method. This committee suggested for holding preliminary screening test before the main civil services examination and an interview of 300 marks. The good points of this committee's

recommendations were that it recommended a single scheme of recruitment common for IAS, IPS and nontechnical Class I Central services. The main examination consists of two parts-the written examination and the interview. The screening test will weed out candidates who are not competent to appear in main exam; and counting the marks of written exam and interview together, the final merit list is prepared. Such system of examination is criticised for being one of the longest recruitment tests in the world covering more than a year. Moreover, it is not ensured that the best persons are selected. The multiplicity of optional subjects makes it difficult to evaluate the merit of the examinees. A more appropriate method would be to offer a common syllabus for all and to not be biased to any discipline. In this method only comparison of scores makes sense. It is also criticised that the questions in the main examination are very subjective in nature and it becomes tough to know what to include in the answer and what to exclude. Therefore it would be convenient if the question clearly spelt out what is to be explained, discussed, elaborate and analysed. Furthermore, a simple graduation is the condition to appear in the examination, but in actual practice a lot more is expected of the candidate. The syllabus is of MA level and only a few universities have this type of syllabus in graduation course. Thus maximum students are at loss as their universities follow syllabus with small content and those are not of MA standard too. Defects in the oral interview are also been pointed out as it is subjective and impressionistic giving much scope for elements of chance and luck and performance depending on the personnel of the board. Also the difference in nature of questions put to different candidates. The interview board mostly constituted by convent educated persons and it is obvious that many times they don't like the accent and pronunciations of bright students from ordinary government schools of rural background. Such examination system has made the present IAS elitist in character. The UPSC also suffers from mismanagement of its examination system like leakage of papers and others. Lastly, the non acceptance of its advices and not responding to rejection started to increase.

- **Present Position of UPSC**

Despite being criticised for many reasons and having inherent problems, UPSC is trying to recruit the best candidates for Civil Services. But over the

last few years, allegations have been made against UPSC particularly for paper leakage and people started to raise doubts about the genuineness and reliability of those who passed the examinations. In many cases courts have been approached. Additional problems are there regarding differences in evaluation from examiner to examiner, difficulty of standardisation of marks etc. However, inspite of all these problems, the UPSC is doing a very good work and selections are made based on merit alone.



CHECK YOUR PROGRESS

Q 1: When was the UPSC established?

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Q 2: Which commission recommended for establishment of UPSC?

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Q 3: State the removal procedure of the members of UPSC.

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Q 4: Which article of the Indian Constitution enshrines the functions of UPSC?

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Q 5: What are the two type / categories of functions of UPSC?

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Q 6: Write two advisory functions of UPSC.

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Q 7: Write down two demerits of the selection process of civil servants by UPSC.

……

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3.8 STATE PUBLIC SERVICE COMMISSION (SPSC)

The Government of India Act, 1935 provided for the establishment of the Public Service Commission at the Provincial level known as the State Public Service Commission and the constitution of India gave it a constitutional status as autonomous bodies. The State Public Service Commissions were constituted under the provisions of the Constitution of India. Articles 315 to 323 of Indian constitution include the composition, appointment and removal of the members, and powers and functions of the SPSC.

Composition :

A State Public Service Commission (SPSC) comprises of a chairman and other members appointed by the Governor of the state. One half of the appointed members of the commission should have held office for at least ten years either under the government of India or under the government of a state. The constitution has not specified the strength of the commission. The governor is empowered to determine the number of members as well as staff of the commission and their conditions of service.

1. The composition of the State Public Service Commission is similar to that of the Union Public Service Commission.
2. The members of the State Public Service Commission are nominated by the Governor.

The governor can appoint one of the members of the SPSC as an acting chairman if:

(i) The office of the chairman of the commission becomes vacant; or

(ii) The chairman of the commission is unable to perform the duties of his office due to absence or for any other reason.

Such member functions as an acting chairman till a person appointed as chairman enters on the duties of the office or till the chairman resumes his duties, as the case may be.

Tenure:

The chairman and members of the SPSC hold office for a term of six years or until they attain the age of 62 years, whichever is earlier. The members can resign in between the term by addressing their resignation to the Governor.

Service Condition for Independence of SPSC :

As in the case of UPSC, the constitution has made certain provisions to safeguard the independence and impartial functioning of the SPSC. Those provisions are listed below:

1. The chairman or any of the members of the SPSC can be removed from the office by the president only in the manner and on the grounds mentioned in the constitution. Therefore, they enjoy the security of tenure.
2. The conditions of service of the chairman or a member, though determined by the governor, cannot e changed to his disadvantage after his appointment.
3. The entire expenses including the salaries, allowances and pension of the chairman and members of a SPSC are charged on the consolidated und of the state. Thus, they are not the subject to vote by the state legislature.
4. The chairman of the SPSC is eligible for appointment as the chairman or a member of the UPSC or as the chairman of any other SPSC, but not for any other appointment under the government of India or a State. A member of a SPSC is eligible for appointment as the chairman of that SPSC, but not for any other appointment under the government of India or a State.
5. The chairman or a member of a SPSC is not eligible for reappointment to that office.

The above provisions are there to make the functioning of the SPSC unbiased and autonomous. These provisions allow SPSC to work in a free environment and in an independent manner.

The Duties and Functions of the SPSC :

Like the UPSC, the SPSCs perform various functions. Among them, the important functions are mentioned below :

The functions of both the SPSC are similar to UPSC. Only the jurisdiction of the UPSC is far wider than that of the SPSC. The UPSC extends across the entire length and breadth of the country because it is related to the Civil Services of the Union Government. The Jurisdiction of the SPSC is limited within the State. SPSC performs all those functions in respect of the state services as the UPSC does in relation to the Central Services:

(i) It conducts examinations for appointments to the services of the state.

(ii) It is consulted on the matters below:

- (a) All matters relating to methods of recruitment to civil services and for civil posts.
- (b) The principles to be followed in making appointments to civil services and posts and in making promotions and transfers from one service to another and on the suitability of candidates for such appointments, promotions or transfers.
- (c) All disciplinary matters affecting a person serving under the Government of India in a civil capacity, including memorials or petitions relating to such matters.
- (d) Any claim of costs incurred by a civil servant in defending legal proceedings instituted against him in respect of acts done or purporting to be done in the execution of his official duty.
- (e) Any claim for the award of a pension in respect of injuries sustained by a person while serving under the Government of India and any question as to the amount of any such award.
- (f) Any matter related to personnel management.
- (g) It presents annually to the governor a report as to the work done by the commission. The state legislature can confer additional functions to the SPSC relating to the services of the state. It can also extend the function of the SPSC by placing the personnel system of any local authority or other body corporate constituted by law or of any public institution under it.

The annual report of the SPSC regarding its performance is submitted to the governor. The governor then presents it before the legislature explaining the cases where the advice of the commission was not accepted and the reason for such non acceptance.

The Supreme Court has held that if the government fails to consult the State Public Service Commission in these matters, the aggrieved public servant has no remedy in a court. In other words, the court held that any irregularity in consultation with the State Public Service Commission or acting without consultation does not invalidate the decision of the government. Thus, the provision is directory and not mandatory.



3.9 LET US SUM UP

- UPSC is the highest recruiting constitutional body in India. UPSC conducts examinations to hire the best, qualified and eligible candidates suitable for civil service.
- The composition and functioning of the UPSC is done as per the norms stated by the constitution of India. The constitution also includes the conditions for removing the members of the UPSC. By following a strict removal system, the constitution has tried to provide the commission an independent and healthy work environment to carry out commission's duties in an unbiased manner.
- The functions of the UPSC can be divided mainly in two categories: Administrative and Advisory. However, the advices of the commissions are not always mandatory for the government to accept. But advices by UPSC are generally accepted and rarely ignored.
- The Constitution fixes certain service conditions for UPSC which cannot be altered once appointment is made.
- The UPSC/SPSC is supposed to submit reports to President or Governor of its works and those are further presented in the parliament. Non-acceptance of commission's advices/ suggestions and reasons showed for that are also included in the reports.

- The examination and selection process comprises three steps- preliminary, mains and interview. The selection process is made as one of the toughest so that the best personnel get selected. However, the selection process is not free from defects and criticism.



3.10 FURTHER READING

1) Singh, Hoshiar. (1998). Indian Administration, Ptana: Kitab Mahhal.

2) Sachdeva and Dua. (1999). Indian Administration, Delhi: Ajanta Publication.

3.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: 1st October, 1926.

Ans to Q No 2: Lee Commission, 1924.

Ans to Q No 3:

As per Art 317(1) only the President of India can remove these members from their offices under the special charge of corruption and dishonest behaviour by a special measure. The system is, when a special charge against any member of the Union Public Service Commission is made before the President of India about corruption and dishonesty the latter directs the Supreme Count of India to make enquiry on it and the Supreme Court after making the inquiry submits its report to him. If the alleged charge is proved against the member or even the chairman of the commission the President can remove him from his office. Art. 317(2)also says that if a member is found insolvent or mentally and physically unfit then also the President can remove him from the post of membership.

Ans to Q No 4: Article 320.

Ans to Q No 5: a) Administrative and b) Advisory.

Ans to Q No 6:

a) if two or more state governments so request the UPSC to assist them in framing and operating schemes of joint recruitment for any service for which candidates possessing special qualification are required.

b) It advises the President on all matters relating to methods of recruitment to civil services and for civil posts;

Ans to Q No 7:

a) The questions in the main examination are very subjective in nature and it becomes tough to know what to include in the answer and what to exclude.

b) The UPSC also suffers from mismanagement of its examination system like leakage of papers and others.



3.12 POSSIBLE QUESTIONS

Q. 1: Discuss the origin and development of the Union Public Service Commission in India.

Q. 2: Explain the composition, powers and functions of Union Public Service Commission in India.

Q. 3: Write a note on the role of the State Public Service Commission in administration of a state.

Q. 4: Describe the advisory functions of the Union Public Service Commission in India.

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UNIT 4: COMPTROLLER AND AUDITOR GENERAL OF INDIA

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Genesis of the Office of the Comptroller and Auditor General of India (CAG)

4.4 Procedure for Appointment of CAG.

4.5 Powers and Functions of Comptroller and Auditor General of India

4.6 Let Us Sum Up

4.7 Further Reading

4.8 Answers to Check Your Progress

4.9 Possible Questions

4.1 LEARNING OBJECTIVES

After going through this unit you will be able to

- understand the meaning of the office of the Comptroller and Auditor General of India.
- describe the importance of the office.
- know the procedure of appointment and particular term of the office.
- describe the powers and functions of CAG.
- understand the independence of the office of CAG.

4.2 INTRODUCTION

Finance is the fuel to keep the engine of administration going on. Mr. Lloyd George has even once remarked that Government itself is finance and this is true in the sense that every activity of Government do requires money. Even the best conceived policies will turn out to be futile and will fail drastically, if there is no availability of funds to pay the Personal and to purchase necessary equipment and materials required for the successful implementation of policies. In short, it may be defined as a process through

which maximization of financial output as well as optimization of financial resources can be secured adequately.

Financial administration constitute planning of public expenditure to make funds available for the fulfilment of governmental activities and to ensure that the funds are used lawfully and in an efficient and effective way. In a Democratic Government, like India, the legislature does not place more tax burden on the people. Financial administration thus constitute a crucial aspect of public administration. In other words, financial operations may be conducted for development and promotion of public policies. Therefore, to keep the administrative engine well there must have proper financial planning and timely audit. Audit plays an important role in the financial administration of a state. It is the watch dog of the finances of the nation. For this purpose, the constitution of India has made a provision for the office of the Comptroller and Auditor General of India which is the supreme observer of the government's financial activities. It acts on behalf of the parliament. In a country like India where public expenditure are increasing day by day, Comptroller and Auditor General of India plays a big role in keeping the financial stability of the state. Therefore, the scope of jurisdiction of the CAG should be made more extensive so far as possible.

The office of the Comptroller and Auditor General of India has its beginning in 1858. The Government of India Act of 1919 has its significance in this regard as it provided for 'Auditor General in India' responsible for the audit of expenditure in India from the revenues of India. This Act is a landmark in the history of the Audit Department as the Auditor General came to be statutorily recognized. The first Auditor General of India was Shri V. Narahari Rao.

The various provisions of the constitution of India were influenced by the British system of government in India. One of the feature of this system is that the executive i.e. the Prime Minister and the Cabinet remains answerable for all their activities to the popularly elected chamber of the legislature. The responsibility becomes empty unless financial activities of the government are subject to parliamentary scrutiny. For this it is imperative that there should be an independent authority to examine and scrutinize the

financial transactions of the government. With this object in view, the Government of India Act of 1935, made the office of Auditor General of India. The office of the Comptroller and Auditor General is an adaptation of the office of the Auditor General under the Act of 1935.

Under the constitution of free India, four major articles, i.e., Articles 148, 149, 150 and 151 defined the basic structure of the institution of the CAG of India. Under these articles it has been described an analysed that the CAG of India is an independent constitutional authority. It is neither part of the legislature nor executive, though appointed by the President on the advice of the Prime Minister and can be removed only through a motion of impeachment. The CAG is both the audit and accounting authority for the Centre as well as the States.

4.3 CONSTITUTIONAL PROVISIONS

1. Art. 148: Broadly speaks of the CAG, his appointment, oath and condition of service.
2. Art. 149: Broadly speaks of the duties and powers of the CAG.
3. Art. 150: The accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the CAG, prescribe.
4. Art. 151: Audit Reports: The reports of the Comptroller and Auditor-General of India relating to the accounts of the Union shall be submitted to the president, who shall cause them to be laid before each House of Parliament.

4.4 PROCEDURE FOR APPOINTMENT OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India is an authority, established by the constitution of India, under its article 148. The CAG of India is appointed by the President of India following a recommendation by the Prime Minister. He is appointed for a period of six (6) years or upto the age of 65 years. After being appointed for this office every person so appointed takes an oath or

affirmation before the President that he/she will bear true faith and allegiance to the Constitution of India as by law established to uphold the sovereignty and integrity of India. The CAG enjoys the same status as a judge of Supreme Court of India and he can be removed from office in the same manner and on the same grounds as in case of a judge of the Supreme Court of India. It can be stated that CAG be removed only on an address from both the House of Parliament on the ground of proved misbehaviour or incapacity.

4.5 POWERS AND FUNCTIONS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India is an authority, which audits all receipts and expenditure of the Government of India and state governments. It also audits all those organisations which are substantially financed by the government. The constitution makes the Comptroller and Auditor General the guardian of the public purse. His primary duty is to see that neither the union government nor the government of any state spends any money from the consolidated fund without legislative appropriation. Since he is the impartial head of the audit and accounts system of India, it is essential that he should be independent of executive control.

The CAG is the head of the Indian audit and accounts department. Article 149-151 of the Indian constitution includes all the provisions regarding the powers and functions of the CAG. As per the provisions of the constitution, the CAG's duties, powers and conditions of service Act, 1971 was enacted. As per the various provisions, the duties of the CAG include the audit of:

- Receipts and expenditure from the Consolidated Fund of India and of the State and Union Territory having legislative assembly.
- Transactions relating to the Contingency funds and the Public accounts.
- Trading, manufacturing , profit and loss accounts and balance sheet and other subsidiary accounts kept in any government department.
- Accounts of stores and stock kept in Government organisations, government companies and government corporations whose statues provide for audit by CAG.

- Authorities and bodies substantially financed from the consolidated funds of the union and the states.
- Any body or authority even though not substantially financed from the consolidated fund at the request of the President or the Governor.
- Accounts of bodies and authorities receiving loans and grants from the government for specific purposes.
- The Comptroller and Auditor General audit the account of the union government and report to the President. The annual report relating to the accounts of the Central Government is submitted to the President. The President lay the report before both the Houses of the Parliament for consideration.
- It is the duty of the CAG to ensure that proper approval of the Parliament has been taken prior to spending the public money from the Consolidated Fund of India.
- He audits all transactions of the Central and State Governments related to debt, sinking funds, deposits etc.
- He audits the accounts of any other authority when requested by the President or Governor e.g. Local bodies.
- He advises the President with regard to prescription of the form in which the accounts of the Centre and States shall be kept.
- He submits his audit reports relating to the accounts of a State to the Governor, who shall, in turn, place them before the state legislature.
- He ascertains and certifies the net profits of any tax or duty and his certificate is final on the matter.
- He acts as a guide, friend and philosopher of the Public Accounts Committee of the Parliament.
- He compiles and maintains the accounts of state governments.
- He submits 3 audit reports to the President: audit report on appropriation accounts, audit report on finance accounts and audit report on public undertakings.

The functioning of the Comptroller and Auditor General in India is exposed to several criticisms. In India the emphasis is almost exclusively on audit rather than on control of expenditures. In India, the Comptroller and Auditor General comes into the picture only at the audit stage i.e. after the expenditures have already been made. Rather CAG's work should go beyond the question of whether government funds are being spent appropriately to ask whether programs and policies are meeting their objectives and the needs of society.



CHECK YOUR PROGRESS

Q.1. Under which article was the institution of CAG appointed?

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Q.2. Who appoints the Comptroller and Auditor General of India?

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Q.3. What is the term of office of the CAG in India?

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Q.4. What is the procedure of removal of the CAG from its office?

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Q.5. What is the prime duty of the office of the CAG ?

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Q.6. Mention the articles of the Indian constitution where the powers and functions of the CAG has been enumerated.

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Q.7. To whom the CAG submits his audit reports?

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4.6 LET US SUM UP

- The Government of India Act of 1935, made the office of Auditor General of India. The office of the Comptroller and Auditor General is an adaptation of the office of the Auditor General under the Act of 1935.
- The office of the Comptroller and Auditor General of India has its beginning in 1858. The Government of India Act of 1919 has its significance in this regard as it provided for 'Auditor General in India' responsible for the audit of expenditure in India from the revenues of India.
- The first Auditor General of India was Shri V. Narahari Rao.
- Under the constitution of free India, four major articles, i.e., Articles 148, 149, 150 and 151 defined the basic structure of the institution of the CAG of India
- The Comptroller and Auditor General of India audits all receipts and expenditure of the Government of India and state governments
- The constitution makes the Comptroller and Auditor General the guardian of the public purse.
- His primary duty is to see that neither the union government nor the government of any state spends any money from the consolidated fund without legislative appropriation.
- He is the impartial head of the audit and accounts system of India.
- He acts and functions in an independent manner from the executive control.
- Comptroller and Auditor General of India audits the Receipts and expenditure from the Consolidated Fund of India and of the State.
- CAG takes care of the accounts of stores and stock kept in Government organisations, government companies and government corporations.
- The CAG of India is appointed by the President of India following a recommendation by the Prime Minister.

- He is appointed for a period of six (6) years or upto the age of 65 years. After being appointed for this office every person so appointed takes an oath or affirmation before the President.
- CAG be removed only on an address from both house of parliament on the ground of proved misbehaviour or incapacity.
- In recent times the working of CAG has been facing several criticisms and controversies. An issue has emerged regarding weather the role of CAG should extend to the commercial and industrial undertakings carried on by the government through private companies.
- In India the emphasis is almost exclusively on audit rather than on control of expenditures. Because the audit of the CAG starts only after the expenditures have already been made.



4.7 FURTHER READING

1) Fadia, B.L & Fadia Kuldeep (2008), Public Administration: Administrative theories and concepts, Sixth edition, Sahitya Bhawan Publication.
2) Lakshminath M, Indian polity,
3) Arora K Ramesh & Goyal Rajni, Indian Public Administration: Institutions and issues ,New age international publishers, Third edition.
4) Basu, Durga Das (2005), Introduction to the Constitution of India, LexisNexis.
5) Paylee, M. V., India's Constitution, S. Chand & Company.

4.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Article 148.

Ans to Q No 2:

The President of India appoints the CAG with a recommendation from the Prime Minister.

Ans to Q No 3: 6 Years or up to 65 years.

Ans to Q No 4:

The Comptroller and Auditor General of India can be removed only on an address from both the houses of parliament on the ground of proved misbehaviour or incapacity.

Ans to Q No 5:

The primary duty of the CAG is to see that neither the union government nor the government of any state spends any money from the consolidated fund without legislative appropriation.

Ans to Q No 6: Article 149 to 151.

Ans to Q No 7:

The Comptroller and Auditor General of India submits its audit reports to the President of India.



4.9 POSSIBLE QUESTIONS

Q. 1: Write a note on the constitutional provisions regarding the Comptroller and Auditor General of India.

Q. 2: Explain the appointment and removal procedure of the Comptroller and Auditor General of India.

Q. 3: Discuss the powers and functions of the Comptroller and Auditor General of India.

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UNIT 5: BUREAUCRACY IN INDIA

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Meaning of Bureaucracy

5.4 Classification of Civil Services

5.5 Role of Bureaucracy in Post-Independent India

5.6 Meaning of Generalist and Specialist Bureaucracy

5.7 Generalist vs. Specialist Controversy in Indian Administration

5.8 Neutral and Committed Bureaucracy in India

5.9 Let Us Sum Up

5.10 Further Reading

5.11 Answers to Check Your Progress

5.12 Possible Questions

5.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- understand the meaning of the term bureaucracy
- analyse of the role of bureaucracy in post independent India
- to identify the meaning of Generalist and Specialist Bureaucracy and also to understand the ongoing debate and controversy between the two
- describe about the neutral and committed bureaucracy in India

5.2 INTRODUCTION

Bureaucracy plays an important role in the administrative system of a country. Like any other political system, India has a well-organized administrative system backed by well educated, well-trained, professional-experts and political neutral civil service or bureaucracy. The duties and responsibilities performed by the civil service constitute the administrative system of our country. In this unit, we will discuss about the role of

bureaucracy in India along with the generalist vs. specialist controversy and neutral and committed bureaucracy.

5.3 MEANING OF BUREAUCRACY

In a very simple term the word Bureaucracy means the officials, employees, and people who run government departments and offices, or similar officers and employees who manage the details of operating a large business. The bureaucratic institution has their origin in ancient times and it has developed to become most large organisation both public and private. The word 'Bureaucracy' is derived from the word 'bureau', used from the early 18th century in Western Europe to refer to an office, i.e a workplace. There are several meaning of bureaucracy. Generally it refers to organizing principles that are intended to achieve coordination of work in large organisation. The bureaucracy refers to the entire public officials of a government. They may constitute both high, low, elected and appointed bureaucrats. Bureaucracy is the name of an organizational form used by sociologists and organizational design professionals.

It may be noted that in the 1930s Max Weber, a German sociologist, described the bureaucratic form as being the ideal way of organizing government agencies. Max Weber's principles spread throughout both public and private sectors. Weber noted six major principles of bureaucracy. These are as follows:

- **A formal hierarchical structure:** Each level controls the level below and is controlled by the level above. A formal hierarchy is the basis of central planning and centralized decision making.
- **Management by rules:** Bureaucracy operates in accordance with the rules. These rules operate only in relation to the official job of an office holder. Rational application of the rules require special training.
- **Division of labour:** The total task of the organisation is divided into a number of specialised functions. Each employee performs a specialised job and become efficient.

- **Monthly salary and pension right:** Officials hold office by appointment. Then there are fixed salaries which are given in accordance with the nature of the job and responsibility as well as social status. Apart from this, there are chances of promotion and career advancement on the basis of seniority and merit.
- **Impersonality:** A bureaucratic form of organisation does not entertain irrational sentiments. Officials are expected to carry out their duties without allowing themselves to be influenced by their personal likes and dislikes.
- **Official records:** The administrative acts, decisions and rules are formulated and recorded in writing. Documents make the administration accountable to people and also provide reference for future action.

5.4 CLASSIFICATION OF CIVIL SERVICES

The term generally refers to administrators paid for implementing the policies of national governments. The origin of the term can be traced to the British system of administration. The members of the civil service draw their salary and other financial benefits from the state fund. The members of the civil service work for state administration and for that reason they are called civil servants or government officials. The civil servants are also called bureaucrats and in general term it is called bureaucracy. The German sociologist Max Weber contributed much to the concept in the wake of the industrial revolution that took place in early 19th century where a special category of officers specially trained was needed for the management of industrialised society and, subsequently, those trained officials were collectively known as bureaucracy.

Part XIV of Indian Constitution provides for different types or classes of services for India. It may be stated that the Civil services and posts under the Central Government are at present can be classified into four (4) groups as follows--

- Central Services---- Group- A
- Central Services---- Group- B
- Central Services---- Group- C
- Central Services---- Group- D

The Civil Services of group A of the central government are under the control of the central government only. Some of them are Indian Foreign Service, Indian Audit and Accounts Service, Indian Statistical Service, Indian Economic Service, Indian Information Service, Indian Railway Service etc. These central services are broadly divided into a) Technical services and b) Non-technical services.

In the Group B Services following categories are included-Central Secretariat Service, Geographical Survey of India, Zoological Survey of India, Central Secretariat Stenographers Service. They are the second level of command structure among the broad categories of central civil services. Usually they perform functions and tasks similar to that of Group-A, but it is lower in its salary range and status.

In Group C All India Service we find the following types. Members of the Clerical Service of Central Secretariat and Telegraph Service. It may be stated that the Group C services are non-gazetted. The members of the Group C staff are recruited by the Staff Selection Committee through an open competitive examination. The Staff selection committee sends the list of successful candidates to the various departments of central government and they recruit from the list of successful candidates.

Group D services include a large number of employees in this group who belong to the common categories like peons, chowkidars, sweepers, messengers, watchmen, mazdoors etc. Top central government officers appoint peons, sweepers and gardeners for their use.

The All-India Services (AIS) have a long history. The AIS system was introduced in the first decade of the 20th century. There were several types of AIS and the most important were Indian Civil Service and Imperial Police Service. Besides AIS there are two other services-the State Services and

Local Services. Local services are also called municipal services. There are certain subjects which fall within the jurisdiction of states. Some of these are health, police, agriculture, forest etc. For the recruitment for the posts of state services there are laws enacted by the state legislature. Local services include municipal services and Panchayati raj. Today the local self-government enjoys greater importance.

5.5 ROLE OF BUREAUCRACY IN POST-INDEPENDENT INDIA

The role of bureaucracy has been changing over from alien British rule to democratic rule. Administrative changes took place, people became the supreme authority of the state and Government is formed by the people, of the people for the people. Parliamentry form of Government has been established in where political executive is responsible for state affairs. All the policies are formulated by the ministers with the approval of the legislative. But it is implemented by the civil servants.

Another major change took place that is the power and prestige of the civil servants. officers are organised in terms of hierarchy of authority, so that each and every lower office is under the supervision and control of a higher office. Recruitment is always made on the basis of merit, achievement which should be judged by examination which is conducted by the government.

The civil servants play an important role in all kind of administration. The first and the foremost duty of the civil servants is to enforce the laws enacted by the legislature. But the ministers or political executives have control and supervision over the work of the bureaucrats. Thus the civil servants can exercise lot of latitude in the running of the administration.

In the legislative sphere bureaucracy plays an important role in the preparation of the bills and providing detail to the laws enacted by the parliament. Under a parliament system of government the civil servants play an important role in the formation of the bills and also provide

necessary arguments to the ministers to get this bills through the legislature.

In the financial sphere the role of bureaucracy is also important. The details of the estimated income and expenditure of the government are worked out by the civil servants. After the budget is approved by the legislature, the responsibility for controlling the outlets of the finances rest with the civil servants.

In recent years , the bureaucracy is playing significant role in judicial sphere. The various departments of the governments take numerous decisions of quasi-judicial nature which are final and no appeal can be made against these decisions to the court. Thus, the bureaucracy has judicial power, especially in the democratic countries.

5.6 MEANING OF GENERALIST AND SPECIALIST BUREAUCRACY

The problems of defining the respective roles of Generalist and Specialist bureaucrats in case of Indian Administrative system becomes acute along with the expanding functions of the government. It becomes more crucial at the top of the hierarchy. It may be stated that a Generalist is one who has knowledge of the technique of the processes involved in a factory or a technical undertaking or in administration but he is not an expert. On the other hand a specialist or an expert is a man whose special training makes him an authority in a particular field. The expert is a specialist in knowledge and in action; the administrator must be a generalist in knowledge and in action.

A Generalist entrant to civil service would have graduated in literature or history or social sciences, or physical or biological science or mathematics, or commerce or accountancy, or a technical subject like engineering or medicine. On the strength of his/her subjects at graduation. A generalists usually performs POSDCORB functions (Planning, organising, supervising, directing, coordinating, reporting and budgeting).

A specialist is an expert, who is confined within a specialised area or department and occupies the technical positions in administrative hierarchy. They are entrusted with the task of providing technical advice to the generalist administrator.

The British administrative class has truly embodied the principle of the generalist in governmental administration. The specialists are mostly used in government in the American Civil Service.

5.7 GENERALIST VS. SPECIALIST CONTROVERSY IN INDIAN ADMINISTRATION

The issue of controversy between the Generalists and the Specialists or between the Indian Administrative Services or IAS cadre and other services within the bureaucratic system of India needs to be reformed. The present administrative system is the legacy of the British. The top level civil servants in India are recruited through a common competitive examination conducted by UPSC. This competitive exams test the generalised knowledge of the candidate, who is supposed to know something of everything. Specialised knowledge is tested for departmental office like health, agriculture, transport, public works, irrigation etc. But these departments are usually headed by generalist IAS officer. This has created two categories of bureaucrats, i.e Generalists and Specialists and also has generated a kind of ill feeling between the two. It may be noted that the biggest question confronting the IAS is its lack of specialisation. The IAS was modelled on the colonial era Indian Civil Service as a generalist service to deliver the core functions of the state - collect taxes and maintain law and order.

5.8 NEUTRAL AND COMMITTED BUREAUCRACY IN INDIA

In the modem democratic state neutrality of the bureaucracy is an important aspect of administration. The bureaucracy plays an important role in policy-- making as well as in its implementation. As permanent

members, the bureaucrats help the ministers by providing various data that are essential for the development of the society. They can access to lot of confidential information, which ministers often do not possess since they lack the time to read all the official documents. For these reasons there is considerable dependence upon the bureaucracy in all countries. They must be neutral in all the aspects of the administration.

Every society consists of various sections, groups and classes and each one tries to protect its interests, The various interests often come into clash with each other. It is the function of the government to maintain peace by keeping this conflict within limits. The government achieves this objective by trying to fulfil the just demands of each section with the help of various policies formulated by the bureaucrats who also advise the ministers on the pros and cons of alternative policy proposals, and drafting reports, proposals, resolution and legislative measures. In view of such participation by the bureaucracy in policy-making, and also in putting it into effect, it is important that the bureaucracy should be non-partisan or neutral between the various sections. Neutral Bureaucracy or Bureaucrats (civil servants) are full-time, permanent non-political employees of the government. They, therefore, should serve any government with enthusiasm, integrity, impartiality and disinterestedness.

At the same time, they must be committed which means moral dedication to a cause. The bureaucracy should be committed to human and national values, service of the people and professional norms. They requires a lot of commitment to exercise power in the interest of others. Committed means dedicated towards a particular cause or work. In a democratic set-up, parliamentarians are elected by the citizens and they are responsible for making laws and policies; while bureaucrats are responsible for implementation of the same laws and policies.

Indian bureaucracy was inherited from the British Weberian bureaucracy, having its structure quite similar to the latter. In the recent years along with the generalists, specialists are also recruited to fulfil the multifarious development activities. The distinctive feature of the bureaucrats

would be their power and pre-eminence in the society. A bureaucrat is impersonal in his behaviour and politically neutral being at the same time committed to the policies of the government. They must develop an independent personality and conscience, without playing a direct role in power politics. A bureaucrat serves the government with full zeal, devotion and loyalty irrespective of the fact as to which party occupies ministerial post. They provide expertise and ensure continuity in administration, such is the structure and characteristics of Indian administrative elites.



CHECK YOUR PROGRESS

Q.1. What do you mean by the term Bureaucracy?

.....

Q.2. Explain two principles of bureaucracy according to Max Weber?

.....

Q.3. From which word the term bureaucracy has been derived?

.....

Q 4) Which part of the Indian constitution deals with the classification of civil services?

.....

Q 5) What are the four classes of civil services ?

.....



5.9 LET US SUM UP

- Bureaucracy means the officials, employees, and people who run government departments and offices, or similar officers and employees who manage the details of operating a large business.
- Weber noted six major principles of bureaucracy.
- Part XIV of Indian Constitution provides for different types or classes of services for India.

- The issue of controversy between the Generalists and the specialists or between the Indian Administrative Services or IAS cadre and other services within the bureaucratic system of India needs to be reformed.
- The generalists and the specialists both have very important roles to play in administration and their contributions ought to be recognised.
- In the modem democratic state neutrality of the bureaucracy is an important aspect of administration.



5.10 FURTHER READING

1) Bhattacharjya Mohit. (2007). Public administration. Kolkatta: The world press private Ltd.
2) Peter B. Gay. (1978). The politics of Bureaucracy: the comparative perspective. New York: Longman.
3) Perrow Charles. (1986). complex organisations Newyork : Random House.
4) Basu, Durga Das (2005), Introduction to the Constitution of India, LexisNexis. Paylee, M. V., India's Constitution, S. Chand & Company.



5.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1:

Bureaucracy means the officials, employees, and people who run government departments and offices, or similar officers and employees who manage the details of operating a large business.

Ans to Q No 2:

Two principles of bureaucracy according to Max Weber are:

a) A formal hierarchical structure: Each level controls the level below and is controlled by the level above. A formal hierarchy is

the basis of central planning and centralized decision making.

b) Management by rules: Bureaucracy operates in accordance with the rules. These rules operate only in relation to the official job of an office holder. Rational application of the rules require special training.

Ans to Q No 3: Bureau.

Ans to Q No 4: Part XIV.

Ans to Q No 5: Four classes of civil service in India are:

- Central Services---- Group- A
- Central Services---- Group- B
- Central Services---- Group- C
- Central Services---- Group- D.

5.12 POSSIBLE QUESTIONS

Q. 1: Discuss the role of bureaucracy in the Indian political system.

Q. 2: Critically examine the controversy between generalists and specialists.

Q. 3: Write a note on the neutral and committed bureaucracy in India.

Q. 4: Describe the problems and prospects of committed and neutral role of the bureaucracy in India.

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UNIT 6: DEVELOPMENT ADMINISTRATION IN INDIA

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Emergence of Development Administration

6.4 Meaning and Objective of Development Administration

6.5 Key Purpose and Concerns of Development Administration in India

6.6 Characteristics of Development Administration

6.7 A Brief Reference to Riggsion Model of Development

6.8 Specificity of Development Administration and Role of Bureaucracy in Developing Countries

6.9 Criticisms of Development Administration

6.10 Let Us Sum Up

6.11 Further Reading

6.12 Answers to Check Your Progress

6.13 Possible Questions

6.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- explain the meaning and causes that led to the emergence of development administration.
- describe the objectives of development administration
- evaluate the key concerns of development administration of India
- explain the characteristics of development administration
- describe the Riggsion Model of development
- explain the specificity and criticisms of development administration and evaluate the role of bureaucracy in developing countries, including India.

6.2 INTRODUCTION

Development Administration may be stated as the means through which the goals of development, i.e, Modernisation, Industrialization, social justice as well as economic growth can be achieved. It mainly focuses upon the issue of bringing change through integrated, organized and through well conducted governmental action.

Recently, it has been observed that, the governments of many developing countries, including India has shifted their attention on development by means of planned change and by participation of people. With this change in administrative concern towards developmental objectives, the researchers of public administration in India have conceptualize the developmental situation and have also tried to bridge the gap that exist in administrative theory. It is also noteworthy that the increasing welfare function of the government have brought into focus the shortcomings of the traditional theory of administration.

The essence of development administration lies in the capacity of bringing change in the structure and behaviour in different administrative institution, creating a mechanism that can sustain change and improve the institutional capacity to change for the welfare of the society.

6.3 EMERGENCE OF DEVELOPMENT ADMINISTRATION

The term 'development administration' is of recent origin. It was first originated in the year 1955, under the initiative of U. L. Goswami, an Indian scholar and senior bureaucrat, in his article "The Structure of Development Administration". Later on the term was further popularised by renowned personalities like Fred W. Riggs, Albert Waterson, Joseph La Polombara, and Edward Weidner. But it should be noted that it was Weidner, Who have introduced the concept of development administration for the first time.

With regard to the emergence of development administration, it is seen that two different but inter connected traditions seemed to have

converged into it. One of these streams is the outcome of the evolving concept of scientific management which was started with the administrative reform movement at the turn of the century. Under this economy and efficiency served as both ends and means in itself, blurring the difference between them. There was an emphasis on the study of ends and public administration glorified means. It is in this backdrop to fill the vacuum that occurred in the administrative theory, Weidner had introduced the concept development administration.

The second stream focused upon its move towards national planning and government interventionism, which arose into prominence as a result of the great depressing of late 1920s and early 1930s, second world war, post war reconstruction and other developments that took place after the war. It was R.B Jain and O.P dwivedi that went to the event of calling this model as one of crisis management and reconstruction administration.

However, as started earlier that the conceptualization and elaboration of the concept of development administration were mainly done by western scholar, the most significant contribution came from the Comparative Administration Group (CAG) in USA, which was organised in 1960-61 under the initiative of American society for public administration. The members of the CAG for the betterment of programme induced in the developing countries under administration, sponsored rescued and seminars on the administrative loopholes and problems of the third world countries.

India, which is one of the developing country, is facing the serious problems of social stagnation, illiteracy, tribal or ethnic problems, poor health facilities, under development political and administrative institutions and lack of managerial and technical skills. The main concern before India or the issues that required top most priority were to accelerate economic, social and political development and the national consolidation. It is to be noted that by the beginning of 1960s, development had secured a vital position of importance in India and in this regard the first step was to conceptualize the notion of development administration.

6.4 MEANING AND OBJECTIVE OF THE DEVELOPMENT ADMINSTRATION

It is now widely accepted that development administration with a difference. Its central focus is on the government induced change towards the achievement of progressive political, social and economic goals.

The definitions as cited below will help us to understand more clearly the meaning of development administration:

Edward Weidner development administration as an "action oriented, goal oriented administrative system."

Merle Fainsod regarded development administration "a carried of innovating values.... It embraces as may of new functions assumed by developing countries embarking on the path of modernization and industrialization. Development administration ordinarily involves the establishment of machinery for planning, economic growth and mobilizing and allocating resources to expand national Income."

Riggs observes, "Administration cannot normally be improved very much without changes in the environmental constraints (the infrastructure) that hampers its effectiveness, and the environmental itself cannot be changed unless the administration of development programme is strengthened.

Objectives of development administration in India:

(i) The prime objective of development administration is the application of innovative techniques and strategies to attain development goals.

(ii) Development administration also puts emphasis on the development at the grass root level. It mainly aims to make development a need-based and self-reliant process.

(iii) Another objective of the development administration is its stress on the issue of social development and utilizing human capital as a major resource.

(iv) Development administration has focused upon the area that development has to be identified not merely as a technological problem but also as an ideological norm.

(v) Development administration, basically, put emphasis on rapid and profound change for establishing a just and distinct social order.

(vi) Another key objective of development administration is the recognition and highlighting the fact that unity, rather than dichotomy between politics and administration should prevail.

(vii) Development administration also puts emphasis on the effective and efficient utilization of scarce resources.

(viii) A serious concern of development administration is the creation of an environment, where politics- administrative set up is directed towards achieving the basic recruitments of the population.

(ix) Lastly, the focus of development administration is related to ensuring freedom of administrative machinery to express its values, ideas and belief.



CHECK YOUR PROGRESS

Q.1. What do you understand by the concept of development administration?

.....

Q.2. Mention any two important objectives of development administration in India?

.....

6.5 KEY PURPOSE AND CONCERN OF DEVELOPMENT ADMINSTRATION IN INDIA

India is a developing country and in this regard there are certain key concerns of development administration in India. Some of them may be discussed as below -

(i) One of the key concern of development administration in India is the administrative capability of a system to take decisions in right way to cater to the needs of environment and with the goal of attaining larger political and socio-economic ends.

(ii) Another key purpose of development administration in India is to emphasis in increasing the size, specialization of functions and in the professionalization of its personnel.

(iii) Development administration in India emphasized upon creating a pattern of increasing and enhancing effectiveness in the optimum utilization of available resource and if necessary, further augmentation of the resource should be made if necessitated.

(iv) Another concern and purpose of development administration in India is enhancing and increasing administrative capacity and capability.

(v) Another concern of development administration in India is to transform the exiting administrative mechanism into a new form through modernization of bureaucracy by the means of external inducement, transfer of appropriate technology and effective training.

(vi) Development administration in India focuses upon reducing and limiting the excessive dependence on foreign experts and producing effective and efficient trained manpower within India itself.

(vii) Development administration in India lays emphasis upon rationalization and reorganization of administration.

(viii) Another chief concern of development administration in India is to make modernization culturally related.

(ix) One of the prime purpose of development administration in India is to eliminate bureaucratic immobility and widespread corruption from the system.

(x) Another chief concern of development administration in India is to make reorientation of established agencies and delegating administrative responsibility and functions to them.

(xi) Lastly the concern of development administration is creating administrators who will be able to provide leadership in stimulating and supporting programmes of social and economic empowerment and improvement.

6.6 CHARACTERISTICS OF DEVELOPMENT ADMINISTRATION

Some of the features of development administration can be summarized as follows. These are -

(i) **Change orientation:** The first element of development administration is change-orientation. Development administration focuses in the establishment of a new social order, where growth and distributive justice will co-exist. Eminent scholar Pai Panan dikar argued that the central theme of development administration is to bring about change in social, economic and political dimension. Development administration cannot focus status-quo, rather it should be dynamic. Positive changes should occur in the administrative set-up. changes like structural reorganization of administration, innovative measures to remove poverty, unemployment and to increase production should take place. Emphasis should also be given to improve the employer-employee relationships and must form a past of development administration.

(ii) **Goal -Orientation:** It is important to note that developing countries are facing the problems relating to poverty, injustice, lopsided agricultural growth, unequal distribution of wealth and poor technological management. These serious issues are to be tackled in a systematic way by fixing priorities accordingly. And development administration is the way through which the goal of development can be attained.

(iii) **Innovative Administration:** Development administration focuses on improving the age old governing structure and replacing them by the new ones that suits the changing political and social environment. India, for example, has carried out experiments with many new institutions and procedures which can be termed as the hallmarks of development administration. Many development programmes like IRDP (Integrated Rural

Development Programme) NREP (National Rural Employment Programme), TRYSEM (Training Rural Youth for Self Employment) etc. have been introduced in India. The chief aim of these programmes is to remove employment, reduce poverty and to create job opportunities. Along with this programmes, we have district planning boards, state planning boards, Co-operative society etc. To help in the development process and to ensure speedy realization of goals.

(iv) **Client-Oriented Administration;** Development administration tries to meet the needs of some specific target groups, like small and marginal farmers and rural artisans in India.

The social, economic, political and cultural advancement forms an essential basic of performance appraisal of administrators. Development administration is basically people oriented administration and it gives utmost priority to the requirements of people and accordingly prepares and reviews the politics and projects that are aimed to satisfy the needs of the people. The welfare of the weaker section lies at the centre of development administration. Effective training of personal can be one of the major initiative to formulate plans as well as monitor them in such a way that people are benefited to a large extent.

(v) **Participation-Oriented Administration:** Development administration gives importance on the principle of the associative and participative system of administration. In this system of administration people are taken as active participants in the formulation and execution of development plans and programmes. Effective participation of local people is a recognized principle of administration now. People has a share in the governance and management of developmental affairs of the government. In India, the involvement of Panchayati Raj Institutions in administration is a major and renewed step in the development strategy of India.

(vi) **Effective Co-Ordination:** In order to reap benefit to a maximum level, co-ordination between various administrative units is of top most priority. Wastage of time, resource and cost has to be reduced to the maximum level. Development administration has to co-ordinate the activities of different organizations for the realization of development goals. Co-ordination in an effective way will avoid duplication of functions, unnecessary focus on irrelevant activities etc. and will thus minimize administrative lag.

(vii) **Ecological Perspective:** Development administration shapes the political social and economic environment and in turn is also affected by it. It involves a close relation between administration and environment.



CHECK YOUR PROGRESS

Q.3. Mention two purposes of development administration in India?

.....

Q.4. Mention the name of three development programmes introduced in India?

.....

6.7 A BRIEF REFERENCE TO THE RIGGSIAN MODEL OF DEVELOPMENT

In the words of the Fred Riggs, Administrative structure, behaviour and operations constitutes an integral part of the entire society ; their proper knowledge can be a attained only within the context of the web of social relations with which public administration is in a platform of dynamic interaction.

The ecological approach to public administration which owes its origin to Riggs, demonstrate important between social system and the administrative set-up, within which public administration is embedded. It was Riggs who focus upon significant interactions between administrative system and its 'environment'.

Basically, it can be summarized that the ecological model formulated by Fred Riggs is the most creative and at the same time a controversial model too in the context of developing countries. Riggs has also initiated the structural-functional approach, which had gain wide popularity in recent time. According to this approach every society has a role to perform various functions, ranging from religious functions, administrative functions, economic functions etc.

6.8 SPECIFICITY OF DEVELOPMENT ADMINISTRATION AND ROLE OF BUREACRACY IN DEVELOPING COUNTRIES

The distinguishing mark of development administration, that make it specific, is its focus on the management of 'development.' As an appropriate branch of public administration, its main purpose is to accomplish specific goals of development by formulating appropriate programmes, policies and projects and their efficient and effective implementation. It is to be noted that a responsive, participative and accountable management constitute the bedrock of development administration.

George Gant has put that, "The purpose of the development administration are to stimulate and facilitate defined programmes of social and economic progress. They are purposes of change and innovation and movement as contrasted with purpose of maintaining the status que." It also claimed that bureaucracy needs to be accountable to the people, as to any vested institutional interest development administration calls for positive, persuasive and innovative stances from the bureaucracy. The approach of development administration is outward reaching and not inward looking.

Pai Panandiker and Kogirsagon, in their study of administrative behaviour in development, propose four major behavioural parameters-

(i) Change Orientation.

(ii) Result Orientation.

(iii) Citizen Participative orientation.

(iv) Commitment to work.

The two scholar would wish certain psychological disposition among administrators in development situations based on the above mentioned parameters.

Features of bureaucracy in developing countries:

(i) The first feature of bureaucracy in developing country is that the basic pattern of administration is initiative in nature rather than Indigenous.

(ii) The deficiency that exist in bureaucracy for skilled man powers necessary for developmental programmes is another notable feature of bureaucracy in developing countries.

(iii) The most important feature of bureaucracy in developing country, specially in India is the widespread discrepancy between form and reality.

Role of Bureaucracy in developing countries:

(i) The most important role of bureaucracy in India is directed towards the attainment of high level of economic growth and nation building process.

(ii) Another significant area where bureaucracy has played an important role is in the establishment of Democracy. Along with it bureaucracy also performs the function of political socialization.

(iii) Bureaucracy in India is also denoted to be one of the main channels of political struggle through which diverse interests are regulated and aggregated.

(iv) Lastly, Bureaucracy in India is a major instrument for bringing social change.

6.9 CRITISIMS OF DEVELOPMENT ADMINISTRATION

There are certain loopholes that exit within the framework of Development Administration.

It has been stated that development administration has tended to magnify the role of bureaucracy which has traditionally been a major obstacle is Indian Administration.

Another criticisms of development administration is that it basically stands out to be a sugar-coated concept, which is trying to cover the essentially inequalitarian and unjust nature of the developing countries.



CHECK YOUR PROGRESS

Q.5. Mention two functions performed by Indian Bureaucracy?

.....

Q.6. Are there any criticisms of development administration?

.....



ACTIVITY 6.1

(i) Browse through some of the prominent political weekly on the internet to write a short note on the framework of development administration in India.

(ii) Conduct a discussion upon the demerits of Development Administration.



6.10 LET US SUM UP

- Development Administration is a means through which the goals or modernization, Industrialization and economic growth can be achieved.
- The term Development Administration was first originated in the year 1955.
- The main objective of development administration is the application of innovative techniques to attain development goals.
- One of the important concern of development administration in India is to increase the administrative capability and capacity.

- Some of the key features of development administration are change orientation, goal-attainment, client-oriented administration and participation oriented administration.
- Some of the development programmes initiated in India are IRDP, NREP and TRYSEM.
- Fred Riggs has developed an important model of development administration, It was he who initiated the structural functional approach in the domain of public administration.
- Bureaucracy in India has a major role to play in the process of social change.



6.11 FURTHER READING

1) Bhattacharjya Mohit. (2007). Public administration. Kolkatta: The world press private Ltd.
2) Peter B. Gay. (1978). The politics of Bureaucracy: the comparative perspective. New York: Longman.
3) Perrow Charles. (1986). complex organisations Newyork : Random House.

6.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1:

Development Administration may be stated as the means by which the goals of development modernization, Industrialization, social justice and economic growth can be achieved.

Ans to Q No 2:

The prime objective of development administration is the application of innovative techniques and strategies to attain development goals.

Another objective of it is to put emphasis on the effective and efficient utilization of scarce resources.

Ans to Q No 3:

One of the chief purposes of the development administration in India is increasing the administrative capacity and capability.

Another purpose of development administration in India is Its emphasis upon rationalization and reorganization of administration.

Ans to Q No 4:

The three development programmes introduced in India are - IRDP, NREP and TRYSEM.

Ans to Q No 5:

Bureaucracy in India plays a major role in the attainment of economic growth and in the nation building process.

Bureaucracy also plays a major role in bringing social change.

Ans to Q No 6:

Yes, there lies some criticisms levelled against Development Administration.



6.13 POSSIBLE QUESTIONS

Q. 1: Define Development Administration.

Q. 2: Mention some of the major initiative that led to the emergence of Development Administration.

Q. 3: Explain two development programmes introduced in India.

Q. 4: Give a detailed account of the objectives of development administration in India.

Q. 5: Explain the chief concern of development administration.

Q. 6: What are features of Development Administration. Discuss.

Q. 7: Examine the features and role of Indian Bureaucracy.

Q. 8: Critically discuss the concept of Development Administration.

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UNIT 7: FINANCIAL ADMINISTRATION

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Meaning and importance of Financial Administration

7.4 Nature and Scope of Financial Administration

7.5 Aspects of Financial Administration

7.6 Concept of Budget and Budgetary Process in India

7.7 Let Us Sum Up

7.8 Further Reading

7.9 Answers to Check Your Progress

7.10 Possible Questions

7.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- know the meaning and importance of financial administration
- describe the nature and scope of financial administration
- explain the meaning of budget
- explain the budgetary process in India
- learn about the preparation of the budget
- discuss the various stages of enactment of the budget

7.2 INTRODUCTION

One of the most important aspects of financial administration in any country is the preparation and passage of the budget. In fact, the very functioning of the government and administration in any country depends on the formulation of a plan of action and making available the necessary resources to implement the same. This is where budgeting becomes important.

Sound and efficient financial administration can be regarded as the least and soul for effective administration of Government operations. In fact, Kautilya, in his Arthasastra, remarked that the entire administration of a country can be controlled and managed through financial administration and for this reason the administrators of India shall give top most priority to financial Administration.

Financial administration constitute planning of public expenditure to make funds available for the fulfilment of governmental activities and to ensure that the funds are used lawfully and in an efficient and effective way. In a Democratic Government, like India, the legislature does not place more tax burden on the people. Financial Administration thus constitute a crucial aspect of public Administration. In other words, financial operations may be conducted for development and promotion of public policies. In this unit we shall discuss about financial administration and the budgetary process in India.

7.3 MEANING AND IMPORTANCE OF FINANCIAL ADMINISTRATION

Financial administration is a branch of public administration which helps an organisation in managing financial resources by applying clear cut principles and rationalised techniques and procedures in a systematic and scientific way. Financial administration may be well defined as art and science of policy making, decision making, ensuring coordination etc. In short, it may be defined as a process through which maximization of financial output as well as optimization of financial resources can be secured adequately.

In the words of Prof. M.J.K. Thavraj, "Finance is the lifeblood of all magnetized socio-economic formations ranging from macular families to complex, national and international organizations. Financial administration relates to the system, which generates, regulates and distributes the monetary resources needed for the subtenant and growth of an organization. In this respect, financial administration is similar to the circulatory system in complex living organisms."

Importance of financial Administration:

Finance is the fuel to keep the engine of public administration going on. Mr. Lloyd George has even once remarked that Government itself is finance and this is true in the sense that every activity of Government do requires money. Even the best conceived policies will turn out to be futile and will fail drastically, if there is no availability of funds to pay the Personal and to purchase necessary equipment and materials required for the successful implementation of Policies.

The close relationship between finance and public administration can be illustrated with the help of the following three points-

In the first place, it could be stated that most of the administrative acts have their financial Implications.

In the second place, financial operations may also be designed for the development and promotion of certain Public Policies.

In the third place, financial administration raises and brings into forefront certain specific issues of Administrative organisation and relationships.

Administration is divided into five well defined divisions in order to ensure competency in carrying out works relating to financial matters. These are-

(i) Preparation of the budget

(ii) Getting estimates passed by the legislative or other authority.

(iii) Execution of the Budget.

(iv) Treasury Management.

(v) Rendering of the accounts by the executive and the audit of these accounts.

7.4 NATURE AND SCOPE OF FINANCIAL ADMINISTRATION

Nature:

Financial Administration is a specialized branch of knowledge which deals with the techniques that can have a glaring effect in administering

financial resources for optimum performance. It is noticed that, a large number of institutes have come up in all the countries to give training with regard to financial administration. It can be regarded as an art so far it can help to direct and guide the Administrators in a proper way with regard to formulating and implementing financial policies of an institution in an efficient and systematic way.

A financial administration, which is efficient will be able to generate development, dynamism and modernization and will lead to nation building process by optimizing the use of financial machinery of the Government. It is believed that financial Administrators are in a position to improve and enhance the performance of financial resources through the use of performance budgeting, cost-benefit analysis etc. which indicates that financial administration is an art, which can be practiced in a fruitful manner.

Financial Administration can also be regarded as a science. It also deals with the application of scientific methods to understand various problems of financial administration. Professor Beard in his book, "Science and Art of public Administration", says, "The word, science of Administration has been used here. There are many who object to the term. If by science is meant a conceptual scheme of things in which every particularity by covered may be assigned a Mathematical value, then Administration is not a science. In this sense, only astrophysics may be called a science. If, on the other hand, are may rightly use the term, science, in connection with a body of exact knowledge, derived from experience and observation and a body of rules or axioms which can work out in practice for forecasting, then we may, if we please, appropriately and for convenience, speak of a science of Administration. For example, we may apply scientific principles in the formulation of a budget. The income and expenditure are projected scientifically through the statistical analysis of data collected directly and indirectly."

It could also be observed that public administration like other social sciences, deals with human beings also. In fact, the universal principles will differ to a great extent in human organisations depending upon the ecological variations prevalent in different localities. Human behavior can never be analysed with the help of exact scientific analysis. For assistance, the

outcome of different practices for the betterment of financial system differ and vary from one environment to the another, and thus indicating that there is no universal import.

But, at the same time, some claim that, public administration may not take the name of science at the present stage but in future, it will become a science. We may expect administration societies and Administrators to exchange among themselves the exact areas of knowledge in the domain of administration.

Thus, we can say that financial administration is a social science as it is involved in developing new tools and giving perfection to them.

Scope:

The scope of financial administration is increasing day by day. It is not easy to discuss the entire scope as finance touch each and every aspect of administration and life. It mainly covers the disciplines of political science, economics, International relations, statistics etc.

Here we will reflect some of the causes that included within the scope of financial administration-

Financial administration within its ambit covers fiscal policy, economic policy, monetary policy, fiscal planning and management. It covers and deals with the relationships that exist between public administration and Financial administration, between constitutional law and Financial administration, between Financial administration and Planning and between financial administration and economy.

Financial administration also throws light on the administration of Public Financial institutes and Public Enterprises. Important areas like Budgeting, Zero-base Budgeting and performance budgeting and Tax Administration is also included in its scope. Financial accounting and Management accounting, financial auditing and Management Auditing is also included within the scope of Financial administration.

Financial administration deals with administration relating to financial matters at different levels and their inter relations at Central, State and local levels. It also covers various issues like deficit finances, Debt Management etc. relating to financial administration.

It also provides education, training and resource in financial administration. Along with it, ethics and integrity are also an integral part of Financial administration. The scope of financial administration necessarily covers the modern management and financial management, Cost-Benefit Analysis, Management Information system and operation research. Lastly, it also includes the financial control by the Legislature and Judiciary.

Recently, the scope of financial administration has increased to a great extent due to economic reforms. P. R. Dubhashi in his article, "Economic Reforms and Educational Reforms" in University News, July 16-22, 2001, mentions that "India has embarked on a process of economic reforms since 1991 and Liberalization, Privatization and Globalization have been the they words of the reform process.

7.5 ASPECTS OF FINANCIAL ADMINISTRATION

The various aspects of financial administration can be divided in to four major causes :

(A) Fiscal Policy and Planning:

(i) Legislative and its committees: The legislative committee is the final authority pertaining to financial matters. It is the legislative that bends its control over finance directly as well as with the help of committees. In India, which is a representative democracy, elected representatives are the custodians of the interests of the people in India. Lord Beverage opined that, "Democracy need not for bureaucracy if it knows its business." For the betterment of the financial administration it is greatly required to trained the elected representatives and remove the shortcomings that have cropped up into the system. There is an urgent necessity that the representatives should be trained in the art and science of parliamentary affairs and the financial implications of the modern government so that they can meet the requirements of the people for whom they are elected.

(ii) **Political Parties:** Political Parties are an integral part of the democratic form of Government. It is noteworthy, that the political parties work on sound lines to promote national development. The opposition parties also have a crucial role to play in maintaining the financial position of the country well. They should examine the financial documents issued by the Government from time to time and should formulate fits in order to draw the attention of the ruling Government. In fact, they are capable of printing out the weaknesses of the current financial system and should try to put the Government on the right path.

Political parties are required to set up their research cells in order to analyze the financial position of the country and contribute to the development of the country.

(iii) **Citizens:** Interest groups and pressure groups is the domain of financial administration, Government is influenced by Interest Groups and pressure groups. It is pathetic to witness that the audit reports are full of instances where personnel dealing with financial system have not cored for the people. In fact, most of the development programs have failed as finances were not adequately provided and a huge part of it were misused in useless fields.

The crucial role of the state can be seen, relating to delivery of public goods and services only through an efficient and responsive administration, which is in trusted to deliver quality public service.

(iv) **Bilateral and Multi-lateral Agencies:** Financial assistance can be provided with the help of bilateral and Multi-lateral sources. The World Bank, IMF and developed countries also put pressure on the Government of the developing countries to change their financial system before any aid may be provided. So, the Government of a developing country should take decisions by keeping in view the interest of the home country but not due to external pressure.

B. Execution :

(i) Ministry of Finance: The Ministry of Finance provides all financial input to all the departments and boards and without the support of Ministry of Finance, the functioning of these departments would be totally impossible. The Ministry is authorized for the management of finances of the central government. It deals with the financial and economic issues and formulates the fiscal policy for the country. It also plays an important role in allocating resources among different departments of the central government.

(ii) **Integrated Financial Advisors:** To examine the financial aspects of administration, Integrated financial Advisors are appointed within various Administrative departments.

(iii) **Controlling Officers:** For the execution of the financial policy, responsibility lies in the shoulders of controlling officers.

(iv) **Treasuries:** The treasury management is of great significance for execution as all the finance are deposited and disbursed by the treasuries of the state Government, where accounts are kept by the CAG.

(C) Control :

(i) Constitutional Law: In the constitution of India, there are many Articles in it, which is related with the financial systems and financial procedures to the financial system under control.

(ii) **Administrative Departments:** Along with the Ministry of Finance, the control over finances is carried out by the Administrative Departments.

(D) Review, Research and Advice:

(i) Auditing: The ultimate purpose of audit is to serve the public interest. It is an important tool for ensuring sound financial administration and it helps the parliament to exercise financial control.

(ii) Research: It is important to note that public administration and Financial Management Institutions can take up research in order to help the government in improving financial system.

7.6 CONCEPT OF BUDGET AND BUDGETARY PROCESS IN INDIA

Concept:

The term "Budget" has been derived from the French word, "Bougette" which means a leather bag or wallet. A budget is the official statement of revenue and expenditure. It details the revenue generated and expenses incurred in the previous financial year even as the estimates of the expenses to be incurred and revenue to be generated from various sources and activities for the next financial year are proposed. The financial year in India starts on April 1 and ends on March 31.

Some of the important Principles of budget Making are as follows:

(i) It is usually held that budget must be a balanced one.

(ii) Its estimates should be on a cash basis.

(iii) Its important that its revenue and capital portions should be kept distinct.

(iv) Budgeting should be gross and not net.

(v) Estimating should be closed.

(vi) The form of estimates should correspond to the form of accounts.

(vii) The last Principle is the rule of lapse. It means that any part of the grant not spent within the financial year expires audits close and cannot be kept for the future.

Budgetary process in India :

The word "budget" is not actually mentioned anywhere in the Constitution of India. Instead, the Constitution provides for the laying of an Annual Financial Statement which is essentially a statement of the estimated receipts and expenditure of the Government of India for the ensuing financial

year. The statement consists of : (a) Statement of Revenue (b) Statement of Expenditure and (c) An overall statement of deficit or surplus of statements of revenue and expenditure; and contains receipts from loans, Post Office savings banks and National Savings certificates.

The Budget is the blueprint of the Government's revenue and expenditure for a financial year, starting from 1st April of one year to 31st March of the following year. It is mentioned in the Article 112 of the constitution of India.

The budget is divided into two parts i.e. revenue budget and capital budget. Revenue budget contains the government's revenue receipts and expenditure, while the Capital Budget comprises of the government's capital receipts and payments. It is worth mentioning here that the budgetary process of India has changed in some aspects. For example, the presentation date of the budget was moved from the last working day to the first working day February. Besides, the 92 years old tradition of presenting Railway Budget separately has also been changed as it has become a fundamental part of the Union Budget.

Preparation of the Budget

In the preparation of budget estimates for the ensuing financial year, four different agencies are involved: (i) Finance Ministry (ii) various administrative Departments/Ministries (iii) Planning Commission and, (iv) Comptroller and Auditor-General

However, it is the Finance Ministry that has overall responsibility in the matter of preparation of the budget. The work of preparation of the budget estimates begins 6 to 8 months before the commencement of the next financial year.

Enactment of the Budget

The passage of the budget or the "Annual Financial Statement" is of utmost significance as no taxation can be levied and no expenditure incurred without the prior approval of the Parliament. In the Parliament, the budget goes through the following stages:

a) Presentation of the Budget on the floor of the Lok Sabha.

b) General discussion on the budget

c) Voting of demand for Grants

d) Appropriation Bill and its passage

e) Finance Bill and its passage

a) The Presentation of the Budget

The Budget session of the Indian Parliament commences in the month of February. The Budget is presented in the Parliament by the Finance Minister. The Budget deals with estimates of all the departments of the Government of India. The Finance Minister presents the budget by way of a speech known as the Budget Speech.

b) General Discussion

According to Rule 130 of the Rules of Conduct of Business of Parliament, "no discussion of the budget shall take place on the day on which it is presented to the Parliament." It is the Speaker of the Lok Sabha who fixes a date on which a general discussion on the Budget is to take place. Generally, such a date is fixed one week after the presentation of the Budget. About four days are allotted for the purpose. The discussion revolves around the Budget as a whole or focuses on any question of principle involved therein. The discussion only allows the opposition to review the work of the government for the year and ventilate grievances. No cut-motions are allowed at this stage nor is the Budget submitted to the vote of Parliament. The general discussion on the Budget takes place simultaneously in both House of Parliament. At the end of the debate, the Finance Minister makes a general reply.

c) The Voting of Demands for Grants

The general discussion is followed by the voting of demands for grants not charged on the Consolidated Fund of India. The demands for grants are presented ministry wise. The voting of demands is the exclusive privilege of the Lok Sabha. The Rajya Sabha does not take part in it. A period of twenty six days has been fixed as the time-limit for the voting of demands in India. During this period, the Lok Sabha has to pass all the demands. The Speaker, in consultation with the

Leader of the House, fixes a time-limit for each demand as well as for the entire expenditure part of the Budget within which each demand has to be passed. On the last day fixed for the voting of demands, all the remaining demands are subjected to vote, though the House might not have discussed the same. A demand when duly voted becomes a grant. It may be mentioned here that the House can only reject or reduce a demand but cannot increase it. If more money is needed for expenditure, the government can go for supplementary grants to meet any additional expenditure or may spend out of the Contingency Fund of India.

LET US KNOW



[The Consolidated Fund of India is a fund from which advances are meant to be made for the purposes of meeting unforeseen expenditures. All revenues received by the Government by way of taxes like Income Tax, Central Excise, Customs and other receipts flowing to the Government in connection with Non-Tax Revenues are credited into the Consolidated Fund of India constituted under Article 266 (1) of the Constitution of India. Likewise, all loans raised by the Government by issue of public notifications, treasury bills, and loans obtained from foreign governments and international institutions are credited into this fund. All expenditure of the government is incurred from this fund. No amount can be withdrawn from the Fund without authorization from the Parliament.

The Constitution of India provides for the Contingency Fund of India under Article 267, the advances from which are to be made for the purposes of meeting unforeseen expenditures. The corpus of this fund is Rs.50 crores and it is held on behalf of the President of India by the Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs.]

d) Appropriation Bill and its passage

The next stage is the passage of the Annual Appropriation into a statute. All the demands for grants voted by the Lok Sabha and the

expenditure charged on the Consolidated Fund of India are incorporated in a Bill called the Annual Appropriation Bill. Such an Appropriation Bill is introduced in the Lok Sabha. The time to be allotted for different stages of the Bill is determined by the Speaker. The debate is confined to only those points which have not been previously discussed during the debates on estimates. The Bill follows the same procedure in the House as any other Bill except that no amendments to the grants as voted by the House previously or altering its destination or the Consolidated Fund charges can be proposed in either House. After it is passed by the Lok Sabha, the Appropriation Bill is certified as a Money Bill and sent to the Rajya Sabha. The Rajya Sabha has neither the power of amending nor rejecting the Appropriation Bill. It can only discuss and make recommendations within 14 days to the Lok Sabha. The Lok Sabha may or may not accept them. Even if the Lok Sabha rejects the the suggestions made by the Rajya Sabha, the bill will be considered as passed by both the Houses in the form it was passed by the Lok Sabha. The Appropriation Bill is then sent to the President for his or her assent. The President is bound to give his assent to the bill as the President cannot return a money bill for reconsideration.

The passage of the Appropriation Bill by the Parliament and the assent of the President authorizes the Government to withdraw money from the Public Fund and spend it as per the Appropriation Act.

e) Finance Bill and its passage

The Appropriation Act authorizes the Government to appropriate money from the Consolidated Fund. However, the ways and means to meet the expenditure are yet to be provided. Accordingly, provision is made for collecting the required money by way of taxation. For this purpose, a Finance Bill is placed before the House. The Bill incorporates the financial proposals of the Government for the ensuing year. It is placed before the Parliament at the same as the budget. The procedure followed is that of a money bill. The financial proposals

come into effect as soon as the budget is presented.The Finance Bill must be passed before the starting of the next financial year. With the passage of the bill, the Government is authorized to collect the taxes.

The passage of the Appropriation Bill and the Finance Bill marks the completion of the process of enactment of the budget. It may be mentioned that the budget estimates may not suffice in order to meet certain expenditures under special or extraordinary circumstances. Accordingly, in order to meet these circumstances, provision has been made for the following kinds of grants: Supplementary Grants, Votes on Account, Exceptional Grants, Votes on Credit, Excess Grant and Token Grant. In this way, the budget is passed in the parliament of India.



CHECK YOUR PROGRESS

Q.1. What do you understand by financial administration?

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Q.2. Mention two areas that is covered within the scope of financial administration.

.....

.....

Q.3. Name two aspects of financial administration.

.....

.....



7.7 LET US SUM UP

- Financial administration constitute planning of public expenditure to make funds available for the fulfillment of Governmental activities and to ensure that the funds are used lawfully and in an efficient way.
- There exist a close relationship between finance and public administration.

- Financial administration can be regarded as both science and arts.
- Financial administration includes within its orbit fiscal policy economic policy, fiscal planning, management etc.
- Fiscal policy and planning, execution, control and review rescued and advice are some of the aspects of financial administration.
- Budget is a plan of action, it manifests the programme of the chief executive for ensuring financial year.
- The Constitution of India provides for the Contingency Fund of India under Article 267, the advances from which are to be made for the purposes of meeting unforeseen expenditures.



7.8 FURTHER READING

1) Avasthi, Amreswar, & Avasthi, Anand Prakash (1999).Indian Administration. Agra:Lakshmi Narain Agarwal.

2) Bhagwan, Vishnoo, & Bhushan, Vidya.(2007). Public Administration. New Delhi: S. Chand & Company Ltd.

3) Maheshwari, S.R. (2003). Indian Administration. New Delhi: Orient Longman.

4) Sharma, Dr. M.P. , & Sadana, Dr.B.L. (2000). Public Administration in Theory and Practice. Allahabad: Kitab Mahal.

7.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1:

Financial administration is a branch of public administration, Which helps an organisation in managing financial resources by applying well thought out principles and nationalised techniques for utilizing financial resources to achieve organisational purposes in a scientific way.

Ans to Q No 2:

Two areas covered within the scope of financial Administration are- fiscal policy and fiscal planning.

Ans to Q No 3:

Two aspects of financial administration are Execution and control.



7.10 POSSIBLE QUESTIONS

Q. 1: What do you mean by budget?

Q. 2: Explain the nature and scope of financial administration.

Q. 3: Comment on the different aspects of financial administration.

Q. 4: Explain the process of enactment of budget in India.

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UNIT 8: PERFORMANCE BUDGETING AND ZERO-BASE BUDGETING

UNIT STRUCTURE

8.1 Learning Objectives

8.2 Introduction

8.3 Performance Budgeting

8.4 Zero Base Budgeting

8.5 Let Us Sum Up

8.6 Further Reading

8.7 Answers to Check Your Progress

8.8 Possible Questions

8.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- explain the meaning of budget
- explain the concept and features of performance budgeting
- discuss the history of performance budgeting with special reference to India
- explain the meaning of zero base budgeting.

8.2 INTRODUCTION

The main tool of administration and the main managerial instrument in the fiscal field is budget. It is the most important aspects of financial administration. In fact, the very functioning of the government and administration in any country depends on the formulation of a plan of action and making available the necessary resources to implement the same. This is where budgeting becomes important.

Forms of Budget System:

The forms of budgeting which has evolved from time to time are described below:

- **Traditional budgeting:** Conventional budgeting or line item budgeting developed in the 18th or 19th century. It focuses on the items of the expenditure without highlighting its purpose and conceives budget in financial terms. In others words, it presents budget in terms of object wise classification. Accordingly, the amount granted by the legislature on specific items should be spent on that item only. The main objectives of this kind of budgeting are to prevent wastages, execution in the misuse of money. This system of budgeting in fact facilitate the maximum number of participation in the budget system
- **Performance Budgeting:** Unlike the line-item budgeting, the performance budgeting emphasizes on the purpose of expenditure rather than the expenditure itself. It presents budget in terms of functions, programme, activities and projects. It establishes a correlation between the physical (performance or output) and financial (input) aspects of each programme and activity. Hence, it necessitates a functional classification of the budget.
- **Programme Budgeting:** Like performance budgeting, programme budgeting (also known as planning programming-budgeting system-PPBS) also originated in USA. It was introduced in 1965 by President Johnson. However, it was abandoned in 1971. This system of budgeting integrates the planning, programming and budgeting functions. It incorporates a scheme of planning in the budgeting process.
- **Zero-based Budgeting (ZBB):** The ZBB also originated and developed in the USA. It was created in 1969 by Peter A. Phyrr, a manager of private industry. It was introduced in the USA by President Jimmy Carter in 1978. Like the Performance budgeting or PPBS, the ZBB is also a rational system of budgeting. Under this system, every scheme should be reviewed critically and re-justified totally from zero (or scratch) before being included in the budget. Thus, the ZBB involves a total reexamination of all schemes afresh (from base zero) instead of following the incremental approach to budgeting which begins with the estimation of the current expenditure.

In this unit we will mainly focus on Performance and zero base budgeting.

8.3 PERFORMANCE BUDGETING

The concept of Performance Budgeting is an integral part of the reforms in financial administration. While tracing the history of performance budgeting, we find that the United States played a pioneering role in the adoption of performance budget in the country's financial administration. In its report on budgeting and accounting, the First Hoover Commission introduced the concept of performance budget whereby it was recommended that the US Federal Government should revamp the whole budgetary concept based upon functions, activities and projects so as to correlate the physical and financial aspects of various governmental activities, highlighting total funds required and targets achieved under each programme classification. Subsequently, many countries in Asia, Africa and Latin America adopted performance budgeting. In India, the need for refashioning the budgetary process was felt following the launch of the Five Year Plans.

Thus, the concept of performance budgeting was first introduced by the first Hoover commission in its report on budgeting and accounting in 1949. In general understanding, the system of presentation of public expenditure in terms of programmes, functions, activities, projects etc. mainly reflecting government output and its cost.

As the traditional budgeting system give more importance on the financial aspects of the government activities but the resources at the disposal of the government are always scarce in comparison to the various provisions which are prerequisite to the society, therefore the government faces the problem of choice making. United Nations viewed the lack of accurate information as it, "reduces the usefulness of the budgetary approach ever for the purpose of legislative review and appropriation" and therefore the need for performance budgets arises.

"A performance budget should be substituted for the present budget, thus presenting in a document of much briefer compass the government's expenditure requirements in terms of services, activities and work projects rather than in terms of the things bought." (A.E. Buck).

According to Burkhead, "Performance budget is one which presents the purposes and objectives for which funds are requested, the costs of programmes proposed for achieving these objectives and quantitative data measuring the accomplishments and work performance under each programme."

In India, the administrative reform commission study team recommended to adopt the performance budgeting. The administrative reform commission suggested the concept of performance budgeting in 1970-71 in all the government departments while the government started the preparation of performance budget on the basis of different phases. Our state has adopted the performance budgeting on the following grounds:

- For increasing the formulation and facilities in the process of decision making at all levels of government.
- For clear understanding and review the budgetary policy properly.
- To provide more efficient accounting system.
- To control on financial operations.
- The activities and the objectivity of the funds should be mentioned clearly.

Limitations of Performance Budgeting

Performance budgeting is not without limitations. Some of these limitations are as follows:

- It is not related with the qualitative evaluations.
- This system can perform well only when there is a well organized departments and different organization to evaluate and identify the definite activities and programmes.
- There prevails no universal applicability.
- It has a limited scope regarding the objectively measured operations of the government as law and orders, defense, international relations etc.
- Performance budgeting aims at classification of governmental work into functions, programmes and activities. But in actual practice, it

may not be always possible to have such well organized classification.

- The technique of performance budgeting focuses on quantitative rather than qualitative classification.
- The process of allocation of cost estimates over programme elements is difficult. These estimates may not often be as meaningful as they should be.
- Performance budgeting does not allow comparative evaluation of projects and activities unless it is supported by cost-benefit analysis.

However, despite the above limitations, performance budgeting is unavailable in so far as it links up financial discipline with achievement of developmental targets. It helps correlate the financial and physical aspects of each programme and activity by establishing a proper relationship between the inputs to be used and the corresponding output. It facilitates effective legislative control over public finances. A performance budget is an effective management tool for administrative and financial control vis-à-vis the implementation of development programmes and for evaluating their performance.

8.4 ZERO BASE BUDGETING (ZBB)

Zero based budgeting has been defined as a systematic method of reviewing either all or a selected number of areas of organizational activity for purpose of reallocating resources to improve various operational effectiveness as well as efficiency.

Zero based budgeting is considered to be the latest technique of budgeting as a managerial tool. Here manager is to justify why he wants to spend and the spending on different activities will depend upon their justification and the priority for that planning i.e. how much it is essential for the development of a society and the amount allotted are sufficient enough to conduct this activities.

It was first used in America in 1962. The president of America, Jimmy Carter used this technique when he was the governor of Georgia for

controlling state expenditure. In this method every year is taken as a new year and previous year is not taken as base, the budget of this method need to take consideration of the present situations. Neither the base year nor the minimum level of expenditure is taken as given which is quite in contrast with the current prevailing system of incremental budgeting.

Features of Zero Base Budgeting:

Following are the main features of zero based budgeting:

- It is an evaluation process where the programmes and the activities have been evaluated.
- It helps in identification of the decision unit. Where the decision unit has the responsible to implement the allocation.
- It helps in ranking which is done by an individual manager in order of priority.
- It is considered to be the decision package; the decision package has revolutionize the budget concept. It helps to identify and describe each decision unit so that the management can evaluate and rank the activities.
- It helps in re-examining the programme, it is never an increase or decrease over previous year.

Benefits of Zero-Base Budgeting:

Zero based budgeting is completely a new tool for planning and control of activities. Peoples are involved in all levels in the organizations. Some of the advantages of the ZBB are as follows:

- **Utility is determined:** It is essential for determining the utility of each and every activity of the business. It is appropriate to those areas where output is not related to production.
- **Essential for attaining organizational goal:** The budgeting activities will be related to the organizational goals, activities are not taken into consideration the plea that it was done in the past.
- **Helps in identification:** Zero based budgeting is essential for the identification of economical and wasteful areas. A prior

importance will be given on the economic and welfare activities in the society.

- **Increases efficiency:** It helps in increasing the efficiency of the manager; activities are taken into account which will have prior justification and essential for the business activities.
- **Allocation of funds and resources:** According to the jurisdiction of the programme it enables management to allocate funds. Therefore the management will able to make optimum use of resources.

Disadvantages of ZBB:

Some of the limitations of Zero Base Budgeting are as follows:

- Calculation of cost benefit analysis, which is essential for Zero based budgeting, is not possible in non-financial activities.
- There prevails difficulty in formulation and ranking of decision packages as there may lack of expertise.
- It is costlier and time consuming.
- The flexibility of the budget is not possible as the system of ZBB has no scope to adjust for the changes.

Inspite of its limitations, it can be said that ZBB is an important process of budget through which true expenses to be incurred by a department. It is an appropriate way of budgeting that includes all–inclusive analysis of the budget proposal.



CHECK YOUR PROGRESS

Q.1. What do you mean by budget?

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Q.2. The concept of performance budgeting was first introduced by the first Hoover commission in its report on budgeting and accounting in 1949. (True/false)

.....

Q.3. Zero-based Budgeting (ZBB) was introduced in the USA by President Jimmy Carter in the year (Fill in the blank).

.....

Q.4. Mention one definition of performance budgeting?

.....

.....

Q.5. ZBB is costlier and time consuming. (True/False)

.....

Q.6. ZBB is completely a new tool for planning and control of activities. (True/False)

.....

Q.7. …….is considered to be the latest technique of budgeting as a managerial tool. (Fill in the Blank)

Q.8. What is Zero Base Budgeting?

.....

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.....

.....



8.5 LET US SUM UP

- The term budget is has been derived from a French word 'bougette' which means a leather bag or wallet.
- Budget is a statement of the government needs and resources.
- Budget plays a very important role in financial administration.
- The budget can be considered as a statement of the estimated receipts (revenue or income) and expenditure of the government in respect to a financial year.
- Harlod R. Bruce:' A budget is a financial statement, prepared in advance of the opening of the fiscal year, of the estimated revenues and proposed expenditures of a given organization for the coming fiscal year."

- Dimock: "A budget is a financial plan summarizing the financial experience of the past, stating a current plan and projecting it over a specified period of time in future."
- Munro: "Budget is a plan of financing for the incoming fiscal year. This involves an itemized estimate of all revenues on the one hand and all expenditures on the other."
- Tylor: "Budget is a financial plan of government for a definite period."
- The real significance of budget lies in the systematic and orderly administration of various financial resources and a proper fiscal management.
- Willoughby: "the Budget is something much more than a mere estimate of revenues and expenditure. It is, or should be, at once a report, an estimate, and a proposal."
- Calculation of cost benefit analysis, which is essential for ZBB, is not possible in non-financial activities.
- ZBB is costlier and time consuming.
- The flexibility of the budget is not possible as the system of ZBB has no scope to adjust for the changes.
- The concept of performance budgeting was first introduced by the first Hoover commission in its report on budgeting and accounting in 1949.
- In general understanding, the system of presentation of public expenditure in terms of programmes, functions, activities, projects etc. mainly reflecting government output and its cost.
- According to Burkhead, performance budget is one which presents the purposes and objectives for which funds are requested, the costs for programmes proposed for achieving these objectives and quantitative data measuring the accomplishments and work performance under each programme.
- ZBB is essential for the identification of economical and wasteful areas. A prior importance will be given on the economic and welfare activities in the society.

- The ZBB involves a total re-examination of all schemes afresh (from base zero) instead of following the incremental approach to budgeting which begins with the estimation of the current expenditure.
- Conventional budgeting or line item budgeting developed in the 18th or 19th century.
- Like performance budgeting, programme budgeting (also known as planning programming-budgeting system- PPBS) also originated in USA.
- Zero-base budgeting (ZBB) was introduced in the USA by President Jimmy Carter in 1978.



8.6 FURTHER READING

1) 1. Lakshmikant. M. (2012). Public Administration. Tata Mcgraw Hills Education Pvt. Ltd., New Delhi.
2. Bhattacharya Mohit. (2010). Public Administration. The World Press Private Ltd. Kolkata.
3. Fadia and Fadia. (2008). Public Administration- Administrative Theories And Concepts. Sahitya bhawan publications, Agra.

8.7 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1:

A budget is a statement of the estimated receipts (revenue or income) and expenditure of the government in respect to a financial year.

Ans to Q No 2: True

Ans to Q No 3: 1978

Ans to Q No 4:

According to Burkhead, "Performance budget is one which presents the purposes and objectives for which funds are requested, the costs

of programmes proposed for achieving these objectives and quantitative data measuring the accomplishments and work performance under each programme."

Ans to Q No 5: True

Ans to Q No 6: True

Ans to Q No 7: Zero Base Budgeting.

Ans to Q No 8:

Zero Base Budgeting can be defined as a systematic method of reviewing either all or a selected number of areas of organizational activity for purpose of reallocating resources to improve various operational effectiveness as well as efficiency.



8.8 POSSIBLE QUESTIONS

A) Very Short Questions

Q. 1: Define budget.

Q. 2: Write the full form of ZBB.

Q. 3: When was performance budgeting introduced?

B) Short Questions (Answer each question in about 150 words)

Q. 1: Define performance budget.

Q. 2: Define Zero Base Budgeting.

C) Long Questions (Answer each question in about 300-500 words)

Q. 1: What is budget? Discuss performance Budgeting.

Q. 2: Discuss zero base budgeting.

*** ***** ***

Name of the Paper: .....
Course Code: .....

Centre for Internal Quality Assurance (CIQA)
Krishna Kanta Handiqui State Open University
City Office: Housefed Complex, Guwahati-781006

Learner's Feedback on Course

Dear Learner,

Regarding the course as mentioned above, we would like to know your opinions and comments so as to improve the quality of self learning materials in future. Please respond to the following statements by ticking the number you feel most reflect your opinion. After completion of the additional comments, please detach the page and send/mail the same to us at the address given below.

The Director, Centre for Internal Quality Assurance, KKHandiqui State Open University
Housefed Complex, Dispur, Guwahati-781006
(E-mail id: ciqa@kkhsou.in)

1) Approximately how many hours did you spend for studying the units in the course? ☐☐☐

2) Please give your opinions (by ✓ mark) to the following items based on your reading of the block:

Sl. No.	Statements	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
I)	The SLMs of the course fulfil the learning objectives set out in the beginning of each unit					
II)	The units of the SLM could satisfy my academic needs and expectations					
III)	The Unit writers have excellent knowledge about the course contents					
IV)	Language and contents of the units were presented at a level which I could readily understand					
V)	Ample opportunity for participation in the activities provided in the units					
VI)	Used enough Illustrations (Diagrams, tables etc.) for conceptual clarity					
VII)	Quality of content is engaging, relevant, and up-to-date					
VIII)	The self check questions are very helpful					
IX)	The Possible/model questions and the answers to check my progress have benefited me a lot					

Additional Comments: *(Please feel free to provide your open comments)*

1) Which aspects of the SLM, according to you, worked well?

.....

.....

2) What sort of changes/improvements do you feel KKHSOU could implement to improve the overall quality of the SLM?

.....

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Thank you for taking the time to complete this form.