CHAPTER 2
THE CONCEPT OF GOOD GOVERNANCE: EVOLUTION & ANALYSIS

2.1 The Evolution

The term good governance is being increasingly used in recent times in development literature. It is increasingly being regarded that bad governance is the root cause of all evils within our societies and major donors like World Bank and other financial institutions are putting conditions while granting aid and loans that reform measures which ensure good governance (GG) should be undertaken. The term good governance has been coined by the west countries for Third world countries and development assistance by the western countries to third world countries led to coining of term. The concept of good governance has always been an ideal of political thinkers, policy planners, decision makers and academics. However, the term in its present form has been coined by World Bank in 1989 with reference to development administration of Sub-Saharan nations of Africa. In 1980s there were unprecedented political changes and concept of good governance emerged at the end of the 1980s.

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The economic decline of Sub-Saharan countries started in 1970s and in order to reverse this decline the structural adjustment programs (SAPs) were implemented. Under these programs loans were provided by the two Bretton Woods institutions i.e. World Bank (WB) and International Monetary Fund to Sub-Saharan African countries (SSA) to deal with economic crisis. But loans were provided with certain conditions i.e. these institutions required borrowing countries to implement certain policies in order to get those loans. These conditions were, balance of payments deficit reduction through currency devaluation, budget deficit reduction through higher taxes and lower government spending, also known as austerity, raising food
prices to cut the burden of food subsidies, privatization of all or few state-owned enterprises, liberalization of markets, improving governance and fighting corruption, etc. In other words, these programs demanded restructuring of economic policies of these countries. These SAPs were also criticized as these led to serious socio-economic problems because of less focus on social sector. The opponents of SAPs said that these programmes hurt the poor as these programmes led to deep cuts in health, education etc. Poverty alleviation was not the objective of structural adjustment loans and reduction on social spending worsened the situation. These programs were successful in those countries which were having institutional framework to implement these programs and policies easily but certain countries particularly SSA which were poor suffered due to these programs. These international institutions the loans of which were based on conditions began to admit the negative results of SAPs by late 80s.

The World Bank in 1988 report evaluated ten years of structural adjustment lending and found severe institutional and managerial weaknesses in the public and private sector which led to poor economic performance in most developing countries particularly SSA. The 1989 World Bank report on SSA held bad governance responsible for deteriorating situation in SSA. The 1989 study ‘Sub Saharan Africa- From crisis to sustainable growth: a long term perspective study’ did critical evaluation of SAPs and analysed profoundly the development problems in SSA. This study characterized the crisis in this region as crisis of governance. In the African-study of 1989, the term ‘governance’ first meant the need for institutional reform and a better and more efficient public sector in SSA. It defined governance as “the exercise of political power to manage a nation’s affairs”. However, the 1989 African study talked about governance but did not explicitly refer to the connotation ‘Good’. It was only in its Foreword by the then President of World Bank Barber B.Conable, described the phrase ‘Good Governance’ in the following words:

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Supra note 5.
“Private sector initiative and market mechanisms are important, but they must go hand-in-hand with good governance – a public service that is efficient, a judicial system that is reliable, and an administration that is accountable to its public”.

2.2 The Conceptual Analysis

In following publications of World Bank it initially avoided the frequent use of the word ‘good’ in connection with governance. According to Frischtak a reason for this reluctance could have been that the use of the adjective ‘good’ referred to a subjective view on the performance of a state and that interpretation of the meaning of good governance would result in variance among the meaning of good governance. However, the Bank started using the term good governance frequently thereafter. The World Bank for the first time in 1989, highlighted and unfolded the concept of governance. The bank document of 1989 laid down that “improving governance would begin with an assessment of the institutional environment (with emphasis on the key governance elements of accountability, rule of law, openness and transparency) which determines the patrimonial profile of the country: high when all other factors are absent and low when they are present”.

This concept of governance got developed further in the World Bank’s 1992 publication *Governance and Development*. It was the post-cold war era and the assistance to Third World countries for development was subjected to new politics of ‘good governance’ and World Bank further clarified its approach towards subject of governance in its publication of document entitled *Governance and Development* and in this publication governance was defined as “the manner in which power is exercised in the management of a country’s economic and social resources for development”. The Bank from its lending experience in several developing countries came to the conclusion that despite sound policy designs, programmes and projects have floundered due to institutional failures. The shortcomings which the bank discovered were many like Third World countries were soft on policy implementation, abuse of proper accounting or budgetary system, widespread corruption, and general lack of popular participation due to public apathy and misinformation leading to derailment of several World Bank development

projects. This is the reason behind insistence of World Bank on good governance in Third World countries. The World Bank realized that good governance is an important input in sustaining an environment which fosters equitable development and is an essential component for the success of sound economic policies.\textsuperscript{13} In 1992 World Bank document three distinct aspects were identified in the conceptualization of ‘governance’ i.e three applications of governance were identified. They were

a) in the form of the political regime (parliamentary or presidential, military or civilian, and authoritarian or democratic)

b) the process by which authority or governmental power is exercised in the management of country’s economic and social resources and

c) the capacity of governments to design, formulate and implement policies, and in general to discharge government functions.\textsuperscript{14}

The first aspect falls outside the Bank’s mandate. Hence World Bank’s focus on ‘governance’ is confined to second and third aspects\textsuperscript{15}. The conditions of good governance have been summed up by the Bank Document of 1992 as follows:

“Governance is a continuum and not necessarily unidirectional: it does not automatically improve overtime. It is a plant that needs constant tending. Citizens need to demand good governance. Their ability to do so is enhanced by literacy, education and employment opportunities. Governments need to prove responsive to those demands. Neither of these can be taken for granted. Change occurs sometimes in response to external or internal threats. It also occurs through pressures from different interest groups, some of which may be in the form of populist demands. Although lenders and aid agencies and other outsiders can contribute resources and ideas to improve governance, for change to be effective it must be rooted firmly in the societies concerned and cannot be imposed from outside”\textsuperscript{16}.

The World Bank 1992 report i.e. \textit{Governance and Development} was the first report expressly on the topic of governance and in that report Bank gave meaning of governance and it

\textsuperscript{13} \textit{Ibid.}
\textsuperscript{14} \textit{Supra} note 11 at 805.
\textsuperscript{15} Mohit Bhattacharya, \textit{New Horizons Of Public Administration} 408 (Jawahar Publishers and Distributors, New Delhi 2009 Reprint).
\textsuperscript{16} \textit{Ibid.}
also explained the importance of governance for development. It was realized by the bank that sustainability of programs and projects initiated by World Bank depends on good governance. If sustainable development is to occur, the 1992 governance report concluded, a predictable and transparent framework of rules and institutions for the conduct of private and public business must exist. According to World Bank good governance is epitomized by predictable; open, and enlightened policymaking (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions, and a strong civil society participating in public affairs; and all behaving under the rule of law. The good governance has both political and economic dimensions but the world bank clearly drew the distinction that it is concerned only with economic dimension of good governance, i.e. bank’s mandate was promotion of sustainable economic and social development for sustainable poverty reduction and not interference in developing world’s internal political affairs.17

Later on the Report of World Bank (1994) followed the pattern established by the 1992 Report and described developments under four sub-headings of governance18,i.e. in this report the recent progress made by the bank in this area is set out under four different aspects, which provide a template against which its governance work can be assessed: (i) public sector management, ( ii) accountability,( iii) legal framework or development and (iv) transparency and information.19

i.Public Sector Management

The Public sector management has already been classical field of work of the World Bank. It meant reforms in civil service and public enterprises, public expenditure management, efficient public institutions.20 The logic behind emphasis on public sector management is that sustainable economic growth is not possible without efficient government.21 This is the most readily identified dimension of the World Bank’s governance work. The language of public-sector management is predominantly technical, changing the organizational structure of a sector agency

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18 Ibid.
20 Supra note 5.
21 Supra note 17.
to reflect new objectives, making budgets work better, sharpening civil-service objectives and placing public-enterprise managers under performance contracts.22

ii. Accountability

The World Bank also made efforts to help the borrowing countries in improving accountability of the public sector. Decentralization of public sector was realized by the bank as a means to improve accountability. Improvement of accounting and auditing practices and compliance with financial management standards were the measures taken for strengthening of financial accountability.23 Accountability has been described as being at the heart of governance. Accountabilty here includes both vertical accountability and horizontal accountability. Horizontal accountability means internal accountability within public institutions regarding financial accountability and creation of internal control mechanisms. On the other hand external accountability means involvement of population. The world bank followed Hirschmann’s concept of ‘exit and voice’ i.e. exit means possibility of the public to gain access to other service-suppliers in case the state does not provide for the services in a satisfactory and voice means possibility of public to influence the quality and quantity of public services by improving access to information and involving non-governmental organizations (NGOs). The voice mechanism led to participatory approach to development and is underlying principle of bank’s governance agenda.24

iii. Legal framework for Development

Bank advised the borrowing countries to make new laws for economic activity in transition countries. For example, laws on property rights, company law, banking laws, competition law, law for foreign investment and laws for establishment of regulatory bodies. Not only this, bank provided assistance to transition countries for legal training, judicial infrastructure and research programmes on various legal issues.25 The legal framework refers to emphasis of bank on legal dimension of good governance in a country. According to bank, economic environment can flourish where there is stability and bank emphasized that law could make an important contribution for making society

23 Supra note 17.
24 Supra note 5.
25 Supra note 17.
egalitarian and could help in social development and poverty alleviation. The judicial reform within good governance included dispute settlement mechanism, legislative reforms and improvement of legal education and training.\textsuperscript{26}

iv. **Transparency and Information**

The transparency and information are important for good governance according to bank because economic actors in market need relevant, timely, and reliable information and this access to information is *sine qua non* for competitive market economy. Besides this transparency reduces corruption.\textsuperscript{27}

Subsequently in 1998 the World Bank’s annual report *Governance in Asia: From crisis to opportunity*, presented a more cogent concept of good governance. The report elaborates four key components of good governance: accountability, transparency, predictability and participation.\textsuperscript{28} With these background developments, good governance emerged as the new paradigm in development administration whose features were laid down by the international funding agencies.\textsuperscript{29}

2.3 **Parameters or indicators of good governance.** It would be worthwhile to mention indicators or parameters of good governance prescribed by various international funding agencies like World Bank, OECD countries, etc.

2.3.1 **The World Bank Parameters**

There are various parameters identified by World Bank for the developed and the developing countries. These are:

1. Legitimacy of the political system which can best be achieved through regular elections and political accountability. This implies limited and democratic government.

2. Freedom of association and participation by various socio-economic, religious, cultural and professional groups in the process of governance.

3. An established legal framework based on the rule of law and independence of judiciary to protect human rights, secure social justice and guard against exploitation and abuse of power.

\textsuperscript{26} Supra note 5.
\textsuperscript{27} Ibid.
\textsuperscript{28} Supra note 19.
\textsuperscript{29} Supra note 12 at 53.
4. Bureaucratic accountability including transparency in administration.
6. A sound administrative system leading to efficiency and effectiveness. This in turn means value for money and cost effectiveness.
7. Co-operation between the government and civil society organizations.30

There are other institutions as well which have laid down definition and the elements of good governance. In the last two decades good governance has become widely used concept in both academic and donor communities and their approaches are different. Some of the definitions of multilateral development institutions are as follows.

2.3.2 OECD Countries Parameters

It’s not that only international funding agencies like World Bank and international monetary fund (IMF) which gave aid and put conditions upon client countries. There are aid-giving countries also. The OECD (Organization for economic co-operation and development) countries also laid down conditions for third world countries for receiving aid. Its document attempted to link development assistance with participatory development, human rights and democratization. Policy directives of OECD countries gave most pronounced meaning to good governance. These countries identified four key components of good governance and they were

a) Legitimacy of government
b) Accountability of political and official elements of government
c) Competence of governments to make policy and deliver services and
d) Respect for human rights and rule of law.31

2.3.3 Asian Development Bank (ADB) Parameters

The Bank in its policy paper in 1995 Governance: Sound Development Management defined good governance as “the manner in which power is exercised in the management of a country’s economic and social resources for development”. It identified four basic elements of good governance

30 Supra note 2 at 36.
a) Accountability  
b) Transparency  
c) The rule of law  
d) Participation.  

These four pillars were recognized by ADB as major pillars against which governance can be judged.\(^{32}\)

### 2.3.4 African Development Bank (AfDB) Parameters

**Definition**. In the African Development Bank’s good governance policy, adopted by the Board in December 1999, good governance was defined as “a process referring to the manner in which power is exercised in the management of the affairs of a nation, and its relations with other nations.”\(^{33}\) The elements recognized were:

a) Accountability  
b) Transparency  
c) Combating corruption  
d) Participation  
e) Legal and judicial reforms.\(^{34}\)

### 2.3.5 The United Nations Development Programme (UNDP) Parameters

The UNDP in its 1997 policy document entitled *Governance for Sustainable Human Development* defined good governance as “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels”. The document states that governance can be seen as the exercise of economic, political, and administrative authority to manage a country’s affairs at all levels.\(^{35}\) It comprises of mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. Good governance is, among other things, participatory, transparent and accountable, effective and equitable, and it promotes the rule of

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\(^{34}\) Supra note 22.  
\(^{35}\) Ibid.
law. It ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources. UNDP’s definition of governance includes not just the state, but the private sector and civil society as well. All three are viewed as critical for sustainable human development. The role of the state is viewed as that of creating a stable political and legal environment conducive to sustained development, while civil society institutions and organisations are viewed as a means of facilitating political and social interaction and mobilising groups to participate in economic, social and political activities.36

The UNDP report acknowledged the following core elements of good governance:

a) Participation
b) Rule of law
c) Transparency
d) Responsiveness
e) Consensus orientation
f) Equity
g) Effectiveness and efficiency
h) Accountability
i) Strategic vision

2.4 Various Definitions of Good Governance

Some other definitions in academic literature given by scholars for good governance are as follows:

Aedrian leftwich has defined good governance as a system:

i. To promote open, market-friendly and competitive economy
ii. Democratization and
iii. Improvement of human rights record.37

But H.K. Asmeron et al., in *Good Governance, Decentralization And Democratization*, 1995 book defines good governance as “good governance is associated with efficient and effective

37 Supra note 4.
administration in a democratic framework. In this good governance was associated with capacity building and exercise of political power needed for efficient and effective management of concrete national programmes, whether political system is dynamic or not.”

Goran Hyden in *Governance and Politics In Africa* (1992) book mentioned three dimensions of good governance:

i. Citizen influence and oversight characterized by degree of political participation, means of preference, aggregation and methods of public accountability.

ii. Responsive and responsible leadership characterized by degree of respect for the civil public realm, degree of openness of public policy making and degree of adherence to rule of law.

iii. Social reciprocates characterized by degree of political equality, degree of inter-group tolerance and degree of inclusiveness in associational membership.

Rob Buitenhuijs and Elly Rijnierse in *Democratisation in Sub Saharan Africa* (1993) considered good governance as means of high level of organizational effectiveness without any choice as to its ideological premise.

Richard Jeffries in *Journal of African Affairs* Vol. 8 (1992) laid down that good governance has no concern with political system. It is a purposive and development-oriented administration committed to improve the quality of life of mass of the people without necessarily being democratic in style.

Pai Panandiker sees good governance as it pertains to a nation-state which handles its people to lead a peaceful, orderly, reasonable, prosperous, participatory lives. Vivek Chopra defines good governance as unambiguously identifying the basic values of society and pursuing these. According to O.P. Manocha criteria of defining good governance is political accountability, availability of freedom, law abiding, bureaucratic accountability, information

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39 *Supra* note 31 at 47.
available transparently, being effective and efficient, and cooperation between government and society.\textsuperscript{41}

Moreover, Harare Commonwealth Declaration of 1991 also talked about promotion of good governance. This provided a backdrop for much of the current activity on governance and this is still being followed in Commonwealth countries in following areas:

i. The protection and promotion of political values.

ii. Equality for women

iii. Universal access to education

iv. The promotion of sustainable development and alleviation of poverty

v. Extending the benefits of development within the framework of respect for human rights

vi. The protection of environment

vii. Action to combat drug trafficking and abuse and communicable diseases

viii. Help for small Commonwealth states in tackling their particular economic and security problems.\textsuperscript{42}

The Human Development Report 2002, has identified the following features of good governance:

i. People’s human rights and fundamental freedoms are respected, allowing them to live with dignity.

ii. People have a say in decisions that affect their lives.

iii. People can hold decisions which are accountable.

iv. Women are equal partners with them.

v. Private and public spheres of life and decision-making.

vi. People are free from discrimination based on race, ethnicity, class, gender, or any other attribute.

vii. The needs of future generations are reflected in current policies.

viii. Economic and social policies are responsive to people’s needs and aspirations.

ix. Economic and social policies aim at eradicating poverty and expanding the choice that all people have in their lives.\textsuperscript{43}

\textsuperscript{41} Supra note 11 at 804.

\textsuperscript{42} Supra note 12 at 55.
It is, therefore, very difficult to give a comprehensive definition of good governance which comprises all these elements. This concept does not enjoy uniformity of meaning. But this is not a finished product. It is a dynamic and progressive concept and emerging factors help in refining it every moment. It encompasses fast-changing political, social and economic milieu along with international environment and conditions of operational governance. It means different things to different organizations and also different thing for actors working within and with these organizations. Hence one single exhaustive definition is difficult to give and delimitation of its scope is also difficult. The term is flexible and flexibility sometimes may lead to problem in conceptual clarity. Hence, this gives opportunity for periodical rethinking and remodeling of concept and also institutions of governance. The search for good governance is a continuing exercise.\textsuperscript{44} Good governance has eight major characteristics. It is Participatory, consensus-oriented, accountable, Transparent, Responsive, effective and efficient, equitable and inclusive and follows rule of law. Good governance assures that corruption is minimized, views of minorities are taken into consideration and that voices of most vulnerable in the society are heard in decision-making, exercises prudence in policy-setting and decision-making, and that the best interests of all stakeholders are taken into account. It is also responsive to the present and future needs of society.

2.5 Characteristics of Good Governance: An Overview

As mentioned earlier good governance has eight major characteristics. The figure D below clearly depicts those eight characteristics.

\textbf{Figure :D}

\textsuperscript{43} Supra note 31 at 48.
\textsuperscript{44} Supra note 2 at 32.


2.5.1 Participation

The participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision-making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.\textsuperscript{45} The principle of participation derives from an acceptance that people are at the heart of development. They are not only the ultimate beneficiaries of development, but are also the agents of development. In the latter capacity, they act through groups or associations (e.g., trade unions, chambers of commerce, nongovernmental organizations(NGOs), political parties and as individuals (e.g., through letters to newspaper editors, participating in radio and television talk shows, voting. Development is both for and by the people so their participation is important in decision-making.\textsuperscript{46}

2.5.2 Rule of Law

Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, especially of minorities. It advocates impartial enforcement of laws and for that impartial judiciary is important and with that incorruptible police force.\textsuperscript{47}

2.5.3 Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media. Transparency refers to the availability of information to the general public and clarity about government rules, regulations, and decisions.

\textsuperscript{45} Shefali Kalia, \textit{Good Governance and Development} 19(New Century Publications,New Delhi,2004)


\textsuperscript{47} Supra note 45 at 20
2.5.4 Responsiveness
Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

2.5.5 Consensus-oriented
There are several actors and as many viewpoints in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community. \(^{48}\) Good governance mediates differing interests to reach a broad consensus on what is in the best interests of the group and where possible on policies and procedures. \(^{49}\)

2.5.6 Equity and inclusiveness
A society’s well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being.

2.5.7 Effectiveness and efficiency
Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

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\(^{48}\) Supra note 2 at 81.

2.5.8 Accountability

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law. Thus good governance is an ideal which is difficult to achieve in its totality. There are only few countries and societies that have come close to achieving good governance in its totality. However for sustainable human development, actions need to be taken to work towards this ideal with the aim of making it a reality.

The concept of good governance has been clarified by the work of the Commission on Human rights. In its resolution 2000/64 the commission recognized the importance of a conducive environment, at both the national and the international levels, for the full enjoyment of all human rights and promoting growth and sustainable human development. It identified that key attributes of governance are transparent, responsible, accountable and participatory government, responsive to the needs and aspirations of the people, is the foundation on which good governance rests, and that such a foundation is a *sine qua non* for the promotion of human rights. At the Millenium summit in September 2000, the United Nations adopted UN Millenium Declaration and set out series of time-bound targets, with a deadline of 2015, that have become known as *Millenium Development Goals*. These goals were as follows:

1. To eradicate extreme poverty and hunger
2. To achieve universal primary education
3. To promote gender equality and empower women
4. To reduce child mortality

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50 Supra note 46.
51 Supra note 2 at 83.
5. To improve maternal health
6. To combat HIV/AIDS, malaria, and other diseases
7. To ensure environmental sustainability
8. To develop a global partnership for development.

The world has made significant progress in achieving these goals but the progress has been far from uniform across the world or across the goals. There are huge disparities across and within countries. Sub-Saharan Africa is still epicenter of the crisis. Asian region showed progress but still hundreds of millions of people fail to achieve the goals. Other regions like Latin America, Middle East showed mixed records. The UN missed an opportunity in 2000 when the original MDGs failed to include an outright governance indicator. Recognizing the importance of global governance to development, the High Development Panel appointed by the UN Secretary General to review the post-2015 Millennium Development Goals (MDGs). In July 2012, Secretary-General Ban Ki-Moon announced the 27 members of a High-level Panel to advise on the global development framework beyond 2015, the target date for the Millennium Development Goals (MDGs). The work of the Panel reflected new development challenges while also drawing on experience gained in implementing the MDGs, both in terms of results achieved and areas for improvement. The High-Level Panel submitted its report containing recommendations to the Secretary-General on 30 May 2013. It recommended that a governance indicator be added to the new MDG framework. In recent years, scholars have developed a significant body of evidence to support the notion that good governance leads to improved economic growth. Daniel Kaufmann, a World Bank economist, research work of Daron Acemoglu and James A. Robinson’s Why Nations Fail, etc all support the view that for better development, good governance is important. Many world leaders like David Cameron, Ngozi Okonjo-Iweala, Nigerian finance minister and member of the High Level Panel (HLP) explicitly endorsed the need for governance. But getting a good governance indicator included in the post-2015 MDGs was not easier due to criticism of concept of good governance.

55 Ibid.
2.6 A Critique of the Concept of Good Governance

Good governance is seen by many as an amorphous term that does not lend itself to an easy definition. Further, there is a question of how good governance could be measured in a quantifiable manner. There was significant political opposition from countries that fear they would do poorly under any governance MDG. The concept of good governance was criticized as set out by donor agencies and this assumes democratic government which is able to provide necessary checks and balances to ensure that State acts in the interests of society. According to these donor agencies, a competent and accountable government supported by vigilant social institution should provide good governance for the society. This approach has been criticized by many persons as an encroachment upon the sovereignty of nations. It was said that donor agencies including the World Bank can not dictate as to which form of government should prevail in any country. This approach has also been criticized for spreading the gospel of capitalism as reducing the role of government and increasing the role of market appears to point in this direction. It is assumed that the system of good governance as prevailing in the developed countries is the panacea for the ills prevailing in underdeveloped countries and this is not right. Bo Rothstein in his article Good Governance has critically analysed and interpreted the various elements included in good governance. He criticized World Bank definition of governance. World Bank and other international bodies cannot deal with governance issues which impinge on the political realms of member states. Sound policies which international bodies recommend raise other issues. The first question is “who is to determine what sound policies are”? International financial bodies are manned largely by economists, financial experts and technical professionals. Can they decide policies independent of the views of leaders of aid receiving countries? Suppose for example the question as to what should be the appropriate share of private and public investment in programmes for social security, health care or primary education crops up. The sound policy in this area cannot be determined only by experts without considering the political dimensions of the problem. But bowing to these forces was not an option. Improving governance in the developing world is critical to creating broad-based

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57 Ibid.
58 Supra note 45 at 29.
economic growth and ending dependence on donors for the delivery of public goods. The High-Level Panel (HLP) understood this and endorsed the need for not only a good governance MDG, but embedded it throughout the other proposed MDGs. The desire for transparent and accountable government is not just limited to the West but is essential in developing countries also.\(^6^0\)

The MDGs were supposed to be achieved by 2015. A further process was needed to agree and develop development goals from 2015-2030. Discussion on the post-2015 framework for international development began well in advance. On 25 September 2015, the 193 countries of the UN General Assembly adopted the 2030 Development Agenda titled Transforming our world: the 2030 Agenda for Sustainable Development. The Official Agenda for Sustainable Development adopted on 25 September 2015 has 92 paragraphs, with the main paragraph (51) outlining the 17 Sustainable Development Goals and its associated 169 targets. Despite the UN describing the MDGs as the most ‘successful anti-poverty movement in history’, there were some important factors missing. They did not include the root-causes of poverty etc. They did not include governance. In the post-2015 agenda, however, good governance has been acknowledged as a fundamental element of long-term development. Of all the Sustainable Development Goals (SDGs), goal 16 has the reputation of being one of the most complicated because it has the highest number of targets i.e. 12, and the lowest means of implementation. The tricky question is: how can governance quality be measured? and how do you define ‘good governance’. Target 16.7 aims to ‘ensure responsive, inclusive, participatory and representative decision-making at all levels’. Although it is difficult to measure governance, but the important thing is that governance has got into the goals. “Goal 16 is a Pandora’s box, but the box is open now”.\(^6^1\) The adoption of governance focused SDG i.e. goal 16 and its targets is being claimed a great victory for proponents of good governance. All UN member states approved the goal to ‘build effective, accountable and inclusive institutions at all levels and committed to develop action plans to achieve targets that substantially reduce corruption, practice responsive, inclusive and participatory decision-making, and ensure public access to information. But all of these commitments are subject to national legislations that vary broadly in scope in terms of

\(^{60}\) Supra note 56.

access to information, public participation and strength of anti-corruption policies and institutions. Moreover, governments involved have different opinions on what key concepts such as rule of law, fundamental freedoms, and accountable institutions mean. Therefore, World Bank report *Governance and Development* (1992) heralded a new dimension to the whole issue of governance in Third World Countries. It stressed that good governance is a necessary condition of efficient and effective administration in the newly democratic frameworks of such countries which have gained independence in the past four decades and are trying to catch up with the western paths of development. No doubt there are many challenges to good governance but it is important for development and without good governance no country can achieve the targets. This World Bank recipe of good governance has emerged at the forefront of global agenda for development. This has been recognized at the global level and that is why Sustainable Development Goals has also focused upon good governance.

When the concept of good governance first emerged, it was linked to human rights. The 1989 African study report also highlighted the need for rule and law and respect for law and human rights at every level of government. This was based on Article 21 of the Universal Declaration of Human rights. Initially the World Bank kept itself focused on economic aspects of its work and followed strict interpretation of Bank’s Articles of Association. The Bank’s non-political mandate, would not allow the Bank to deal with political and civil human rights. With regard to human rights the Bank could only consider social and economic rights. But human rights are universal, indivisible, interdependent and interrelated. It was realized that corruption is high on the agenda of World Bank and realization of human rights is possible only if measures for curbing the corruption are taken. The human rights were brought within the mandate of Bank. For the World Bank human rights are not an independent component of good governance and a framework of good governance, if actually established, leads to a significantly increased

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63 *Supra* note 2 at 60
65 Article 21 Universal Declaration of Human rights: (1) Everyone has the right to take part in the government of his country, directly or through freely chosen representatives.
(2) Everyone has the right of equal access to public service in his country.
(3) The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.
effectiveness of human rights.\textsuperscript{66} As mentioned earlier good governance is an evolving concept and it is now believed that without good governance, human rights cannot be respected and protected in a sustainable manner. Good governance and human rights are mutually reinforcing as human rights principles provide a set of values to guide the work of governments and other political and social actors. They also provide a set of performance standards against which these actors can be held accountable. The implementation of human rights relies on a conducive and enabling environment.\textsuperscript{67} Although human rights empower people, they cannot be respected and protected in a sustainable manner without good governance. The Human Rights Council has recognised that ‘transparent, responsible, accountable and participatory government, responsive to the needs and aspirations of the people, including women and members of vulnerable and marginalized groups, is the foundation on which good governance rests and that such a foundation is an indispensable condition for the full realization of human rights, including the right to development.\textsuperscript{68} Thus concept of good governance has evolved to such an extent that now there is universal acceptance and consensus that without the promotion of good governance human rights can not be realized at all.

2.7 Good Governance - The Indian Context

In modern western sense, the term good governance is of recent origin but in India, the idea of good governance as old as Indian civilization. Ensuring goodness in governance and raising its level has always been the considered goal of the people and persistent demand of the articulate sections in any society. The earliest Indian literature gives many examples of good governance and are discussed as follows:

2.7.1 The Idea of Good Governance in Ancient Indian Scriptures

Good governance is not a new phenomenon. Although this term good governance in its present form has been coined by World Bank in modern world but in entire human history, it has been recognized that the state and its machinery should work for the welfare and well-being of

\textsuperscript{66} Supra note 5.
masses. Its need has been universally accepted irrespective of time and space parameters. In fact this has been a sole criterion on the basis of which states or governments have been designated as good or bad whether the classification was made by the Greek political thinkers like Plato and Aristotle or by Indian philosophers like Manu (Manusmriti), Kautilya (Arthshastra) etc. Governance should be ‘good’ is universally accepted fact. Governance as a process denotes a value-free dispensation whereas good governance connotes certain value assumptions. Thus good governance is a value laden concept. The word ‘good’ derives from the word God and carries an innate sense of judgement, i.e., what is right, what is wrong; what is just, what is unjust; what is fair, what is unfair; what is moral, what is immoral. So when the judgement or deed is just, right, fair or moral it is good. In the context of good governance it means right or just or moral judgements made by those exercising authority in the public interest. Now question arises what is public interest? Public interest at best means an aggregation of the interest of the many but certainly not of all. This comes closer to western thinking represented by Bentham – ‘the greatest good of the greatest number’ or ‘maximum good of the maximum number’ which rarely encompasses universality. On the contrary, the Hindu concept of ‘Common Good’ emphasizes on Sarva (all and everyone) instead of Bahu (the greatest number). Thus, from the Indian perspective when we speak of the term, it is clear from the famous dictum ‘Sarva jana hitaih, Sarvajana sukaiah’ which means ‘universal welfare and happiness of all and every one’. On this basis good governance means such judgements, actions or deeds of those engaged in the process of governing which aimed at the welfare of all. Thus, ‘public service as an ideal’ is the classical view of good governance. Good governance is not a new concept in India as it is as old as Indian civilization. The details of this concept are implicitly mentioned in descriptions of Indus valley civilization and vedic civilization. In India vedic literature is earliest. There are four Vedas and among Vedas Rig Veda is the earliest followed by Yajur Veda, the Sam Veda and the Ather Veda, then the Brahmans, the Aranyakas and the Upanishads. According to this literature ancient Indian polity was based on the principles of righteousness and deviation from these principles used to be considered immoral and sometimes even punishable. Few instances from these scriptures are as follows which talk

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69 Supra note 4
70 Supra note 2 at 55.
71 C.L.Baghel and Yogendra Kumar, Good Governance, Concept and Approaches 21(Kanishka Publishers, Distributers, New Delhi, 2006).
72 Supra note 2 at 101.
about good governance. The *Rig Veda* states ‘Atmano mokshartham jagat hitayach’ i.e., the dual purposes of our life are emancipation of the soul and welfare of the world. Private good or self-promotion should be subservient to the greatest good of all. ‘Brihadaranya Upanishad’ states that it is the responsibility of the king to protect Dharma, the public good, so that all citizens get equal opportunity and that the weak are not exploited and harassed by the strong.73 There are many other verses from *Yajur Veda*, *Brahmanas*, *Upanishads* etc which advice the king to be protector of people and to maintain common good (righteousness).

The concept of Ram-Rajya i.e. rule of Lord Ram over his kingdom as mentioned in ‘Ramayan’ has become synonymous with good governance. Lord shri Ram established ideal governance in *Treta-Yug*, popularly known as Ram-Rajya. Even today Ram Rajya is considered ideal form of government to be cherished where there is absence of corruption, absence of law and order, and there is promotion of happiness and welfare of people. Lord Rama treated people from all vernas like *Brahmans*, the *Kshatriyas*, the *Vaisyas* and the *Shudras* alike.74 In modern India Mahatma Gandhi advocated Ram-Rajya and what he dreamt was equal rights alike of pauper and prince. Mahatma Gandhi was an ardent devotee of Sri Ram who is adorned by Hindus as an incarnation of God Vishnu. The holy texts asseverate that Ram Rajya (when Ram ruled) was an ideal state in which there existed brotherhood of man, no class differences, no sex distinctions, no poverty, no scarcity, no disease and all people were treated equal and lived happily without fear or jealousy. During Indias’s freedom struggle and more so after achievement of independence in 1947, Gandhi frequently referred to Ram Rajya as the ultimate goal of Indian society. However, Gandhi did not spell out the concept and left it conveniently vague i.e. there is no precise connotation of the concept, no unambiguous definition and no elucidation for guidance in his writings. It has given rise to various concepts of ideal state. But from two sources Ramayana and the Hind Swaraj idea of Ram Rajya can be implied. There are two *Ramanayas*, both in verse, one composed by Valmiki in Sanskrit and supposed to have been produced even before Ram was born, in sixth century B.C., and the *Ramcharitmanas* by Goswami Tulsidas(1554-1607 A.D.) in Hindi. Both essentially narrate the same story. Mahatma Gandhi concept of Ram Rajya was most likely derived more from Ramcharitramanas than from Valmiki’s poem. Gandhi’s views must have been reinforced by Tulsidas’ artless

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73 Supra note 19.
74 S.L.Goel, *Administrative and Management Thinkers (Relevance in New Millennium)* 64 (Deep and Deep Publications,2008).
description of *Ram Rajya* in the last canto of his poem. It seems to have fired the imagination of Mahatma Gandhi and enthused him and he recommended it to Indians without pondering whether or not it was realistic or could be implemented by any means.\textsuperscript{75} The *Shanti Parva* or the ‘Book of peace’ is the twelfth of eighteen books of the Indian epic *Mahabharata*. It recites duties of the ruler, *Raj Dharma*, and good governance.\textsuperscript{76} After the war the king Yudhishthir approached the wounded grandfather *Pitamaha* Bhishma to give him a discourse on the ways of good governance. *Pitamaha* advised that the main purpose of a king is to protect *Dharma* (righteousness) because *Dharma* is foundation of good governance. It is duty of king to seek and promote the welfare of its subjects, to observe truth, and to act sincerely. The main purpose of king is to protect *Dharma* and to bolster righteousness, and to be free from indolence and desires. One should know that a king is the defender of all.\textsuperscript{77} *Manusmriti* is the most important and and widely studied ancient legal text translated during the British rule of India in 1794 by Sir William Jones. It comprises of discourses of Manu and Bhrigu on *Dharma* topics such as duties, rights, laws, conduct, virtues and others.\textsuperscript{78} It includes not only principles for the moral duties of all persons, but also special canons for the conduct of kings, officials and administration of justice. According to *Manusmriti* Brahma has created king to be protector of the *Verna* and public order (common good). The King in discharging his duties shall order all his officials to work for the good of his subjects. There are many other verses which talk about good governance.\textsuperscript{79}

Kautilya’s (Prime minister of chandegupta Maurya) *Arthashastra* in ancient Indian history is considered best treatise on good governance. *Arthashastra* is not part of *Dharamashastras* (scriptures) but it’s a treatise on rules of governance for the king. Some illustrations from *Arthashastra* are as follows:

1. “In the happiness of his subjects lies his happiness; in their welfare his welfare; whatever pleases him (personally) he shall not consider as good, but whatever makes his subjects happy, he shall consider good.”

* (Arthashastra, Book I, Chapter XIX, 39)

\textsuperscript{75} Prem Nath Bazaz, *The Shadow of Ram Rajya over India*, 19 (Spark Publishers, New Delhi, 1980).

\textsuperscript{76} “Shanti Parva”, available at: https://en.wikipedia.org/wiki/Shanti_Parva (Visited on September 06, 2015).

\textsuperscript{77} Supra note 71 at 29.


\textsuperscript{79} Supra note 71 at 30.
2. The king should look to the bodily comforts of his servants by providing such emoluments as can infuse in them the spirit of enthusiasm to work. He should not violate the course of righteousness and wealth….Thus ,the king shall not only maintain his servants ,but also increase their subsistence and wages in consideration of their learning and work.

*(Arthashastra, Book V, Chapter III,247,249)*

According to Kautilya ,king is the servant of state and should not work for his own benefit. Its responsibility to maintain law and order and take measures against corrupt officials. There are many other examples of Indian model of good governance in rules of Chandegupta Maurya,in the rule of Ashoka ,Chandegupta Vikramaditya and so on. In *Arthashastra* of Kautilya , we find the fullest and the most systematic treatment of the ancient Indian theory of government. It covers all aspects of governance and to this day, therefore, that system of governance is relevant in terms of basic principles of statecraft and governance. Most of the basic features of modern day concept of good governance i.e., responsiveness of the government, efficiency of administration, well-being and prosperity of people, overall development of the political community, good quality of life, ethical upwardness and economic affluence have got prominent place in Arthashastra. In an age of monarchy and legitimised ascriptive inequality, Kautilya alone called the king a servant of the state who would harbor no personal likes, it would be rather the likes of the servants that would be followed by him. This *magnum opus* talked about merging of individuality of king with his duties, a properly guided administration, law and order chief duty of king etc. All these are indicators of good governance even today in the age of democracy. Therefore, idea of good governance in India is as old as Indian civilization. During the British rule, despite some semblance of good governance, the objective of the governance was political consolidation, economic exploitation and administrative elitisation, through which the colonial masters maintained tight control over the empire. The British rule was concerned with maintenance of order, enforcement of law and collection of revenue. The involvement of government during the British regime in the economic and social spheres was confined to mainly

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81 *Supra* note 2 at 105
the tasks like building and maintaining a modest transport and communications system, regulation of indigenous trade and commerce and providing a modicum of facilities in the fields of education and health. The development, people’s welfare, citizen’s problems concerning food, clothing, shelter, etc did not form part of agenda of governance. The principles of good governance in such situations could not have been people-oriented, country-friendly and welfare dictated. They were minimal, not maximal (not even optimal); they were status-quoistic, not progressivist, restrictive, not permeative, given to laissez-faire-ism, not socialistic communitarianism, mechanistic and not humanistic.84

2.7.2 The Evolution of the concept of Good Governance Post- Independence Period

Inspired by these values, the framers of the Constitution of India laid down the foundation of effective governance for the country by declaring it as sovereign, socialist, democratic, secular and federal republic. The basic characteristics of the Constitution emerge from the ideals of participatory democracy, guaranteed fundamental rights to the citizens, secularism, co-operative federalism and independent judiciary empowered to review the action/inaction of legislatures and the executives to achieve the objectives of socio-economic and political justice.85 The Constitution recognizes the diversity in the Indian society and provides opportunities for all citizens, irrespective of caste, creed, religion, gender, etc. to realise their true potential in a multicultural environment. This includes affirmative actions in favour of those who have been deprived by incorporating need based accelerated growth for their mainstreaming. It casts responsibilities on all the three organs of the government to implement these values enshrined in the Constitution. While it does not specifically use the term ‘good governance’, in effect the mandate amounts to the same.86 The Indian governance scenario in first one or two decades after independence kindled some hope but this hope extinguished thereafter. The system failed on several fronts owing to several reasons like population, corruption, education, fracturisation etc. Although, on paper and theoretically, we had a grandiose framework of ideals, in real state-life, the future vision and lofty missions that we had during the initial years after independence were lost on the wayside. Good governance was a casualty. In order to retrieve the situation need for

85 A.S.Narang, Indian Government and Politics 42 (Gitanjali Publishing House, New Delhi,1996)
reforms (Political, judicial, administrative, socio-institutional, and people’s participation for good governance, etc) was felt. 87

Since independence, many steps were taken to bring structural and functional changes in the administrative set up to make governance better. Many commissions and committees were constituted to bring reforms. After independence, socialistic model of economy was adopted and this led to government control over everything. Private sector had little role to play and there was indirect control. Private sector was required to take licenses from government for their business ventures and this led to license raj. This centrally planned economic model involved lots of approvals, several layers of bureaucracy, regulations and red-tape and this led to corruption in the system. The corruption was not confined to transactions between businessmen and bureaucrats to get licenses but also between common man and bureaucrats and ultimately this corruption trickled down to lowest rung of bureaucracy i.e., from higher levels of the system down to the lowest system.

This closed economic model continued and later on it was realized that this has led to corruption and that pushed India into an economic dark age. In order to check corruption in bureaucracy and to make administration clean, efficient and impartial many commissions and committees were formed like Pay commissions, Santhanam committee, Administrative reforms commission, etc. Hence, public money which was supposed to be spent on developmental and welfare activities was being usurped by bureaucrats and politicians and situation was so grave that only 15 paise reached the unprivileged out of every one rupee sent by government. The government machinery/public administration drifted from its real goal enshrined in constitution i.e., welfare of masses and it became a burden on exchequer due to its size and corrupt practices. Therefore, it was realized that overhauling of public administration is necessary. The concept of good governance emerged in the global scenario under the banner of 2nd Minnbrook Conference 1988 which put emphasis on the need of economy, efficiency and effectiveness (3Es) of administration. 88 At the Minnowbrook conference II, 1988 one of the areas of discussion was study of public administration in changing scenario of liberalization, globalization, privatization. The social and economic environment at that time demanded that government is indispensable but there should be less government and more governance, downsizing of

87 Supra note 84 at 419-422.
88 Supra note 4 at
state, promotion of market economy, privatization, importance to civil society organisations like NGOs. It was stressed upon in this conference that there should be a sound personnel system to ensure good administration. Later on good governance also entered the lexicon of public administration after World Bank report on Sub-Saharan Africa.\(^8^9\)

Indian economy was also facing crisis as by 1985 India had started to face balance of payment problems and by the end of 1990 the crisis turned severe. India approached World Bank and International Monetary Fund (IMF) to bail out itself from deep economic crisis. Poor macroeconomic policies in 1980s and on top of that corruption led to unsustainable fiscal and external imbalances. These institutions tracked the political situation in India and also its capability to bring reforms. Then these twin institutions put conditions on India before giving loan so that India can overcome crisis. There was ‘Structural Adjustment Programme’ (SAP) for India also under which loan was given to India. New economic policy was adopted in India in 1991 also called economic reforms.\(^9^0\) It’s not that reform measures in India were not taken when economy was showing stress. Arjun Sengupta committee and L.K. Jha Economic Administration Reforms Commission in 1980s were constituted to suggest measures to contain stress but they could not bring substantial change. The 1991 reforms brought radical changes in the form of liberalization, globalization, privatization and free-market economy which was paradigm shift.\(^9^1\)

The nature of Indian economic system changed from socialistic economy to free market economy or mixed economy. The role of public sector got reduced and role of private sector expanded and enhanced. There was socialist system in Soviet Russia and centrally planned socialist economies in Eastern Europe and that collapsed at that time and that was one of the stimuli for adoption of free-market economy. The breakdown of their economic system unleashed the worldwide forces of globalization and economic liberalization. Almost all the countries including communist China brought new liberal economic reforms and India was facing crisis as well so it followed new liberal economic policies. Under New policy 1991 in India instead of planning and licensing, private sector would now be governed by market forces i.e. demand and supply. Predominant role of public sector was abandoned and private sector was given greater role. Under New Economic Policy following changes were brought

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\(^{8^9}\) S. Polinaidu, *Public Administration* 78 (Galgotia Publication, 1st edn, New Delhi, 2004)


\(^{9^1}\) Shriram Maheshwari, *Administrative Reforms in India* 231 (Macmillan, Reprint, 2008).
- Dereservation of industries of the public sector
- Liberalization: Abolition of industrial licensing System
- Privatization of public sector enterprises
- Welcoming foreign technology and private foreign investment
- Trade liberalization
- Currency convertibility and floating of Indian rupee\(^2\)

These reforms also reduced corruption. Liberal economic reforms had an impact on role of state and public administration in all developing countries which adopted reforms and these have an impact on public administration of India as well. Structural Adjustment Programmes of World Bank and IMF consist of many conditions and improving governance and fighting corruption were among them.

There were crisis in Indian administration and despite of the fact that many commissions or committees were constituted to suggest measures to fight corruption and improve governance, problem was still prevailing. At global level good governance had become buzzword in 1990s and had entered the vocabulary of public administration and besides that international financial institutions like World Bank and IMF in their Structural Adjustment Programme for India for structural adjustment and stabilization laid down conditions which included the improvement of governance and curb corruption. Moreover, during this era of 1990s New public management (NPM) had become a movement which got worldwide recognition. The birth of NPM was heralded by David Osborne and Ted Gaebler’s book entitled *Reinventing Government* in 1992 as already mentioned in the previous chapter. Many countries of the world responded to this new paradigm in following ways

i. Cutting down size of bureaucracy

ii. Devolution of authority and people’s participation in administration

iii. Declaring citizen’s charters as part of good governance

Greater accountability, openness and transparency in administration.\(^3\)

And so on…


\(^3\) *Supra* note 89 at 86.
In America, New Performance Review (NPR) was started by Bill Clinton. This was his version of New Public Management. This was administrative reform initiative taken in response to NPM and Osborne and Gaebler’s book *Reinventing government*.  

Therefore, appropriate steps were required to be taken in Indian administration to restructure or redesign it to make the governance better in the light of new facts and circumstances. It was realized that local bodies should be re-established with more clear constitutional provisions on the other front.

It is a mere co-incidence that Bill which sought to strengthen the Panchayati Raj Institutions for giving power to the people was synchronous with the emergence of the World Bank’s recipe for good governance. It is also a matter of chance that the 72nd Amendment Bill(1992), which was enacted as the 73rd Amendment Act (1993), followed the adoption of the New Economic Policy, 1991. *Vohra Committee Report* also came in 1993 and it studied problem of criminalization of politics and of the nexus among criminals, politicians and bureaucrats in India. Therefore, India in tune with all these changes at the international level like NPM, NPR, David Osborne and Ted Gaebler’s book entitled *Reinventing Government* in 1992, World Bank reports on good governance, Structural Adjustment Programmes of WB and IMF, adoption of Globalisation, privatization, liberalization due to collapse of Soviet Union and Eastern European countries economic system which was based on communism, and then changes at the national level like New Economic policy 1991, 73rd and 74th Amendment Acts of 1992 and 1993 respectively, Vohra Committee Report 1993, also recognized the need to bring reforms for better governance. All these events inspired India profoundly and it became important also to take corrective steps as image of the bureaucracy was bad.

It’s quite obvious that liberal economic reforms demand that state should retreat from its expansionist and interventionist agenda and this leads to decrease in size, role, of bureaucracy. New economic policies demand de-licensing and deregulation and that causes debureaucratization of administration. Their role gets changed and therefore they have to be made familiar with the their new responsibilities under new system introduced by economic

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reforms. Under the new economic reforms, bureaucrat is required to be responsive, competitive and accountable. But this was not the case in 1990s. All this became the backdrop against which *The Conference of Chief Secretaries* was held on Nov 20, 1996. “The label that had gained currency in referring to the different strands and nuances of the reform was ‘Responsive Administration’.” The 8-page Discussion Note (titled *An Agenda For Effective and Responsive Administration*) framed by the Union Government’s Department of Administrative Reforms and Public Grievances for *The Conference of Chief Secretaries* may be thought to constitute an officially authenticated statement of the scale and scope of the Indian reform.

It was imperative for government to reinvent itself and redefine its role. It was admitted in the conference that bureaucracy had become inaccessible, indifferent, prone to corruption and not accountable. Therefore, it was high time to make administration/bureaucracy efficient, cost-effective, open, responsive, people-sensitive, accountable, clean. It was recognized in the conference that “governance has to extend beyond conventional bureaucracies to involve actively citizens and consumer groups at all levels, to empower and inform the public and the disadvantaged groups, and to ensure service delivery and programme execution through autonomous elected local bodies”.

The Chief Secretaries Conference was called to develop ‘An Agenda for an Effective and Responsive Administration’ to make the public services more efficient, clean, accountable and citizen-friendly. The Conference recommended many things and *Citizen’s Charter* was one of the recommendations. As a sequel, the Department of Administrative Reforms and Public Services in 1997 prepared an *Action Plan on Effective and Responsive Administration* based on the responses and reactions received from the officials, experts, voluntary agencies, citizen’s groups, media, etc. The three main areas of Action Plan that were discussed in the *Conference of Chief Ministers* on May 24, 1997 were:

i. Making administration accountable and citizen-friendly

ii. Ensuring transparency and the right to information

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96 *Supra* note 89 at 42.
97 *Supra* note 94.
iii. Taking measures to cleanse and motivate civil services.\textsuperscript{100}

Thereafter, it was recognized that good governance is the panacea for all administrative maladies. But administrative reforms was one of the initiatives towards good governance. Various other initiatives were there which needed to be taken and started being taken thereafter towards good governance like Citizen’s Charter, Right to Information Act, 2005, capacity building for good governance, e-governance, institutions to ensure accountability, Second Administrative Reforms Commission 2005, strengthening of Panchayati raj institutions, etc and finally good governance became most important issue of concern. Subsequently even the five-year plans identified good governance as single most important factor for the realization of five-year plan objectives, e.g. 10\textsuperscript{th} five year plan (2002-2007) ‘chapter six’ is about governance and implementation and later on 11\textsuperscript{th} and 12\textsuperscript{th} Five-year plans also emphasize on good governance. The opening paragraph mentions that “the issue of governance has in recent times emerged at the forefront of the development agenda. Good governance is one of the most crucial factors required if the targets of the tenth -Plan are to be achieved. It is also this factor, or rather lack of it, which could be the cause of missed development opportunities.” \textsuperscript{101}

The eleventh-plan states that there are different definitions of good governance but it is generally agreed that good governance must be broadly defined to cover all aspects of the interface between individuals and businesses on the one hand and government on the other. This Plan outlines the distinct dimensions which good governance should cover in the Indian situation. To quote the plan document:

i. As a democratic country, a central feature of good governance is the constitutionally protected right to elect government at various levels in a fair manner with effective participation by all sections of the population. This is basic requirement for the legitimacy of the government and its responsibility to the electorate.

ii. The government at all levels must be accountable and transparent. Closely related to accountability is the need to eliminate corruption which is widely seen as a major

\textsuperscript{100} R. B. Jain, Public Administration in India: 21\textsuperscript{st} Century Challenges for Good Governance 213-214 (Deep and Deep Publications, 2001) available at: https://books.google.co.in/books?id=iF_WdSPL1EC&printsec=frontcover&dq=isbn:8176293504&hl=en&sa=X&ved=0ahUKEwijL4tK1oP7QAhXDN48KHQGeDWgQ6AEIHDAAA#v=onepage&q&f=false (Visited on September 11, 2015).

\textsuperscript{101} Planning Commission of India, Tenth Five-Year Plan 2002-2007 (Publications Division, Government of India, 2002).
deficiency in governance. Transparency is also critical, both to ensure accountability and also to enable genuine participation.

iii. The government must be effective and efficient in delivering social and economic public services, which are its primary responsibilities. This requires constant monitoring and attention to the design of our programmes. In our situation, where the responsibility for delivery of key services such as primary education and health is at the local level, this calls for special attention to ensuring the effectiveness and efficiency of local governments.

iv. Governments at lower levels can only function efficiently if they are empowered to do so. This is particularly relevant for the PRIs which currently suffer from inadequate devolution of funds as well as functionaries to carry out the functions constitutionally assigned to them.

v. An overarching requirement is that the rule of Law must be firmly established. This is relevant not only for relations between the government and individuals enabling individuals to demand their rights but also for relations between individuals or businesses. A modern economic society depends upon increasingly complex interactions among private entities and these interactions can be efficiently performed only if legal rights are clear and legal remedies for enforcing these rights are swift.

vi. Finally, the entire system must function in a manner which is seen to be fair and inclusive. This is a perceptual issue but it is real nonetheless. Disadvantaged groups especially the SCs and STs, minorities and others, must feel they have an equal stake and should perceive as adequate flow of benefits to ensure the legitimacy of the state.  

The above account given in the eleventh-plan covers all the main ingredients of good governance. This is how good governance became prominent slogan in India.

The issue of decentralization and devolution of political, economic and administrative authority and power has become the focus of intensive debate in both political as well as academic circles. Decentralization implies not only sharing of the decision-making authority with lower levels in the organization but also in the context of institutional framework of division of power. Decentralization combined with

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102 Supra note 59 at 68.
democratization, in its electoral representative form, might provide greater transparency, accountability, responsiveness, probity, frugality, efficiency, equity and opportunities for mass participation. The concepts of decentralization have changed rapidly over the past quarter of a century in tandem with the evolution in thinking about governance. As the concept of governance became more inclusive, decentralization took on new meanings and new forms. The first wave of Post-World War II thinking on decentralization, in the 1970s and 1980s, focused on deconcentrating hierarchical government structures and bureaucracies. The second wave of decentralization, beginning in the mid-1980s, broadened the concept to include political power sharing, democratization, and market liberalization, expanding the scope for private sector decision-making. During the 1990s decentralization was seen as a way of opening governance to wider public participation through organizations of civil society. The governments around the world began to decentralise their hierarchical structures during 1960s and 1970s to make public service delivery more efficient and to extend service coverage by giving local administrative units more responsibility. During the same period globalization forced some governments to recognize the limitations and constraints of central economic planning. A shift during the same period in development theories and strategies in international aid agencies away from central economic planning and trickle-down theories of economic growth toward meeting basic needs, growth with equity objectives and participatory development also led to increasing calls for decentralization. International assistance organizations promoted decentralization as important for development that dependent primarily on self-help by local communities and local governments. The continued weakening of centrally planned economies, the waning of cold war, and the rapid growth of international trade and investment, economic and political forces reshaped conventional concepts of not only economic development but governance and decentralization as well. The authoritarian regimes fell in Latin America in 1980s and in Central and Eastern Europe during the early 1990s and the rapid spread of market economies and more democratic principles in East Asia brought renewed interest in decentralization. In Latin America, East Asia and Central Europe, governments overseeing the transition from state-planned to market economies focused on strengthening the private sector,  

104 Ibid.
privatizing or liquidating state enterprises, downsizing large central government bureaucracies, and strengthening local governments. The international financial institutions like International Monetary Fund, the World Bank, and other development organizations prescribed decentralization as part of structural adjustment. The governments were also pressured to decentralize by political, ethnic, religious, and cultural groups seeking autonomy in decision-making and stronger control over national resources. Calls for devolution or autonomous rule originated in many countries including India. Decentralization was advocated for countries whose size, social, economic, and political complexities become untenable to administer from one centre. In the same period good governance came to be seen as transparent, representative, accountable and participatory systems of institutions and procedures for public decision-making. It was realized decentralization can be instrumental in promoting good governance.\textsuperscript{105} The good governance has now received wide-ranging endorsement and its need is being increasingly felt not only for administrative efficiency, but also for economic development and social justice. The decentralization especially democratic decentralization has been widely recognized as the key to good governance because it is considered necessary for ensuring its essential ingredients – transparency, accountability and responsiveness. India also embarked on the goal of good governance. But how decentralization is important to attain this goal is discussed in following chapters.