Chapter III
GOVERNANCE AND INSPECTION – SOME THEORETICAL ISSUES

The purpose of this study is to examine the role of inspections in governance of the Department of Posts. Government of India has set up the Department of Posts to provide communication services to the people of India. It is entrusted with the responsibility to provide efficient and reliable quality service to the people. In this chapter it is proposed to examine some theoretical issues relating to governance and inspection.

Inspection of post offices in Department of Posts has a long history of more than a century. For many years it was one of the very important tools for ensuring compliance of its employees to rules thereby providing quality service and good governance. The importance of inspection in governance has been recognized by many scholars. These studies show that inspection can be a promoter of good governance and can also be the cause of bad governance. In order to reduce the harmful effects of regulatory inspections scholars have suggested reforms to inspection systems. These studies demonstrate the important role of inspections in governance.

3.1 Theories of Governance

Goverance emerged as a new concept in the second half of the 20th C. According to Frederickson, the word ‘governance’ as an
alternative to the phrase public administration was first used by Harlan Cleveland in 1972. The term governance became popular due to its extensive usage by the World Bank in its study reports and publications. It made a distinction between government and governance. Governance theories were put forward to explain the need for new methods for governing felt essential to the changed circumstances.

“A general concept of governance as a pattern of rule or as the activity of ruling has a long lineage in the English language. Nonetheless much of the current interest in governance derives from its specific use in relation to changes in the state since the late twentieth century. These changes date from neoliberal reforms of the public sector in the 1980’s.”

The role of government from a regulatory institution to a welfare institution underwent a change due to Keynesian ideas during the Second World War in recession torn America. The implementation of social welfare programmes by government gave rise to a feeling that the traditional bureaucratic organization is not suitable for the implementation of these welfare programmes. The New Public Management movement advocated the use of private corporate sector management principles to manage the public sector to improve efficiency and effectiveness of governance. This shifted the focus of study from

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government to the process of governance. The concepts of ‘rowing’ and ‘steering’ were put forward to explain the proposed role of the government under the governance regime. Reinventing Government theory proposed by Osborne and Gaebler has a central place in governance debate.  

Since the beginning of New Public Management many theories have been put forward to explain and enlarge the concept of governance by various scholars of governance. These theories have introduced the concepts of markets, networks and civil society in governance. Some of these theories are Rational Choice theory, New Institutionalism theory, System theory, Network theory, Regulation theory, Interpretative theory, Public Policy theory and Democratic theory. Many concepts such as local governance, global governance, international governance, multi-level governance, economic governance, political governance, environmental governance, administrative governance, good governance, accountability and transparency etc. have come into use. The World Bank has prescribed good governance indicators. These indicators are government effectiveness, regulatory quality, rule of law, control of corruption, voice and accountability, and political stability and lack of violence. Some of

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these theoretical constructs are discussed below in relation to the institution of inspection.

3.2 Government and Governance

"Contemporary theories on governance make a fundamental distinction between governance and government. While both concepts involve intentional behaviour on the part of an organization and its members to achieve certain goals (for example, an international organization creating a new human rights policy), governance is a broader concept than government. Governments have the formal authority to act; they also have powers to enforce compliance with their activities, rules, and policies. In particular, governments have, and exercise, police power. In contrast, the broader concept of governance describes the way in which an organization chooses to engage in certain activities backed by goals shared by its constituents. Often, these activities do not derive from legal or formal responsibilities of the organization." 4

Government is an institution consisting of a group of people who exercise the power to make the laws, execute the laws and administer justice. The legislator, the minister and the judge are the physical and visible manifestations of the government. "It refers to the authoritative

expression of the state and describes the group of persons that has authority in a given unit at a certain time." ⁵ Forms of government can be parliamentary, presidential, liberal, democratic, autocratic or communist depending on the philosophy or set of values and beliefs pursued. Governance is not an institution. It is the process of governing in which the government, the markets, the networks and the civil society are engaged.

"Governance is about the performance of agents in carrying out the wishes of principals, and not about the goals that principals set. The government is an organization which can do its functions better or worse; governance is thus about execution, or what has traditionally fallen within the domain of public administration, as opposed to politics. An authoritarian regime can be well governed, just as a democracy can be mal-administered." ⁶

World Bank defines governance as "the manner in which power is exercised in the management of a country's economic and social resources." Although the World Bank indicators of good governance emphasise rule of law as well as voice and accountability, governance scholars feel that an autocratic government can also provide good governance. In other words government and governance are not the same.

⁵Harguindeguy, Jean-Baptiste., Government in Encyclopedia of Governance, p. 385
⁶Fukuyama Francis., What is Governance? Fukuyama.stanford.edu/files/what201s%20Governance.pdf
Governance was traditionally associated with government, with the exercise of power by political leaders. Reference to processes and actors outside the narrow realm of government is now included. The new use of governance does not point at State actors and institutions as the only relevant institutions and actors in the authoritative allocation of values.  

Governing presupposes a subject (an actor) while governance is the result of the actions taken, a mode of social coordination. 

Government is generally identified with legislature, executive and judiciary. Political parties and interest groups play a major role in the formation of government and policy formulation. Governance requires a broad based participation at every level. It involves non-state actors like beneficiaries, NGOs, civil society organizations etc. in the making of policies and execution of programmes. “The hierarchical division between the formal government and the rest of the society is no longer applicable. Scientific literature refers to this movement as a process of intellectual swing from government understood as a traditional hierarchical way of governing to governance, a more decentralized participative approach to political management. Through a semantic shift,

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7 Kjaer, Anne Mette., Governance, Atlantic Publishers and distributors, New Delhi, 2005, p. 1
8 Ibid., 41
governance is no longer a synonym of government but has become an antonym."  

"In essence, the term ‘government’ as an institution refers to a set of instruments through which people living in a State, believing and sharing a common core of values, govern themselves by means of laws, rules, and regulations enforced by the state apparatus."  

"Governance is a broader term than government because it points to the diverse ways public services are delivered by any combination of public, private and voluntary sector organizations."  

Governance refers to the process of governing or the way according to which powers are exercised. According to Rodren Wilkinson ‘the term governance connotes a system of rule that is more informal, less tangible and in some instances, less legitimate than that associated with government. There is general acceptance that global governance and global or world government is not the same thing. Where the literature diverges is in its emphasis on the actors, processes and mechanisms involved; the manner in which the

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9Harguindeguy, Jean-Baptiste, p. 389
governance is exercised; the role of the State; and how the most pressing problems of the early twenty first century can be addressed.  \(^1\)

"The term ‘governance’ includes a range of activities involving all cultural communities and various stakeholders in the country, all government institutions (legislative, executive, administrative, judicial and parastatal bodies), political parties, interest groups, non-governmental organizations (including civil societies), the private sector, and the public at large." \(^1\) Stough Roger says that “the transformation from Bureaucracy to markets, networks of service providers and community is often described as government to governance.” \(^1\) Governance is “the process of sharing power and authority, mediating interests and differences, and exercising rights and obligation among the three stakeholders: government, private sector and citizens.” \(^1\) The scope of ‘governance’ is broadened by the concept of stake holders, markets and networks. Governance is considered as a process where the stakeholders namely, the market forces, network of service providers and civil society have a crucial role to play in policy making and implementation.


This concept advocates continuous partnership in governance by all stakeholders.

According to P.K. Mohanty, "governance is the exercise of political, economic and administrative authority in the management of the country's affairs at all levels. There are three key actors: State, civil society, and the market. The state creates a climate for political, legal and economic environment. Markets create opportunities for people. Civil Society mobilizes peoples' participation." 

In conclusion we can say that government and governance are different. Governance is a much broader term compared to government. In the context of postal governance it includes not only the employees of the postal department engaged in the delivery of services (which is identified as government) but various other stake holders like mail motor contractors, citizen bodies, NGOs, mailers, consumer groups, service partners, service providers, couriers, franchisees and so on. They play a crucial role in postal governance.

3.3 Good Governance Indicators

Governance is value neutral. Good governance includes normative assumptions. Good governance is based on normative assumptions about

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how decisions should be made within organizations and the functioning of the formal and informal structures for implementing such decisions. World Bank defined good governance in the following manner:

"Good governance is epitomized by predictable, open and enlightened policy making, a bureaucracy imbued with a professional ethos acting in furtherance of the public good, rule of law, transparent processes and a strong civil society participating in public affairs."\(^1^8\)

As the emphasis is on transparent processes and participation of civil society in public affairs this definition of governance presumes a democratic system of government. Some scholars like Bandopadhyya (1996) and Guhan (1998) are of the view that it does not recognize benevolent monarchy or a communist society where there is no participation or transparency. They believe that World Bank is trying to impose democracy and open economy on all nations as a precondition for funds.

The United Nations Commission on Human Rights identifies transparency, responsibility, accountability, participation and responsiveness as key attributes of good governance. The Canadian International Development Agency defines good governance as the

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\(^{17}\) Mehta M. D., Good Governance in Encyclopedia of Governance, vol. I, 359-362

exercise of power by an organization (or government) in an effective, equitable, honest transparent and accountable way.' 19 In the policy document titled 'Governance for Sustainable Human Development' UNDP defines good governance as an essential prerequisite for sustainable development. 20 UNDP (1997) 21 identifies eight major characteristics of good governance. To be called good governance it should be participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follow rule of law. Good governance ensures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision making. It is also responsive to the present and future needs of society.

Noris Pippa presents five performance indicators for good governance in her work titled Stable Democracy and Good Governance in Divided Societies: Do Power sharing Institutions Work? 22 World Bank Institute has developed six dimensions to measure governance. These dimensions are government effectiveness, regulatory quality, rule of law, control of corruption, voice and accountability and, political stability and lack of violence.

19 Mehta, M. D., Good Governance in Encyclopedia of Governance vol. I, 359-362
The good governance indicators given by different agencies and scholars highlight the importance of accountability, rule of law, and control of corruption as a measure of good governance. The system of inspection of the post offices plays a major role in ensuring this accountability, rule of law and control of corruption and contributes to good governance in postal service.

3.4 Accountability and Rule of Law

World Bank has identified accountability as one of the indicators of good governance. Increasing compliance with clear regulations, fighting corruption and abuses, minimizing uncertainty and risks for businesses and reducing costs of business and optimizing benefits for governments are considered as the four quality standards for good inspection systems which result in rule of law.23

“Normally accountability is said to apply to positions of public office. These comprise both political positions and administrative positions. The chain of accountability is different in two cases and so is the form that accountability takes. Political accountability is of a more inscrutable nature.... Administrative accountability is apparently more straightforward because it operates within a more definite hierarchical structure where there is a certain division of labour and competencies,

and where both the content and the process of public decision making, and hence the role played by individuals, can be examined in more detail.” 24 Accountability is also concerned with reducing the opportunities for corruption, maladministration, or legal impropriety that comes to people in positions of power.

Two concepts of accountability have come into use. They are vertical accountability and horizontal accountability. Vertical accountability is accountability of a subordinate to a superior in a hierarchy like the one we find in Postal Department. The concept of horizontal accountability was proposed by Guillermo O'Donnell as a way of describing the operations of checks and balances that various non-majoritarian institutions perform in democratic systems.

The role of ‘third sector’ or civil society organizations in enforcing accountability of governments and public servants is becoming increasingly important after the privatization and public-private partnership systems were introduced. Institutions like the Ombudsman, right to information, and opening up the process of decision making to public scrutiny are examples of third sector accountability mechanisms.

“The greatest impact has come from the paradigm shift introduced by the new public management. Whereas accountability in traditional

24Castiglione, D., Accountability in Encyclopedia of Governance, p 1-7
public administration and administrative law mainly worked procedurally, being concerned with the regular and effective implementation of the substantive policies decided at the political level, the revolution in public management has shifted the emphasis to performance and policy output. Administrative accountability has become more focused on output.” 25Accountability has taken the shape of outputs, targets, benchmarks and indicators of performance.

Postal inspection system represents vertical accountability in governance. The engagement of civil society to manage postal affairs by setting up of post forums at the post office level as a new way of ensuring horizontal accountability and participation shows that the Department of Posts is adopting new governance methods. In postal governance, the concept of Result Framework Document is a recent but a very important development. A Result Framework Document clearly lays down the targets in quantifiable terms and also the intended outcomes. The outcomes make this document different from the previous targets and achievements system. The Department is now required to prepare the targets in terms of outcome and measure the achievement or results periodically. These results are monitored by the Prime Minister’s Office. Thus the new concepts of accountability advocated by World Bank have

25ibid., p. 4
found their reflection in Indian administration and the Department of Posts.

3.5 Perspectives of Inspection

Inspection is a very old governance mechanism introduced in the Department of Post to ensure accountability. Inspection is defined differently by different people depending on the context. Macmillan dictionary defines inspection as “an official process of checking that things are in the correct condition or that people are doing what they should. It also defines inspection “as an act of looking at something carefully especially in order to check that it is satisfactory.” According to British English Dictionary inspectionis “when you look at or think about something more carefully.” The Random House Unabridged Dictionary (1997 edition) defines inspection as the act of inspecting or viewing, especially, carefully or critically (e.g. an inspection of all luggage on the plane), and formal or official viewing or examination (e.g. an inspection of the troops.)

Julie Monk in her study of regulatory inspection in 25 OECD countries defines inspection as follows: “In the broadest sense the dictionary definition of an inspection is simple, ‘an official scrutiny, examination or review’. However, in the context of inspecting authorities, I have extended the definition to include ‘an official examination to
determine compliance with government regulation'. Wikipedia provides the most comprehensive definition of Inspection as given below:

Inspection is “an organized examination or formal evaluation exercise. It involves the measurements, tests, and gauges applied to certain characteristics in regard to an object or activity. The results are usually compared to specified requirements and standards for determining whether the item or activity is in line with these targets. Inspections are usually non-destructive. In governance, an inspection is the act of monitoring authority administering an official review of various criteria such as documents, facilities, records, and other assets that are deemed by the authority to be related to the inspection. Inspections are used for the purpose of determining if a body is complying with regulations. The inspector examines the criteria and talks with involved individuals. A report and evaluation follows such visits”. In summary it can be said that all the above definitions, emphasize that inspection is a tool for ensuring accountability and rule of law.

Students of management treat inspection as a reporting mechanism in POSDCORB.26 “R stands for Reporting, that is keeping those to whom the executive is responsible, informed as to what is going on, which thus includes keeping himself and his subordinates informed
through records, research and inspection. "Some treat it as a part of Control. "It is the process of monitoring, comparing and correcting work performance. All managers should control even if they think that their units are performing as planned. They cannot really know how units are performing unless they have evaluated what activities have been done and compared actual performance against the desired standard.27 Controlling involves standards, measurements, comparison and action. "Inspection unlike supervision is not supposed to give help immediately, but to evaluate and report for the guidance of authorities higher up in making future arrangements one of which may be dismissal or promotion of the person whose work is inspected."

"The terms internal check, internal audit and internal control are often interchanged in their usage. Internal control covers both internal Check and Internal Audit and reviews the whole system of financial and other controls.28 Audit is also one type of inspection. The inspection conducted by the Postal and Telegraph Audit falls in this category.

Florentin Blanc makes a distinction between inspection and enforcement. Enforcement includes not only control but sanctions and prosecution. "The question of enforcement is probably as old as the introduction of rules and laws themselves. Ancient Egypt in the New

27 Robbins, S.P., Management, Pearson Education Inc. Delhi, 2009
Kingdom era (16th-11th centuries BC) already had a complex administrative system with technical staff at the lower levels that were in charge of making sure that central directives were properly followed.29

Inspections were introduced by States to ensure the compliance to rules and procedures by employees and businesses. In other words ensuring rule of law and accountability in operations thereby giving a corruption free public service was the main purpose behind inspections. Thus accountability is a key aspect of good governance and is enforced through the mechanism of inspection.

Advocacy of markets, networks and civil society by governance scholars has impacted the methods of inspection. Alternative inspection mechanisms have been suggested to improve quality of inspection and reduce corruption. Mandatory self-inspection, outsourcing of inspection and third party certification are some of the new methods of inspection used for regulatory inspections.30 In postal governance inspection belongs to the hierarchic model and relies on command and control for enforcing accountability. It uses power as the medium. In the Postal Department which is a hierarchic organisation the roles and responsibilities of superiors and subordinates are clearly laid down and

followed. New methods of inspection have not been tried so far in postal
governance in India.

3.6 Role of Inspection in Good Governance

International Labour Organisation (ILO) explains the importance
of labour inspection in governance as follows: “From the beginning it is
clear that institution of labour inspection has a two-fold nature. On the
one hand it supervises the enforcement of legal provisions particularly
with regard to workers’ rights. On the other hand labour inspection has a
promotional role, providing information, education and consultancy
services. They are a tool for fairness at the workplace and good
governance, and are of particular importance when there is turmoil in the
labour market as in times of economic crisis.”31 This observation is
equally applicable to the inspection system in the Postal Department.
Postal inspectors enforce the rules by checking their compliance by the
employees and also educate the employees for improving the service
delivery.

Zachariou who carried out a study of inspections in the Cypriot
educational system in 2000 32 has examined the role of inspections. He
states that inspection in a school context has a summative role and

31ILO, Labour Administration and Inspection: Challenges and perspectives, GB.309/ESP/3 -2010
32Zachariou., Stakeholders beliefs and conceptions about inspection and improvement in the Cypriot
Educational system, www. Topkinisis.com, accessed on 21/12/12
formative role. In the summative role an inspector evaluates the teaching ability and skills of the school teacher. In the formative role, the strengths and weaknesses are identified for professional development of the school teacher. Thus school inspection has a dual purpose: ‘to assess and to develop’. Improving the quality of education is fundamental to good governance in schools. Teacher evaluation through inspection plays an important role in promoting good governance in schools. Varnava and Koutsoulis have also studied the role of teacher inspection as a means for teacher and school improvement. They have concluded that inspection has an important role to play in good governance of schools.33

“Government inspections are an essential component of a modern regulatory state. Given the current fiscal and budgetary constraints, regulation has become the single most important tool of public governance. Many aspects of business life are subject to government requirements and obligations and, hence, their monitoring and control. The central purpose of the inspection function is to ensure compliance with applicable legal provisions, regulations and governmental requirements. The inspection function plays an important role by providing feedback on the impact and application of regulations; based on the lessons of actual field inspections, policymakers (i.e. ministries) may

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33Varnava, Mary and Koutsoulis M., The Teacher Inspection and In service training as a means for teacher and schools improvement., www.topkinisis.com, accessed on 21/12/12
obtain feedback on the feasibility of relevant legislation and can thereby justify legal reform. In theory, the implementation of legal provisions should create incentives for those bound by them. In practice, compliance with legal provisions means refraining from any action or behaviour that would constitute a violation of those provisions. “The primary responsibility for legal compliance lies with citizens and businesses themselves; inspection intervention is only a secondary control method.”

According to ILO sound labour administration and labour inspection are fundamental for good labour market governance, equitable economic development and the effective implementation of international labour standards. It is of the view that new inspection skills and strategies are needed in response to the increasing complexity of supply chains, industrial processes and the emergence of green jobs, among others. The past decades have witnessed the growth of corporate social responsibility including the establishment of social reporting and private monitoring systems. The ILO recognises the role of new governance techniques like private monitoring and social reporting in addition to the traditional labour inspection technique. Thus it is seen that the concept of governance has introduced several new techniques of good governance.

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35 ILO, Ibid p. iii
Inspections, particularly regulatory inspections, have been the source of corruption or bad governance. Reform of inspection systems undertaken by different countries include the mandatory self-inspection, outsourcing of inspections and third party certification as alternative means of inspection. By introducing strong reform measures the inspections systems have been converted into techniques of good governance.36

The inspection work in Postal Department comprises of evaluation of the work done by the employees working in the post office, education of the employees, removal of difficulties, and giving feedback to policy makers for reform of legislation and rules. Therefore it has an important role to play in postal governance. Changes similar to the type highlighted by ILO can be seen in the postal market and environment. Due to various developments like entry of foreign postal administrations for business in the Indian postal market, contracting of work which does not involve government (postal) employees, computerization, induction of information technology, increasing participation (voice) of civil society in management of postal services and the access to information and records provided by Right to Information Act the manner of postal governance is undergoing a change.

3.7 Recent Developments in Indian Governance

According to some scholars the seeds of the concept of good governance can be traced in our Ancient Indian political thought. The political scientists like Kautilya advocated Rajadharma or rule for the welfare of the people. "Kautilya's Danda-Dharma duality which Kenneth Arrow has described in our own times as the combination of authority with responsibility (Arrow 1974), provides us with a static conception of good governance.... Focus here is on ends and not means. The Kautilya's conception of an effective State is quite interventionist..... Yet the goals of his State are remarkably similar to those conceived by Adam Smith."

In Asokan edicts we find the expression of the principles of good governance, in its broadest sense, involving the welfare of animals also. This ideal of good governance was influenced by Buddhism.

In the recent years there is an increasing focus on good governance in India. Elected representatives, the judiciary, opinion makers, press and the administrative machinery too while commenting on the issues ailing the present system have been demanding good governance. Corruption in political and administrative circles has been the main issue being debated. "The crisis of governance in India, and the apathy of the governance structure towards the welfare of the general public need no introduction. The observance of the high level National Commission to

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37 Sudipto Mundle and others, Economic and Political Weekly, December 8, 2012
Review the working of the Constitution on the subject of governance speaks for itself. In addition to the need for improving the administrative system for delivery of public services, there is the larger question of the reform of the entire civil service apparatus for better governance of the country.”  

“There is a fundamental breach of constitutional faith on the part of governments and their method of governance lies in the neglect of the people who are the ultimate source of all political authority. Public servants and institutions are not alive to the basic imperative that they are servants of the people meant to serve them. The dignity of the individual enshrined in the Constitution has remained an unredeemed pledge. There is, thus, a loss of faith in the governments and governance. Citizens see their governments besieged by uncontrollable events and are losing faith in institutions. Society is unable to cope with current events.” Anna Hazarleda movement for Jan Lokpal Bill also highlighted the same feelings in 2011 after nine years of the Venkatachalaiah Commission expressing these sentiments.


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39 Ibid., p.50
independent think tank consisting of professionals drawn from Industry, Academia and Government. As per the terms of reference the Group was required “to identify the reforms that the emerging scenario would entail in the manner of governance and in the role of the Federal and Provincial governments, and to suggest based on the forecasts, the structural and organizational changes that would be necessary at different levels of governance and the type of bureaucracy that would be most appropriate for meeting effectively the emerging challenges.” The SMG was greatly influenced by the reforms introduced by the Margaret Thatcher government in U.K. which drew a lot of international attention in those days. The Report mentions that there is very little focus on stake holders in the government of those days. The SMG identified the NGOs as an influential emerging group which needs to be involved in policy making. It also stressed the need to make bureaucracy a positive player in promoting Industry instead of becoming a hindrance. The SMG in Question no 31 of the Questionnaire referred to twelve quantifiable measures of good governance noticed by it in the recent past and called for suggestions on other parameters to measure the efficiency levels of governance. The Group recommended the following agenda for reforms which it called as the six R’s. They are

- Reinventing integrity: battle against corruption
• Reintroducing Efficiency: from red tape to performance and results
• Reviving decentralization and empowerment
• Rejuvenating and reorganization of the services
• Re-engineering the structure
• Reducing the size

In 1998 Government of India appointed a Commission for Review of Administrative Laws under P. C. Jain. In this report, explaining the context of Regulatory Reform for Responsive Administration in India, Pachmapet Sundaram states as follows: "The Central and State governments in India have been concerned about the need to ensure a responsive, accountable, transparent, clean, decentralised and people friendly administration at all levels. This rests on the growing frustration and dissatisfaction among the people and government customers, about the apathy, lack of responsiveness and lack of accountability of public agencies. The Conference of Chief Ministers convened by the Prime Minister in May 1997, endorsed an Action Plan for Effective and Responsive Administration which addressed the issues of making the administration more accountable and citizen friendly, ensuring transparency and right to information, and taking measures to cleanse and motivate the civil services. The on-going initiative for regulatory reform
in Centre and States were sought to be placed within this Action Plan.” This excerpt from the Report shows the concern for good governance. It is clear from this that the need for good governance practices has been the priority of all governments in the recent times although there is failure in its implementation.

Chapter Six of the Tenth Five Year Plan document is devoted to Governance and Implementation. The opening paragraph states that “the issue of governance has in the 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 the lack of it, which could be the cause of missed development opportunities.”

“After listing a few instances of poor governance and describing the current global dynamic scenario, the plan document proposes an alternate model of governance wherein the stress is on three elements: Institutions, formal or informal to bring about predictability, stability and efficiency in managing social, economic or political transactions; Delivery Mechanisms, including the executive apparatus adopted or evolved to achieve the objectives of the institutions; and supportive and subordinate framework of legislations, rules, and procedures for efficient

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40Planning commission, Tenth Five Year Document, 2002
implementations of the goals set for the institutions. The plan outlines 16 strategies for improving the Indian governance system." 41

Hota Committee on Civil Services Reforms 2004 also had similar terms of reference. These are stated in para 1.05 of the report as reproduced below:

"Para 1.05 Against this background, we were appointed by the Government of India on 03 February 2004 with comprehensive terms of reference to examine the whole gamut of civil service reforms and to submit our Report within a period of six months. The terms of reference are as follows:

(i) Making the Civil Service responsive and citizen-friendly; transparent; accountable; and ethical in its (a) actions and (b) interface with the people.

(ii) Making the civil service e-governance friendly."

The Hota Committee 2004 also recommended the introduction of a State of Governance Report in para 2.42.

2.42 Government of India should initiate a programme for bringing out a State of Governance Report evaluating the performance of each State on a set of parameters. A rigorous theoretical framework for this exercise should be developed and the results made available on an on-going basis. This will generate a wholesome competition among States to improve the various

41 Dwidedi and Mishra, Supra 10, p. 750-751
parameters of good governance. These reports should be drawn up by an agency selected for its objectivity and technical competence.

The political system of India is democracy. Participatory nature of government has been in existence since it won Independence from the colonial masters. Social and economic development has been pursued through its democratic and socialistic principles embedded in the Constitution of India and the Five Year Plan system. At the grass root level participation of the people is promoted through local self-government and panchayati raj. Reservation for the weaker sections and women has been introduced in the governing bodies for inclusiveness in decision making.

Since liberalization of the economy in the 90's and due to the technological advancement in mass communication particularly the television, internet and social networking sites the opportunities of interaction between the public and public and public and government are on the increase. E-governance initiatives by the government departments are not only encouraged and rewarded but e-governance has been made mandatory. Most of the Departments of government, both at the Centre and in the States have developed websites for providing public interface. Dissemination of information about the work of the Department, grievance handling, feedback, making the forms and rules
accessible and downloading facility, and through these means interaction with the stake holders has become possible. E-tendering has been made compulsory and e-portals have been created for this purpose. All purchase orders of high value of the government departments have to be made in electronic form.

The Right to Information Act has also contributed in bringing about transparency. The Right to Information Act, 2005 has opened doors to transparency in government functioning by giving access to any member of the public to seek and get information involving public interest. Many e-services which eliminate middlemen and agents are also introduced like e-seva, Bhoomi, computerized ticketing, electronic issue of passports, Suvidha for commercial tax collection etc. simplifying the service delivery. Citizen charters have been made compulsory for all departments and public sector organizations. Paperless organizations are being promoted. Public private partnerships in service delivery, downsizing by outsourcing and franchisee system are some of the latest developments whereby alternative agencies are being created to reduce the dependence on government officials for service delivery.

These are but a few manifestations of the changing face of governance in India. “Moving from a model of centralized provision of public goods and services through bureaucratic delivery mechanisms to
decentralization to local governments, introduces a new relationship between national and local policy makers while altering several existing relationships such as those between citizens, elected politicians and the local bureaucracy. However the problem of implementing decentralization is as important as the design of the system in influencing service delivery outcomes."42

3.8 Governance in Postal Department

Postal Department in India is set up by the Government to provide communication services. In India postal services are not privatized and hence they are in the realm of public governance. Postal administrations in many foreign countries have been corporatized and privatized. Postal service is found in the Union List of Subjects of the Constitution of India. This is the exclusive privilege of the Central Government. State governments do not establish or provide postal services in India. The Ministry of Communication and Information Technology is under a Minister of Cabinet Rank at the Centre. At the executive level the Department is headed by the Secretary to Government of India who is also the Director General of Posts. The Postal Services Board comprises of six members and chaired by the Secretary Posts. It is the apex policy

42Aiyar, Manishankar., in foreword to Assessing Urban governance: Goa Citizens Report Card on Public Services, Civitas and Broadway publication, Panaji, 2010
making body of the Department. The country is divided into twenty two postal circles headed by Chief Postmaster General for better governance.

The Department is answerable to the Parliament through the Minister. The Department is also subject to audit by the Comptroller and Auditor General of India. While implementing these programmes and services the Department is subject to the rules and regulations made by Reserve Bank of India and Ministry of Finance. Its service delivery quality is monitored by the Department of Pensions and Public Grievances.

Postal services provided in India are mainly of three types: Mails services, Savings bank services and Life Insurance services. Collection of mail posted at letter boxes and across the counters (or front office), transmission of mail within India and across the globe, delivery of the mail and money orders at the door of the customer, acceptance of small savings from the members of the public on behalf of the Ministry of Finance to provide investment opportunities, and providing life insurance facility to the government and public sector employees and rural people are the main activities undertaken by the Department.

For the proper and efficient delivery of these services the Department had introduced several monitoring mechanisms. Various kinds of tests were administered from time to time to check the efficiency
of service delivery. The most important and oldest mechanism for ensuring the quality of service delivery was the inspection system. The inspecting officer had access to all kinds of documents, records, and registers during inspection based on which he would give performance report of the post office. Except under the orders of the Court of Law no document or record of the post office could be made available to any member of the public including the police. This had made the role of the postal inspecting officer an important one.

Due to the emergence of other alternative monitoring mechanisms and civil society involvement in the management of post office like the access to information under the Right to Information Act, the Citizen charter, franchisee system and the institution of Post forum the role of inspection system is undergoing a change. The accountability of the postal employee to the inspecting officer who alone had access to the documents and records during inspection is being challenged by the access given to the employees as well as to the public to the documents through the Right to Information Act. The management of the post office has become more participatory, transparent and accountable.

Different organizations have tried different methods to improve good governance in their organization. After studying various instruments tried by different organizations like BSNL, Bangalore
Municipal Corporation, for improving service delivery and providing good governance, Vikram C. Chand\textsuperscript{43} summarizes them into seven instruments as follows:

- Promoting competitiveness
- Simplifying transactions
- Restructuring agency processes
- Reinforcing provider autonomy
- Fostering community participation and decentralization
- Building political support for programme delivery and,
- Strengthening accommodative mechanisms

The steps taken by Department of Posts to adopt new governance techniques and thus promote good governance are discussed below using the instruments listed by Vikram C. Chand.

**Promoting Competitiveness**

Competitiveness is one of the principles advocated by the market theories of governance. The market theorists were of the view that limited government and freedom to the markets will provide greater scope to the consumer and better service. Postal Service in India is a monopoly service of the Government of India. Other service providers are not officially recognised unlike in the Telecom sector. One of the reasons for this is that there is no Regulatory authority for postal services. In spite of

\textsuperscript{43}Vikram C Chand (ed.), *Reinventing Public Service Delivery in India: Selected Case Studies*, 2006
this a number of courier companies have started functioning in the Indian postal market. They collect documents and merchandise (parcels) from the members of the public which was a monopoly of the Department in the past. This competition from courier industry has forced the Department to introduce several competitive market practices like free pick up facility from the premises of the customer, credit facility known as Book Now Pay Later, revenue based discount in tariff, tracking facility, customised and tailor made services and so on. Due to political support Department has not succeeded so far in introducing regulations to appoint a regulator to control these competitors by amending the Indian Post Office Act 1898. The Post Office Amendment Bills presented to the Parliament have not been passed even after many attempts. Department of Telecommunication has set up the Universal Service Obligation Fund from the mandatory contributions made by other Service providers functioning in the Telecom sector in India. Department of Posts could not get any similar contribution from these couriers for managing its universal service obligation which is providing service in rural and non-profitable regions for want of amendment to the Indian Post Office Act. To that extent the position of Department of Posts is quite vulnerable vis-a-vis the competition. Regulatory mechanism for providing good governance is not available at present. However, the consumer has been provided a wider choice of products and service
providers resulting in competitive pricing and alternative delivery mechanisms.

Banking is another core area service provided by the Department. It mobilizes small savings from the members of the public. But due to less attractive interest rates alternative banking channels have become more attractive. Value added services like ATM, credit and debit cards provided by other players in the banking sector is taking customers away from the post office. To meet this challenge the Department has started Core banking service and in the process of installing its own ATMs. It has also introduced its own smart credit cards and debit cards. These efforts are for providing greater choice to the customer and better customer satisfaction.

Restructuring Agency Processes and Strengthening Accommodative Mechanisms

In order restructure agency processes and strengthen accommodative mechanisms the Department of Posts has taken many steps. The main feature of this development is appointment of agents on commission basis.

To provide greater accessibility to postal services Department has set up Panchayat Sanchar Seva Kendra (PSSK) at the Gram Panchayat Headquarters. The PSSK is managed by an agent appointed by the Gram Panchayat who is authorised to act as postal agent and sell postage stamps
and accept and deliver postal articles. He is paid by the Department of Posts.

Recently the Franchisee Scheme has been started for authorising members of the public to operate the postal services. Any member of the public can apply to become a franchisee of the Department subject to the fulfilment of certain conditions. The Franchisees are linked to the nearest post office for support. They provide limited number of postal services like sale of postage stamps, booking of registered and speedpost articles and acceptance of money orders. They are paid commission for the business secured by them. They follow flexible working hours and are available even when the post offices are closed. This is a customer friendly move of the Department.

Small Savings agents known as SAS (Standardised Agency System) and MPKBY (MahilaPradhanKendriyaBachatYojana) are appointed to mobilize small savings from the members of the public. They work like extension workers and provide service to the members of the public at their convenience unlike the Post Office which follows specific working hours. They are given commission for their work as per the norms prescribed by the government. Their number is more than a lakh across the country.
To popularise postal life insurance, all the postal employees are given agent codes. With the help of this code they procure life insurance business and earn incentive money. Insurance development officers known as Direct Agents are appointed from the public for procurement of policies. They are given commission and incentive for their work.

Private mailers are authorised to collect mail items from the customers, process the mail by sorting, franking and bagging the mail at their premises and handover the mail at the Post Office for onward transmission and delivery. These mailers are paid commission for their work. The work which otherwise needs to be done by the employees of the Department has been outsourced to enhance its capacity and efficiency. In governance literature this type of contracting is known as 'government by proxy'. 'Government by Proxy refers to administering government programmes by network or contracted agencies. Each service delivery and production relies on proxies instead of governmental responsibility or direct production or service delivery by the government.'

Contracting of work has been encouraged by the Department due to shortage of staff and also as a matter of policy to give up works which can be done more efficiently by others. Engagement of contract vehicles
for conveyance of mail is one such area. Earlier departmental mail motor vehicles and departmental drivers used to transport mail items. In many cities the clearance of mail from street letter boxes is outsourced. The new concepts of governance have affected the management of postal services.

**Fostering Community Participation and Decentralization**

For fostering community participation and decentralization, and building support for programme delivery the Department of Posts has tried the following mechanisms. The setting up of Post Forums in selected post offices is one of the most important steps in this direction. Post Forum consists of members of the public and postal staff of a given post office. They meet once in three months and evaluate the performance of the post office. They review the improvements made and improvements required in the functioning of the post office. The Forum gives suggestions for improvement. The Department gets feedback about its services from the members of the Post Forum. The Post forum members function as opinion makers and advice the post office regarding public needs, new services expected etc. Through this governance
mechanism involving the members of the civil society in the management of the post office has become possible.45

**Strengthening Accountability and Transparency**

Accountability and Transparency are two important good governance indicators. They are recognised as essential to provide good governance.

Accountability and Rule of law are closely related. The Department of Posts enforces the Indian Post Office Act 1898 and the Indian Post Office Savings Bank Act. Rules are made under these Acts by the Director General. Besides this the Department is also enforcing other acts like the Anti-Money Laundering Act by keeping watch on illegal and suspicious monetary transactions.

The Department had codified its rules of operation in 1854 by publishing the Manual of Rules and over the years they have been modified many times as per requirement. Codification and publication of rules helps in ensuring transparency and avoids confusion and discretion. These rules and procedures which lay down the roles and responsibilities ensure that the employees are accountable and transparent in providing the services. It is not enough to have rules and procedures. There

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should be mechanisms to verify and confirm the observance of these rules and procedures and delivery of quality service.

In order to ensure accountability and transparency the Department has put in place several mechanisms, some internal to the organization and some external. Test checks of different types are available to ensure this. The Department has also published Post Office guides for the use of the members of the public. PIN code directories in hard and soft copy format are made available. The PIN code search facility is also provided in the website of the Department.

Good governance also requires prompt redressal of grievances. For complaint redressal complaint and suggestion books are made available at every post office for the use of the members of the public. Complaints noted on these books are resolved by the competent authorities. Provision has been made in the Website of the Department of Posts for on line submission of complaints. These complaints are electronically tracked and monitored and their satisfactory disposal is watched at various levels of the hierarchy.

Department of Posts has published its Citizen Charter of services and laid down service delivery norms. DakAdalats are held once in three months (quarterly) to listen to customer grievances and settle them. These DakAdalats are held at the Divisional level, Regional level and Circle
level. By computerizing the functioning of the postal operations, more and more electronic and web enabled services are being provided. Tracking facility for the registered and express (known as Speedpost in India) consignments within the country and abroad has been provided. Computerisation has helped in streamlining processes and simplifying the transactions.

The access to information under the Right to Information Act and other e-governance practices like e-procurement has been introduced to ensure transparency and accountability. Through its own website more information is put in the public domain to empower and educate the members of the public.

Introduction of Result Framework Document concept in the Department of posts is another major step in governance. All the expenditure incurred by the department has to be explained to the Prime Minister’s Office in terms of outcomes... What is achieved is not important but how effective it is in improving the quality of service is important under this outcome concept. Result oriented government is a recent development in Department of Posts in ensuring accountability and transparency.

Inspection of the post offices is another internal mechanism available in the Department of Posts to enforce quality of service,
accountability and transparency in delivery of services. The post offices are inspected every year and the functioning is assessed. Out of all the instruments tried by the Department, Inspection of post offices remains the most important and powerful institutional arrangement of good governance. Industrial revolution gave rise to labour administration and labour inspection to prevent labour exploitation and enforce factory conditions that are favourable to labour welfare. Development of Postal inspection was contemporary to development of labour administration and inspection. 46

Building Public Support for Programme Delivery

Department of Post has a vast network of 1,55,000 post office across the country. This network was used to distribute quinine tablets in the past which is a health sector function. Due to the strengths of the postal system, various government and private organizations have approached the Department to use this network for service delivery. The booking of railway tickets through post offices is one such service

46 ILO, The Role of Labour Administration and Inspection in Governance in the Americas, Oct 2013, p.7 The United Kingdom was a pioneer in establishing inspection systems. The (June) 1802 Act, for the Preservation of the Health and Morals of Apprentices, established a system for monitoring their enforcement through volunteer committees, which was not entirely successful. On 29 August 1883, on the grounds that "the instructions to appoint honorary supervisors had not been appropriately executed and therefore protective measures had not been enforced", a law was enacted (known as the Althorp Act) which granted factory inspectors (in those days there were only four in the whole of Great Britain) fundamental powers: unrestricted access to companies, the freedom to investigate workers and employers and the authority to settle disputes and rule on violations. In 1887, a body of auxiliary workmen's inspectors was established, to be succeeded in 1920 by an advisory system with limited power, focusing on investigation and compliance with the law, both in manufacturing and a number of other industries (mining, explosives and chemicals).

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provided by the post office. The implementation of AADHAR-based Direct Benefit Scheme and delivery of wages under the Mahatma Gandhi National rural employment guarantee scheme are two other major services provided by the post office. Post office is also disbursing old age and widow pensions for the social Welfare Department. All these new services could be taken up by the Department due to the public and political support. To plug the loopholes in the distribution of driving licenses the services of the Department are taken to identify the address and deliver licenses to the correct genuine person. Today postal service delivery is not confined to traditional postal services. These new services have their own governance challenges as they are meant to stop corruption in delivery of benefits and ensure that the benefits are received by the beneficiaries without any leakage.

3.9 Service Delivery and Governance

Department of Posts is a service provider. “Service delivery can be defined as a process whereby governments deliver publicly identified goods and services to citizens or the community through various mechanisms, instruments and relationships. Service delivery is a term that has gained prominence in the governance literature over the past half century, particularly under the pressures and promises of an expanding welfare state. The development of service delivery has been influenced
by changing ideas over public provision and alternative ways of providing goods and services in the context of economic and budgetary pressures." 47

Gash and Wanna identify three modes of service delivery: direct governmental action, delivery of services through different levels of government agencies, and specialist, non-governmental providers contractually employed to implement programmes. According to the authors, contracting, monitoring and evaluating are the three methods being used more and more for service delivery in recent times.

From a monopoly organization Department of Posts has changed over the years and the new methods of governance pointed out by the authors, namely contracting, monitoring and evaluating, can be seen in the practices and policies adopted by the Department of Posts in recent times.

Postal inspecting authorities provide support to the postmasters and other staff who are at the front end of service delivery by counselling, monitoring and evaluating the performance of the post office to improve efficient delivery of services. Inspection is important to make postal

governance accountable, transparent, responsive, effective and efficient.

Inspection plays a very important role in governance.