

## **Ensuring Inclusive Growth**

### **The Importance of Awareness and e-Government for Effective Service Delivery in Rural Development Schemes**

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If economic growth is not shared throughout society then development has failed

- Joseph.E.Stiglitz

#### **Introduction**

Today India is one of the world's fastest growing economies. A growing number of voices within and outside the country are claiming that the twenty first century will be the Indian Century. However there is also a sizable section of international and Indian intelligentsia who gently but firmly draw our attention to the fact that growth at this rate cannot be sustained unless it is inclusive. Their misgivings are certainly not ill founded. The advance estimates of gross domestic product (GDP) for 2007-08 peg overall growth at 8.7-9 percent. Industry is expected to grow by 8.63%. However agriculture is forecasted to grow at a mere 2.59% compared to a round 6% in 2005-06 and 3.76% last year<sup>1</sup>. India ranks 127<sup>th</sup> on the Human Development Index; more than 70 rungs below Cuba and Mexico. Nearly 380 million Indians still live on less than dollar a day. Malnutrition affects half of India's children; 2.5 million Indian children die annually. In rural India where 70% of the population lives, the government has reported that about 100,000 farmers committed suicide between 1993 and 2003<sup>2</sup>. These are issues, which cannot be ignored. If farmers' suicides do not alarm some of us enough, rising inflation rates would certainly distress most of us. We cannot control inflation as long as agricultural growth stagnates & food prices spiral upwards. The over laden rural bullock cart/tractor often slows us down on highways; it will constitute the speed breaker to our recently accelerating economic express too, unless we remedy the situation and take rural India on board. Successful development cannot be gauged from overall GDP growth rate alone. Success requires that this growth should be inclusive, equitable and sustainable. It should increase living standards and provide access to health, education and better quality of life for all segments of the population.

#### **Achieving Inclusive Growth –Budgetary allocations and Good Intentions Are Not Enough**

This state of affairs in India is certainly not due to a lack of planning or priority on the part of the Government. The Finance Ministry had budgeted Rs 1,74,0000 crores for the Bharat Nirman programme to be implemented from 2005 to 2009, yet progress is below the mark. The Economic Times recently reported that the rural development ministry has spent an average Rs 65,000 crore on various schemes, including 10 key ones, in the last three years. However, the returns in terms of basics such as potable water

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<sup>1</sup> The Hindu, Business Line 8.2.08

<sup>2</sup> Pankaj Mishra, Myth of New India, Hindustan Times, July 8 2006

supply to habitants; linkage of habitants to all weather roads; rural housing etc are not commensurate with the spending.

- Some 11.651million households continue to live in unserviceable temporary houses in rural areas despite financial assistance of Rs 25,000 per unit in plains and Rs 27,500 per unit in hilly areas under the Indira Awas Yojna.
- The Centre provides financial and technical assistance to states through the centrally sponsored Accelerated Rural Water Supply Programme (ARWSP) for supply of drinking water; yet as reported by the states up to March 2005 the number of habitants affected by poor water quality was 1,95,813.
- The National Rural Employee Guarantee programme, the biggest programme of its kind in the world has shown mixed results so far.
- For two years beginning 2004, the Centre released Rs 18143.17 crores for construction of rural roads under the flagship Pradhan Mantri Gram Sadak Yojna, of which expenditure up to May 2006 totalled Rs14,443.16 crores. However, the roadways constructed were roughly half or lesser of the road lengths approved for the years in states.

The obvious question then is what exactly goes wrong between good intentions of policy makers and actual implementation? Rajiv Gandhi is known to have said that only 15% of development funds actually reach the intended beneficiaries. The commonly held view is that the real impediment is India's corrupt and ineffective bureaucracy. They are responsible for the failure of governance and service delivery. Michael Carter World Bank's ex country director for India has commented on the fact that though the above notion hold true in many cases; India also has public servants of immense ability and commitment, often unrecognized, battling against all odds to get their job done. He has rightly stressed on people's empowerment as the key to inclusive growth. This means amongst other things transparency in public dealings, openness to scrutiny, and an unequivocal right to information; all crucial to fight the scourge of corruption.<sup>3</sup>

Take for example, social audits conducted by rural public to study effectiveness of employment guarantee schemes (EGS) under NREGA. These have often revealed irregularities. For example residents of Girwar village along with representatives of non governmental organizations had applied and obtained records comprising muster rolls, bills, vouchers and sanctions pertaining to 17 development works under various schemes undertaken in 2004-05 and 2005-06, using the Right to Information Act (RTI). This was supported by public hearings and door-to-door verification. The labourers who had worked in the construction of a middle school building in Girwar testified that the entire work had been done through contractors (not allowed under the scheme) who had brought labourers from outside the panchayat. Many women affirmed that they had been paid Rs 40 as daily wage compared to Rs 50-60 for men, which was much lower than the minimum wage of Rs 73. Similar attempts to audit EGS had been made in other districts by way of cycle *yatras*. These however had yielded only isolated instances of irregularities as compared to huge irregularities found by way of comprehensive social audit as described above in Girwar.

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<sup>3</sup> Michael Carter, India: Looking back and forward, Economic Times, 7.8.06

Widespread public awareness and participation of beneficiaries in audit is the only way to stop corruption and other inadequacies of implementation. It has been reported that the most debilitating factor impeding effective implementation of NREGS is a profound and widespread lack of awareness. Not only are many within the district ignorant about the existence of such a scheme; even those who know of it and want to avail of it, are in the dark about their entitlements. Those who are meant to oversee it e.g. Sarpanches are unaware and untrained. The labourers working on the NREGS worksites are clueless about it too! It has been widely acknowledged that public awareness, education and social audit with the help of information technology is badly needed so that every district covered by NREGS is under constant and unremitting scrutiny and is openly perceived to be so.<sup>4</sup>

Apart from implementation, the other problem India faces is the gap between funding required for investment in hard and soft infrastructure and availability of public funds. To bridge this gap Public Private Investment has been touted as the key. Even with the inherent advantages and efficiencies that this model of infrastructure development brings, the basic requirement of incessant monitoring of delivery and achievement still remains. Again keeping in mind the inherent limitations of our present government set up, which unfortunately has not been able to deliver even after 57 years of planned development, a new formula is certainly needed. Einstein famously defined insanity as repeating the same process again and again hoping for different results. A drastic change is required not in plans and budgets but in service delivery. The components of this change are transparency, accountability, responsiveness and a commitment to the empowerment of beneficiaries. This is exactly the set of features that e-governance could bring in.

E-government is a tool in the hands of the Government to achieve good governance. A good Government is a SMART one. In other words, it is Simple or user friendly, it is Moral and Accountable, it is Responsive or interactive and finally it should be Transparent. There are certain factors which are driving e-government implementation and making it increasingly easy, convenient, essential and in fact inevitable. Prominent amongst these are the increasing pervasiveness and decreasing cost of connectivity and computers; the need to downsize government machinery and last but not least the **need to leap frog over infrastructural and systemic hurdles to provide services and reach remote and hitherto unheard voices**. A good example of last point mentioned above would be the recent move of the Government. of India to provide Smart Cards as a measure of reform in food, oil and fertilizer subsidy. It was reported in the Economic Time dated 24<sup>th</sup> November 2006 that the Government. of India is planning Smart Cards for target groups. This Scheme envisages that the beneficiaries would be required only to produce the Smart Cards at Banks and Post offices in order to draw cash subsidy. They could then buy from the market directly and there would be no need to go to ration shops. This is an example of how ICT can be used by the Government to transcend the inherent limitations of the overstretched public distribution system and the chronic diversion of food grain and kerosene and thereby achieve the desired outcome of subsidy actually reaching the intended beneficiary instead of being usurped by various vested interests.

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<sup>4</sup> Pamela Phillipose, Getting on with the jobs, Indian Express, 30.12.07

## **Implementing Subsidized Rural Connectivity in Haryana -a Live Example**

An area where such a SMART approach has been tried and found to be extremely fruitful by the author is the implementation of subsidy programmes. The author was a part of the Controller of Communication account (CCA) set up under Department of Telecommunications (DOT), which is in charge of implementation of Universal Service Obligation Fund (USOF) agreements entered into with public and private telecom operators by the DOT. Till January 2008 subsidy to the extent of Rs 5697 crores has been disbursed towards various rural telephony schemes. USOF agreements aim at spread of telephony to rural, remote and other commercially unviable areas. The CCA Offices are field level implementers who disburse this subsidy on a quarterly basis after scrutiny of claims by operators and also monitor/verify effective implementation of the subsidy schemes through field inspections. This is by no means an easy task as in each service area there are separate USO agreements for provision of public services by way of village public telephones (VPTs) & rural community phones (RCPs). Also there are various agreements for provision of private connections by way of rural household direct exchange lines DELs (RDELs) depending on period of installation. Further, in each service area, these activities are being carried out by a minimum of two-three operators. This work therefore entails the scrutiny of a huge amount of data, in order to disburse subsidy and the ground level verification is a daunting task given the fact that the facilities are spread out over thousands of villages and several thousands of rural households. Obviously field inspections can only be limited to sample checks. How then is a CCA to verify that all public and private DELs against which subsidy has been claimed are functional; that public facilities are in locations with public access; that individual DELs have all been provided in rural areas and not in urban areas; that in rolling out individual household Dels, operators are not discriminating against low income rural households in preference for creamy layer consisting of the affluent. Certainly our field inspections have revealed that neither the public operators nor the private operators are depicting the accurate picture of ground realities in this regard in their subsidy claims.

Faced with this task the author realized the best tool of monitoring is an informed and aware rural citizenry who are clear as to the modalities of the government's subsidy scheme for their benefit and know precisely what their entitlements are under these schemes. To this end, the author attempted to use various possible means of information dissemination such as advertisements in vernacular newspapers and the assistance of state and district administrations' information dissemination channels. Pamphlet distribution during field visits was also resorted too. Though these methods yielded positive results, they are not widespread enough and nor do they guarantee complete coverage of beneficiaries. It is here that e-government offers a powerful solution.

As long as we are sure that the rural public and their local representatives have access to an e-government kiosk (as envisaged under Indian Government's Common Service Centre program) we can be sure that we can effectively disseminate information

about the subsidy programmes, their modalities and intended beneficiaries, down to grass root level so as to create awareness amongst the ultimate beneficiaries themselves. This can then be followed up by placing complete details of subsidy disbursement including location, name and address of all public access and private facilities against which subsidy has been disbursed. Having done this much, all we need is to institute an online feedback mechanism for the public to get back to us in case of discrepancies between data placed by us on the web and the ground realities. (Say, for example we have disbursed subsidy for a Village Public Telephone in a particular village and the villagers let us know that this public facility has been non functional for the past six months.) This done, we can be quite sure that public will ensure that the subsidy scheme achieves its aims and that it's pay offs actually reach the intended beneficiaries. Thus, in the author's experience, while the existing mechanisms of information dissemination through PROs at state and district level can yield limited results; the two way flow of information through e-government kiosks in rural areas is a far more effective tool.

### **Obstacles Encountered and Underlying Causes**

The author in the process of implementing this type of an effort towards information placement in public domain encountered several obstacles:

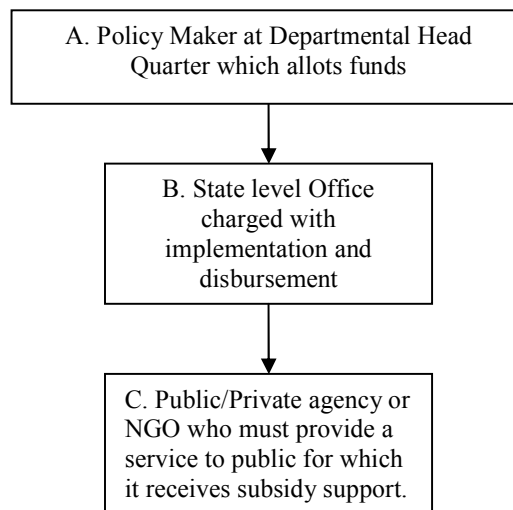
- Telecom operators involved had to be convinced of the justification for the extra energy, time and resources required to be expended towards public education about their subsidized activities and towards provision of additional data to our office to make beneficiary awareness and audit possible. To do them justice, they have in the author's experience been very positive. They are generally quite appreciative of a government office which is single mindedly and zealously pursuing public service delivery. This is also an example of how the right attitude can be pleasantly infectious.
- Existing data flow to government offices as per terms of the subsidy agreements is generally not in a format conducive to placement in public domain. It may be incomplete; lacking details such as name and address of beneficiaries and census code of villages.
- There are severe constraints by way of computerizing this huge volume of data and it's conversion into local language comprehensible to the masses.
- We are not sure as to how many villages have access to internet.

However, as the popular adage goes, where there is a will there is a way. All these problems are minor obstacles as long as functionaries at all levels of government are trained (and compelled by e-government systems and RTI) to cultivate an attitude of public service and a commitment to public empowerment, transparency and accountability. Once such an underlying attitude becomes all pervasive, all subsidy/development/social sector schemes would routinely include clauses to make it mandatory that the implementing agencies at grass root level, be they private, public agencies or NGOs, have to statutorily provide computerized data to be placed in the public domain for people's audit. It is only when such thinking becomes not an exception but the norm that all future subsidy programmes and agreements would necessarily contain provisions to ensure that data is maintained and provided in desirable form in

local language, ready for placement in public domain and for scrutiny and verification by intended beneficiaries.

### **Outcomes are more Important than Budgetary Outflows**

The author feels that every social sector programme and every rural development programme of the government should first ensure that this beneficiary information mechanism is firmly in place before even a single rupee is expended towards it. Such ideas tend to be ridiculed as unrealistic, impractical and over ambitious even today in our bureaucratic circles. The cynical naysayer will cite in his counter argument, the low internet and broadband penetration in India; the power shortages in villages and the illiteracy of rural population. I would like to ask such cynics what *their* solution to the problem of effective service delivery is. It is amazing that in 59 years of independence and planned development, we have made next to no dent in the fields of education, health, sanitation and rural development in spite of spending huge amounts of public funds and yet miraculously we continue to hope that the same old method will yield results if we keep on at it. How long can the nation allow the government to judge the performance of its social sector programmes in terms of expenditure incurred and subsidy doled out when over decades, this very practice has yielded pathetic results! This type of an imperfect approach is however a reality in the way we go about implementation today. Most subsidy programmes such as the one described above have three main layers as described below:



The normal situation is that the layer A is interested mostly in the maximum disbursement of funds as its performance is judged by this criteria and future budget allocation too is dependent on the same. Layer C too is interested in exactly the same end for profit motive. The bureaucrat in the middle layer B is caught between the two. He is charged with the responsibility of ensuring that subsidy is disbursed, provided the services have been delivered as per terms and conditions of subsidy scheme; he is to verify and authenticate subsidy claims and is answerable for the ground level outcomes. He puts pressure on Layer C agencies to comply with agreed terms and outputs and to

correct deficiencies. Layer C may/may not respond adequately or quickly. This means delay in subsidy disbursement/ less disbursement as compared to the extent/time frame planned by Layer A. This draws the flak of superiors (Layer A) and also complaints from Layer C which usually has its own connections and patronage. The layer B may succumb to this combined pressure and release subsidy even though it is unsure of complete/effectual compliance by layer C. Thus even assuming a sincere and committed (non corrupt) bureaucracy, the present manner in which we view the effectiveness of government schemes is faulty and contributes to the problem of non-delivery.

Again what is needed is an attitude change. The outcome and not expenditure has to be more important. *Effective* service delivery to target beneficiaries has to be the only measure of success. Once the desired end result is clear, the next the question is how we achieve this result. This question is not new and the government has tried several alternative solutions. These range from measures like increasing the number of national level monitors (retired civil/defence officers etc) employed by the Rural Development Ministry to monitor implementation of rural development programmes, to elaborate schemes of social audit as envisaged under the NREGS. The bottom line is that in this huge country, with millions of intended beneficiaries, delivery and monitoring is best achieved by empowering the public themselves. The single most efficient way to achieve that is through broadband enabled internet kiosks where complete information on government schemes is available to rural public and they have a feedback mechanism at their doorstep.

### **Meeting the Challenges-The Way Forward**

Challenges include first and foremost an attitude change in stakeholders. The Government, the private sector, NGOs and even the rural public will need to give up old ways of doing things. This change is easy to achieve as far as beneficiaries are concerned as soon as the advantages are demonstrated to them. For example, while implementing the e-enablement of pension welfare, the author has seen that even aged pensioners living in villages and small towns, who have never worked with computers during their years in service, turn to the internet when they find that it is a quicker way for them to obtain a copy of the latest orders regarding enhanced dearness relief rates (which the pension disbursing bank branch is denying them, due to the slow percolation of information via post). At times the author has had to explain the steps involved to internet café franchisees in remote towns so that they may assist the pensioners. (Who were smart enough to call from an internet café.) Whatever the method of learning, going online is something even the aged and illiterate can take to when there are benefits involved. Successful e- initiatives such as ICT's e-choupal and Madhya Pradesh's Gyandoot have demonstrated the same. The problem of changing the mindset of the bureaucracy has been made much easier by the rigours of the Right to Information Act 2005. If followed in letter and spirit, this act will compel government departments to place relevant information on activities, resources consumed and outcomes, including those w.r.t development programmes, in the public domain and the internet is the best medium to do so. The spread of ICT to rural areas, the availability of content in local language and availability of power are the other pressing issues.

The issue of ICT is being vigorously tackled by the government under various Universal Service Obligation Fund (USOF) Agreements between the DOT and public/private telecom operators. The ongoing USOF scheme for mobile infrastructure provision and its sharing in rural India, is likely to make a huge difference to rural teledensity. Further the Department of IT's Common Service Centre programme will create 1,00,000 broadband rural enabled internet kiosks. Software giants who view both the vast untapped potential of rural India and e-government applications as a profitable opportunity are addressing language interface. Power is indeed an issue. It is interesting to see that the telecom operators themselves are finding innovative solutions ranging from biogas to solar power to run their rural telecom infrastructure and there has also been a proposal on their part to have these initiatives subsidized under USO Fund which is actively being explored.

### **Conclusion**

Decades of planning, budgeting and then under/mal-implementing have rendered myriads of well conceived development schemes and subsidy programmes near useless as far as bringing about the desired outcome in terms of targets and benefits is concerned. Today everybody is acknowledging that the poverty and backwardness of rural India is not so much due to inadequate funding and planning but due to poor implementation. The bureaucracy in charge of implementation is indeed very much at fault for this complete waste of precious time and resources. However, a large part of failure can be attributed to self-defeating and archaic systems and attitudes. Public servants endowed with a public service attitude and powered (or compelled as the case may be!) by the public's right to information and e-government tools are crucial if implementation on ground is to match planning on paper. The time is ripe in terms of availability of wherewithals; the need for inclusive growth is urgent and the government should respond immediately by firmly establishing e-governance and inculcating its underlying attitude. It has been rightly stated that people cannot *be developed* they develop themselves. The government as facilitator has to take people into confidence and allow them to be party to the process of developmental schemes. All future policy making must necessarily factor into its design and execution the wherewithal's for complete public awareness and compulsory community audit if we are to achieve our desired developmental goals.

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### About the Author

The author belongs to the 1989 batch of the Indian P&T Accounts and Finance Service. She has held posts as Internal Financial Advisor in the Department of Telecommunications (DOT), BSNL and MTNL and as JCCA Haryana. She is now posted as Joint Administrator (F), USOF, DOT HQ.