CHAPTER I

INTRODUCTION

1.1 LOCAL GOVERNMENT - MEANING AND ITS SIGNIFICANCE

Local government is of utmost importance for democratic country like India as democracy signifies right to participate in administration and its affairs. With the perspective of welfare state the functions of state expanded and there is no field of our life which is not dependent on the state. Due to this heavy burden of functions, the government is facing the problem in tackling it efficiently. So the need for local institutions is felt on every moment. It plays a very pivotal role as it is the only body which provides all the local services at grass root level. Local government is defined by various scholars in different ways; some of the important definitions are as below:

According to Encyclopedia Britannica “Local Government means authority to determine and execute measures within a restricted area inside and smaller than whole state”. G.Monlagn Harris defines the local government as “government by the people themselves through freely elected representatives”. D.Lockard opines that local government may be loosely defined as “public organization, authorized to decide and administer a limited range of public policies within relatively small territory which is sub division of a regional or national government”. L.Golding regards local government as, “management of their own affairs by people of locality”.

In the words of Pt. Jawahar Lal Nehru, Local Government is regarded as most important tool for developing the spirit of self reliance and new thinking of new ways and understanding of the world. T.Appa Rao opines, “Local Government as important because it fulfils the domestic needs of civilized community and creates interest among citizens in common affairs and ventilates field open to constructive and innovative activities. It enlightens citizens about political consciousness; it serves as a remedy to problems of the society”. Local government plays pivotal role in strengthening democracy as policies can be formulated perfectly by local officials who are close to people. James Bryce states that practice of local government is the best guarantee for success of democracy. Local governance is of great educative significance as people can be trained best at local levels, it throws an attempt to own a

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1 O.P. Srivastava (1980), Municipal Government and Administration in India, Chugh Publication, Allahabad, 1980, pp.1
responsibility among people for work done and moreover it imbibes the spirit of achieving goals desired by people at local levels. It also serves as participatory tool for local people in governance and is responsible for mobilization of local resources. It acts as a link and play very effective role in integrating development of various dimensions i.e. social, economic or cultural. It checks the evil of centralization and contributes to pliability, strength and innovative tool by promoting diversification of political experience. Scholar like W.A Robson signifies the importance of local government as immense, according to him “Democracy on national scale can function in a healthy manner only if it is supported and nourished by democratic local government”

The institution of local government is as old as civilization. The evolution of local government can be understood by classifying eras according to its development. Broadly it can be classified as:

1. Pre-independence period.
2. Post-independence period.

**Pre-independence period**

The pre independence phase of local administration can be traced since Ancient India. The institution of local urban government actually developed during British India. In 1687, first Municipal Corporation was installed in Madras and it was followed by Bombay and Calcutta.

**Lord Mayo’s** resolution of 1870 on financial decentralization stressed the need of associating Indians in administration and decentralization of responsibilities and strengthening of municipal government visualized the development of institution. The resolution observes, local interest, supervision and care are necessary for success in management of funds devoted to various public works. The operation of resolution calls for development of self-government, for strengthening municipal institution.

**Lord Rippon’s** resolution of 1882 revolutionized the basic approach to local self government. This resolution mobilized the financial resources and calls for elected non-governmental members and indirect state control was advocated. It was the first sincere effort to Indianise the local self government in India. He is known as father of

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local government. Afterwards Royal commission (1907) commended independent administration and urged the government “to constitute and develop village Panchayat for the administration of certain local affairs within the village”. Further Government of India Act (1919) transferred self government to ministers which led to empowerment of people.

**Post-independence period**

Article 40 of Indian constitution lays down “The state shall take steps to organize village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self government”\(^3\). Despite this provision local bodies miserably failed in accomplishing desired goals. The various committees were formed to look into their problems and suggest measure to overcome them.

Planning Commission of India was constituted in 1950 initiated planned socio economic development of the country. The first five year plan emphasized the pivotal role for local bodies in every dimension of development. Similarly second five year plan also called for well organized democratic administration and emphasized direct participation of citizens. Taxation enquiry commission in 1954 made some important observations regarding the set-up and finances of rural local bodies. It pleaded for an effective, efficient and proper system of rural local government at village and upper levels. Balwant Rai Mehta in 1957 recommended decentralization of power and responsibility to local level and introduction of scheme of democratic decentralization which calls for setting up of Panchayati Raj Institution with three tier structure. Ashok Mehta Committee submitted its report in 1978 and it recommended decentralization of power and suggested that Panchayti Raj Institution should be viewed as a ‘government’ in its own right at very grass root level. G.V.K Rao committee in 1984 suggested that improvement in representative character and stressed the need for strengthening the capability of people’s representatives and administrative personnel and emphasized the need for elections regularly.\(^4\)

The Committee on Training of Municipal Employees (1963) stressed the importance of imparting proper training to personnel for development of efficient

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human resource development. The committee advocated that training institutes should be established at central and state levels which will play reforming role in shaping the vision of employees.\(^5\)

The **Rural and Urban Relationship Committee** was set up in 1963 which submitted its report in 1966. The committee studied all aspects in depth which plays crucial role like hierarchy, machinery, financial implications, people’s participation and relations between the urban and rural areas.\(^6\)

The **National Commission on Urbanization (1985)** submitted its report in 1988, it was formed to study the trend and rapid industrialization and suggested remedy for problems arising out of rapid industrialization. Its recommendations played pivotal role and were accepted by government and incorporated in 74\(^{th}\) constitutional amendment. In 65\(^{th}\) constitutional amendment that was introduced by Rajiv Gandhi’s government sparkle the row of providing constitutional status to local government.\(^7\)

### 1.2 74\(^{th}\) CONSTITUTIONAL AMENDMENT ACT 1992

74\(^{th}\) Constitutional Amendment Act 1992 introduced part IX-A in the constitution and Articles 243P-243ZG. It gave new picture to organization and working of urban local government. The article 243Q classifies urban local government into three categories\(^8\).

(I) Nagar Panchayat (transitional area), that is, an area in transition from rural area to urban area. It is a form of an urban body comparable to municipality. An urban centre with more than 30,000 and less than 100,000 inhabitants is classified as a Nagar Panchayat. It consists of a Chairman and ten elected and three nominated ward members.

(II) Municipal Council (Smaller Urban area) is an urban body that administers a city of population of 200,000 or less. The members are elected representatives for a term of five years. The town is divided into wards according to its population and representatives are elected from each ward.

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\(^8\) http://en.wikipedia.org/wiki/
Municipal Corporation (Large Urban Area) is a local government body that administers a city of population 200,000 or more. The Municipal Corporation consists of members elected from the wards of the city. The Mayor and Deputy Mayor are elected by the members among themselves. A Municipal Commissioner, who is from the Indian Administrative Service, is appointed to head the administrative staff of the Municipal Corporation, who implement the decisions of the Corporation and prepare its annual report. The Municipal Corporation is responsible for water supply, records of births and deaths, drainage, sewage removal, fire brigade service, gardens and maintenance of buildings. The sources of income of the Corporation are taxes on water, house-tax, entertainment tax and octroi (now abolished from many cities).

Composition of Municipal Council is contained in article 243R that states all seats are to be filled by direct election for active participation of residents. It lays nominated members consist of:

(I) Persons having specialized knowledge or experience in Municipal Administration.

(II) M.P and M.L.A of that particular Municipal Area.

(III) Members of Rajya Sabha and State Legislative Council

(IV) Chairpersons of various Committees.

Ward Committee and Standing Committees come under article 243S which provides that all urban settlements having population of three lakh and more will have ward committee. Standing committees are generally kept for key areas like education, health, taxation. These committees perform functions as assigned to them.

Reservation of Seats comes under article 243T and it provides for reservation for schedule castes and schedule tribes according to proportion of population. There is provision of one third reservation for women.

Tenure of Urban Local Bodies is incorporated in article 243U which provides for fixing the tenure of every municipality at 5 years. It can be dissolved but before being dissolved it is to be given reasonable chance of being heard.
Power, Authority and Responsibility has been entrusted in 243W which empower state legislators to enable them to function as institution of self government. It also provides power to make plans for economic development and social justice.

Fiscal Decentralization comes under 243X which strengthen state legislators to levy, collect and appropriate specified taxes, duties and tolls and fees in terms of prescribed procedures and limits.

State Finance Commission is enshrined in 243Y which provides for establishment of state financial commission to have rational distribution of financial resources between state and municipality. Article 243Z provides for state election commission for holding free and impartial elections of local bodies.

A pivotal initiative of 74th constitutional amendment was significant to enhance the efficiency and effectiveness of municipalities in the discharge of their duties and functions with the participation of people at local level in era of rapid urbanization. Despite the growth in development the quality of living of urban areas remained poor. Urban areas suffered from problems like traffic congestion, slums and poor provision of civic amenities. It is duty of local government to manage the growing urban areas and provision of basic services to residents of urban areas. The governance of urban cities has assumed greater importance as the capacity of nation to pursue its economic goals is dependent on the urban areas. It is due to contribution to urban centers to national income. The decentralization of government is most notable feature of developing countries as they aims at achieving high economic growth rates, integrating the national economy, and increasing economic efficiency through greater competition. The growth of urban population in India quadrupled in four decades rising from 62 million in 1951 to 377 million in 2011 as shown in Table below.9

Due to great pressure on urban local bodies and major emphasis on infrastructural development and growing population the role of state has changed from producer of infrastructure to the facilitator. The upsurge of private players has come due to poor performance of public sector, financial constraints and obsolete manpower to cope up the changing scenario. There are various forms and approaches to allow private parties to play a part in providing various goods and services which broadly includes service contract, management contract, lease, concession, Greenfield projects, divesture etc.  

Out of these approaches contracting out is prevalent across the globe. Contracting out can be defined as hiring of private sector firms or non-profit organization to provide goods or services for government. The government remains the financer and has management and keeps policy control over the type and the quality of service to be provided

**1.3 RATIONALE FOR CONTRACTING OUT:**

Contracting out is an arrangement most commonly preferred to when talking about privatizing public services. The rationale for contracting out delineates that contracting out is more effective and efficient service provider as it harnesses competitive forces, permits better management. The process of contracting out offers specialized skills that are lacking in obsolete workforce of private sector. It also

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allows flexibility in adjusting size of program; it avoids large capital outlays and permits economies of scale regardless of size of the government entity. It offers yard stick for comparing costs and fosters competitions, management which ultimately reduces dependence on single supplier that is government monopoly. It also limits the size of the government in terms of number of employees and provides society with innovative approach for fulfillment of desired needs.11

Chandigarh is a modern city and covers area of approximately 114 kilometers with population of around ten lakh making density of around 7900 persons per square kilometers. So governance is one of the very important concept for Chandigarh, functions are performed and governed by Chandigarh Administration and Municipal Corporation. An Ordinance namely the Punjab Municipal Corporation Act, 1976 as extended to Union Territory Chandigarh by the Punjab Municipal Corporation Law (Extension to Chandigarh) Ordinance, 1994 was promulgated by the President of the India with effect from 24th day of May 1994 and the Municipal Corporation of Chandigarh came into being. Municipal Corporation renders the most important function of providing water supply to the residents and looks after the proper disposals of sewerage. Municipal Corporation performs the job of construction and maintenance of roads and Streets. Municipal Corporation also undertakes the job of proper electrification and its maintenance of street lighting. They also look after the beautification of parks, roads and gardens. Another functions entrusted to Municipal Corporation Chandigarh is to provide fire fighting services to the citizens. They also perform various miscellaneous functions for the welfare of the residents which include management of Apni Mandis, tree plantation, health services, registration of births and death, licensing of vehicles etc. The working of Municipal Corporation is based on the Committee system under which various Sub Committees dealing with specified subjects, such as Water Supply & Sewerage, Roads, Slum Development, Fire Services, Environment & City Beautification, House tax etc. have been constituted. Each of these Sub Committees is headed by a Chairman. There is Finance & Contract Committee which is headed by Mayor of the city. Different Committees have been delegated financial and other powers to carry on the work relating to Municipal Corporation. In cases involving financial implication beyond a certain limit and those involving policy decisions, the matter is finally referred to the general body.

11 richardphelps.net/Privatization.doc
meeting of the Corporation which also includes elected councilors from various wards of the city through elections. The practice of contracting out is being increasingly adopted by urban local bodies all around the world including India. The present study has been initiated to examine the contracting out in local governance with special reference to Municipal Corporation, Chandigarh.

1.4 REVIEW OF LITERATURE

A large number of studies have been undertaken in the research field. Select studies have been undertaken and reviewed under four heads: (a) Studies on local urban governance; (b) Studies on privatization; (c) Studies on Public-Private Partnership; (d) Studies on contracting out.

(A) Studies on Local Urban Governance

Bhagwan (1971) laments that municipal councils are suffering from faulty adaption of sound party system, lack of good leadership skills, poor coordination among chief executive and other departmental heads, poor personnel system, lack of financial resources and zero people participation. He examined the pivotal role for municipalities due to rapid trend of migration from rural to urban areas.

Bhattacharya (1973) opines that multi level planning that is union state and district are acceptable level in hierarchic system and pronounced one effective tool in delivery of amenities to urbanities. The study visualized urbanization is important aspect of process of economic and social development. The study further states that there should be balance between industrial development in urban and rural areas. The author study laments the preparation of blue prints of city master plans but proved fruitless on implementation front. The study advocates the existence of coordinating super authority. The author opines that municipal participation depends on that quality of municipal administration. The study lays emphasis on meaningful involvement of municipal government in multi level planning will rest upon proper structure of

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12 http://mcchandigarh.gov.in/working.htm
municipal administration, its behavioral exhibition of elected representation and urban administrator.

Datta (1980)\textsuperscript{16} study exhibits the present model of Municipal Corporation in reform to executive system. There is every possibility of induction of political executive. The study shows that executive officer is required to work under control of chairman as elected person. The study throws light on functions of municipal corporations in detailed manner; it examines finance tapping process but laments on working of authority in resource mobilization. The study finds out the burden on exchequer in form of subsidy. The author opines that appointment of municipal state finance commission which will optimize the resource transfer to municipal body from state finances. The author opines that improvement in municipal finances will also improve the staffing situations. The study also throws light on reforms on state municipal relations.

Dubey (1985)\textsuperscript{16} examined the role of local authorities in Ludhiana. He emphasized that there is need to expand their scope. He further suggests that authorities should expand their functions to major extent which include creation of parks, disposal of industrial pollutants, recovery of solid waste, mechanical removal of garbage. The study emphasizes the growth of local authorities after decline and calls for expansion of functions beyond mandatory functions.

Bhattacharya (1988)\textsuperscript{17} examines that urban management being complex, involving multi organizational activities need properly trained staff. The training activity must be tailored accordingly. The author further brings forth that training function in urban management is in nascent stage. The study further analysis two important committee formed in 1963 and 1966 respectively. It further reveals that training program in urban management is not wide spread in India. The study calls for the participation of urban local bodies shoudering in the development activities and states that training is of crucial importance in this context. Setting up of institution for local government and urban studies should prove to be turning point. It exhibits the usefulness of short

seminars refresher courses particularly related with the concerned areas. The key to organizational effectiveness is enlightenment of new work force of their respective tasks, responsibility. Study calls for different training according to hierarchical positional levels to have optimum results and its proper evaluation through development of care for organization which in turn means caring for the human beings in the ambit of organization.

Singh (1990)\(^\text{18}\) analyzes the working of Municipal Corporation. He laments that lack of cooperation between the deliberative and executive wings, poor financial resources and bitter relations state municipal relations is responsible for poor functioning of Municipal Corporation. He advised that there is need to amend the policies and programs of personnel management which includes training of personnel and to effective coordination among various departments. He regarded elections after every five years as need of hour. There is strong need to strengthen the financial resources of Municipal Corporation of Shimla.

Ranjan (1991)\(^\text{19}\) arrives at the conclusion that the inefficiency of municipal council led people of Chapra to face various problems like poor quality of services in regard with sanitation, water supply, inadequate supply of water, absence basic amenities like primary health centers, dispensaries, and maternity homes. He further suggests that these problems could be tackled by coordinating the various activities of officials and non officials and by fixing a standard of education for personnel.

Mohanty (1991)\(^\text{20}\) analysis in detail the provisions made in concurrence legislations enacted at state levels on most pivotal aspects like functional and financial decentralization, popular participation and planning committees as tools of monitoring local affairs. The study throws light on issues of political decentralization that is autonomy, accountability and participation. He relates these provisions to the most fundamental issues of allocation of expenditure, revenue assignment and intergovernmental transfer in federal system in light of fiscal federalism theory. The study also provides detailed suggestions for immediate, short term and medium term tasks for improving public goods and services.

Mathur (1993)\textsuperscript{21} points out massive increase in urban population in recent decades. The rapid and uncontrolled rates of increase in urban population in towns and cities have been expanding. The author opines there is hardly any city which adequately fulfills the basic needs of citizens. The study further explores great scarcity of financial resources. She opines that situation would have to be improved by exploring appropriate arrangement for urban development. The study exhibits two main facets for suitable modernization of municipal technology. It provides and agenda to achieve appropriate modernization of municipal technology.

Datta (1993)\textsuperscript{22} examines substantive aspects of urban poverty alleviation program covering up the various dimensions like design, management and institutional support. The study discusses at length design of anti poverty program which include environmental improvements, urban basic services, employment promotion. The study suggests the involvement of NGO, private sector participation for effective delivery of urban services in the slums. The author calls for national and sub national efforts to be complementary to each other. Overview of current policy of economic adjustment is an extremely confined approach, which specially deals in two areas i.e. redirecting of priorities of expenditure and ensuring better targeting of anti poverty programs. There is dire need of comprehensive policy to cope up with the present pressure.

Datta (1993)\textsuperscript{23} traces the genesis of municipal training in India and examines the working experiences of its institutional providers. The author argues that training needs to be demand given in further, rather than supply based as at present. The study explores specific implication of training orientation in municipal scenario and various training institutes. The study explores the training policy, training thrusts and program management. The study attempts to consider implications of a demand orientation to municipal training in context of municipal strengthening and its support system. The study provide that such implications of reorientation in municipal training needs to be bought about with parallel shift of training policies at central and state levels. The

study depicts that training has to be replaced towards capacity building to support municipal development in country.

**Misra (1994)** examines the characteristic feature of urbanization and its rapid growth in last three decades. The author points out migration as a major contributing factor which led to urbanization. The study regards urbanization as a vital tool to national economy, because economically viable cities can generate economic growth in sustained manner. The study explores the strategic imperatives and calls need to redesign policies and activities with respect to their impact on economic development. The study talks about the urban challenges and specifies that the greatest challenge is to ensure town and cities remain economically sustainable. Further study points out the role of privatization in urban development and some key factors on which the success of privatization rests. Study also depicts the genesis of privatization and its pace around the globe. Privatization and municipal bodies can do wonders if operated under comprehensive framework. The study also enlists typical examples of privatization in context with municipalities.

**Chakrabarty (1996)** examines the urbanization trend in India and calls for development management approach. The author states that urbanization, human settlement, development and economic development are co-related. Due to multi disciplinarian nature they have many problems with conflicting interests. He specifically advocated holistic development management approach as a tool for its better functioning. He further explores local level duly linking with macroeconomic planning as of pivotal importance. The study throws light on present approach and its limitations. The author also emphasizes on private developers and public private partnership based on scientific decision support system to achieve socio-economic objectives on improving quality of life for civil society.

**Mukhopadhyay (1996)** throws light on background of structural patterns. The study focuses on analyzing roles of municipal bureaucracy and elected body to provide an appreciation of interface between bureaucrats and councilors. The study makes comparative assessment of various systems of urban governance. The study

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explores municipal management patterns of small towns and cities and municipal corporation patterns in big cities. The study provides detailed analysis of sharing of powers between the elected corporation, standing committee and municipal commissioner and pivotal factors of management suppression and decision making. The study explores empirical studies on councilors-bureaucrat interface. Author throws light on role of councilor and its influence. The study laments the frustration of good governance due to conflicts between politics and bureaucracy. The study provides definition of governance and its various dimensions and calls for more accountability and transparency in decision making. It states that how 74th amendment embarked the recognition of role of municipal government in urban governance.

Datta (1996) highlights the need of local government’s empowerment to be attained through constitutional ways. The study compares the structural framework of urban local system in India with that of Brazil and Nigeria. It reveals that in India the electoral representation of Panchayat and Municipalities are not linked with political executive while in Nigeria and Brazil the state cannot interfere in local government. In Asia there is provision for limited period dissolution. The study shows that municipalities have de facto own functional responsibilities whereas in Nigeria and Brazil the local government enjoy constitutional fixed share of federal and state taxes for devolution. The ULBs have been allotted own tax field other than property tax and octroi, other taxes have small revenue potential. The author necessitates that local government should have tax domain of its own. The study highlights the insignificant achievement of 73rd and 74th amendment. The results reflect dissatisfaction in attainment of power local autonomy and local function and taxation. The study seeks that India to lead the way in democratic decentralization.

Buch (1997) analysis the cases of four post independence new planned cities. The study examines various problems which are proving to be hurdles in way of urban planning. The study provides the basic town planning philosophy in India. The study throws light on various problems like isolation from national economic planning process, overlooking, community time, poor plan implementation, ignoring need to make city functional, neglect of municipal administration and civil servants.

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**Patro and Gorthi (1998)** carry across sectional study of Andhra Pradesh with context to determine the municipal expenditure. The study chooses the socio economic variables and revenue variables. A sample of 36 municipalities has been selected. Discernment analysis is use to classify the sample municipalities into different grade. The result states that spending more on civic amenities and facilities based on chances of getting more revenues is a paradoxical situation where in the municipal governments are not following the best principles of public finance. The situation needs correction at the earliest by making them to follow effective budgetary principles.

**Datta (1999)** specifically deals with institutional aspects of urban governance in India. The study clarifies political ideology and reality and further discusses its typologies, functions, and hurdles in big city governance and municipal accountability. The study throws light on institutional reality in sharp contrast to lofty idealism and typology created according to size of population, density of population and engagement of male population in non-agricultural occupations. The author further deals with municipal functions and accountability aspects. In conclusive statement the author points out that despite recent conferment of constitutional status to municipal authorities, the prevailing spirit and instrumentalities reflect inherited rules which create hostility to emergence of civil society.

**Dubey (1999)** examines the nexus of relationship between rural and urban, the author signifies that both are complementary and there is strong connection between the two. The study throws light on concept of development with all dimensions. The study explores the various dimensions of rural population and urban growth rate around the globe. The study discusses development in both contexts that is rural and urban. It also throws light on major aspects of rural development. The study further discusses rural-urban relationship and states that both economies cannot be separated. The inequalities between the two are regarded as main reason of deprivation and impoverishment. The overall context of urbanization cannot be rigidly separated from rural development as both interact constantly.

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Likhi (2000)\textsuperscript{12} states that planning and management in context with urbanization has been riddled with operational efficiency and inherent weakness in the system translating development plans into operational programs has posed to be difficult task. The study shows how political side of development program is formulated. The study finds its roots are deeply cited towards political gains without practicability aspect which administrators face such as slum control, recovery of dues and removal of encroachments the plans prepared are totally in viable as well as practical aspect is concerned. The study throws light on financial structure, on the tempo of urban development that is Municipal Corporation. The study exhibits how central and state governments play the financiers role leaving the plans dry. The study explains the constraints of limited own resources of local governments. The study lays emphasis on the implementation aspect of development plan and suggests removal of inadequate lacunae in the system. The study further suggests proper coordination between the agencies responsible for urban development failing which dismal results in most development plans crop up.

Sibal (2001)\textsuperscript{13} examines the importance of urban transport as pivotal basic infrastructure on which economic growth rests. Growing demand of this sector can be coped with meeting appropriate infrastructure. The study states that an insufficient mass transport and infrastructure facility has resulted in various troubles like congestions, accidents. The study points out that future will remain dark unless policy interventions are made to augment infrastructure in planned manner. The study provides the existing scenario in India of different cities. Author predicts the coming twenty years of urban transport based on past trend and provides a list of step which needs to be taken for overall improvement of infrastructure.

Jafri (2001)\textsuperscript{14} examines the inadequacies and at times fallacies of development planning which ignores overlapping of factors working in target areas. The study points the factors that have caused damage to economic, social, and cultural regions. The study also points out that rural and urban areas being inseparable are linked with each other and they must be viewed as integrated unit to carry out planning services.

facilities and civic amenities. He states that this attitude is only way out to reduce regional imbalances and disparities. He cautions that half way planning have already proved disatorious.

Bagchi (2001)\(^{35}\) attempts to dig into detail of private sector initiatives adopted for financing long term capital investments in urban services. The study particularly takes water supply and waste management treatment into its ambit. The study laments many projects that have been started but could not reach financial closure and had to be abundant in between. The study throws light on various schemes of public private partnership like build-operate-transfer, build-own-operate and divesture. The study takes into account various water supply and sewerage projects of different states. The study points of the hindrances towards successful implementation of private sector participation are failure of governance system to provide effective atmosphere. The study suggests complete transformation of urban governance system is need of the hour to make working of municipal services a success.

Singh (2001)\(^{36}\) states that understanding the recent and future mechanism change in industrial society, process of urbanization, treated to closely link with economic development deserves a very close attention. Author states that urbanization levels in the less developed region differ greatly from those in more developed countries. The study states population as one of the pivotal factor. The author mentions various relevant studies in context with urbanization. The study also depicts various demographic sources of urban growth and the major explanation of demographic lies in migration. The author states rural to urban migration is a prime factor of urbanization. The author compares the urbanization process of western countries with India and concludes that growth of urbanization is higher in larger towns. The author further states that migration also accounts for a faster increase of cities in India. The author also provides base for further research. The author in his study lays emphasis on balance between industrialization, urbanization and discards the issue of over urbanization or hyper urbanization.


Nahvi (2003) examines the problems arising out of rapid urbanization and financial constraints, the huge demand to perform civic services, expanding services and dependence on administration have made municipal corporations ineffective. The study deals with municipal administration of Srinagar; the study throws light on history of municipal administration and explores the coming future of Valley Corporation in regard with statutory control, financial controls, and administrative controls. It throws light on ineffectiveness of corporation in regard with financial status as most part goes to salary; the study enlists various causes leading to financial crunch and poor implementation of planned actions due to inability in generating profits and tax revenue. The study suggests various reforms needed to overcome the current vicious scenario.

Sarada (2003) examines resources of revenue for local bodies which mainly gets from state government. The study explores the financial constraints of decentralized governance. The study specifically provides traditional ways of safeguarding fiscal balance is through adherence to sound budgeting techniques. The study personifies that growing revenue and fiscal deficit, the enactment of necessary legislation for fiscal responsibility assures importance. The author explains the present techniques of existing budgetary methods and practices. The study points out the weaknesses of present budgetary methods which are proving hurdle in smooth assuring smooth functioning. The studies suggest the various points which can prove budgetary process. The study explores the need to treat as budgeting techniques as scientific methods for achievement of objectives, the study calls for the upgraded financial management practices to meet the demands of performance, accountability and transparency. People’s participation is must to attain the ultimate objective of removal of poverty.

Chaterjee (2003) analyzes the high rate of urbanization, the study presents the census reports that shows the growth rate of urbanization. This high rate of urbanization has put stress on civic amenities like safe drinking water, hygienic sanitation and drainage facilities. The study presumes the future as bleak. The study

aimed for rational pricing of water, efficient collection of charges, self sustaining operation and maintenance of water resources and assured supply of safe drinking water. The study provides detailed analyses with important aspects of operation and maintenance like key issues contributing to poor operation and maintenance and other areas where it is lacking. Further study presents various models of privatization which could be introduced in different phases. The study provides pre-requisites for successful private sector privatization. The author also signifies the pivotal areas where need for capacity building is must to enhance the efficiency.

**Ortega (2003)**\(^{40}\) personifies that local services in Spain had been provided by the municipality by contracting out. The study makes clear that in either of the cases the funding was from consumer. There is complex framework of this model. The study explores that the municipality can also act under an agreement with other municipalities or other public authorities. The study exhibits various forms of local service management which include forms of direct management, indirect management comprising of private contracts, profit sharing agreement, lease, joint venture, or other forms of management comprising of community consortia and management mandate. The study further highlights the most distinctive aspect of Spanish which permits varied forms of intervention that they generally use to have different innovative strategies for reforming public sector management.

**Narayan and Sanjay (2004)**\(^{41}\) examine the working of local governmental and their ability to enhance the quality of grassroots democracy. The study throws light on case study of Andhra Pradesh in context of local governmental finances. The study elaborates the article 243 H of constitution that provides for financial decentralization in form of tax assignments, revenue sharing and grant in aid. The author states the current situation of finances in Andhra Pradesh. They provide certain guidelines to overcome the financial crisis of local government. Study also enlists various tools to enhance the accountability in local government which include Ombudsmen, Right to information, Citizen Charter, a district audit unit.

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Sharma (2004)\textsuperscript{42} depicts that how the trade takes place among village and towns. The author explains the inflow of resources from urban areas to villages. The study exhibits the way how and why village people migrate to urban areas to fulfil their day to day requirements of life which cannot be met with their native village as cost of material required in their daily day life. The draws the picture of migration from rural to urban levels in order to satisfy their needs. The author suggests that media can play a reformer’s role in making people aware of blessing of girl child’s birth making status of women better in society.

Jung (2006)\textsuperscript{43} analyses the difference of expenditure as Municipal functions by reformed and unreformed cities by examining per capita expenditure. The study explores statistically there is no difference between unreformed and reformed cities. Findings of the study illustrates that the studies should be conducted taking in view various factors like population size, form of government region and other variables. Further study lays emphasis on more comprehensive conceptual approach should be adopted for factor effecting municipal expenditure. The study also took previous literature into account while conducting the research.

Singh (2006)\textsuperscript{44} examines the quality of public services delivery and expresses hopelessness in its poor delivery. The study explores decentralization initiatives and institutional changes in context to municipal services. The study laments over unplanned urban development, urbanization, and inadequate infrastructure that have proven to be a burden on urban services. These do not yield satisfaction in the present dynamic scenario. The study also throws light on corruption in municipal services and also highlights the factors ultimately resulting in corruption. Further the study examines the scope of public private partnership and the main categories of public private partnership i.e. contract services privatization, designing, construction, operation, project financing and merchant facilities. The study suggests report card system as an effective tool in evaluating various aspects like people participation, rule of law, transparency, effectiveness and equity. The study further suggests the need for

reforms in delivery of urban services and enlists instruments for improvement of services delivery.

Dhameja (2007)\textsuperscript{45} emphasizes on infrastructural development in developing countries. The economic development is directly linked with availability of right quantity and quality of infrastructure. The author defines the infrastructure as per World Bank definition. The study states that infrastructure contributes towards economic development by increasing productivity, amenities which enhance quality of life. He further explores various forms of public private partnership in various dimensions under which it can operate like management contract, leave concession, green field projects and divesture. The study also enlists various public private partnership examples already prevailing.

Joshi (2007)\textsuperscript{46} examines good governance in detailed manners. The study regards quality of governance as one of the important factors in development process and good governance as an important tool in making development process a success. The study throws light on the operationalization of idea of good governance which comprises accountability, transparency, access to information, participation, rule of law and predictability. The study explores grievances redressal system of Surat Municipal Corporation. The study exhibits key areas necessary in making local governance effective in achieving sound grievance redressal system. They include motivation of staff removing the structural and functional bottlenecks, improving the decision making process and enlightenment of citizens. The study further provides framework for grievance redressal system.

Bestida and Benito (2006)\textsuperscript{47} observes the reforms which led to decentralization. The study highlights the impact of decentralization in big Spanish municipalities. The study depicts that decentralization in management make global financial reports a must provided they include information so as to deliver service. Various renowned scholars have thrown light through this stand on pattern of statement i.e. consolidated statements being more appropriate. The study shows great importance of local


government global report. The study exhibits legal budgetary bias of municipal official to focus on budgetary constraints more than managerial constraints. The study suggests that the bureaucratic approach should evolve to another one with higher degree of private sector management techniques.

**Sharma and Sodhi (2007)** highlight that role and performance is judged by noiseless observes of civil society. It analyses the formal decision making and implementation of formal and informal actors involves in it. The study explores that despite numerous problems and challenges, civil society focuses to enhance the participation of citizens in affairs of local bodies to make it more accountable, responsive, transparent, and community friendly. It all depends as the effectiveness of civil society for changing the work culture of local bodies. The study explores the important role of civil society in governance of local bodies as it creates awareness among people make local bodies answerable for discharging its primary functions. A civil society also plays an important in monitoring and evaluating the work accomplished by local bodies. The study arises number of queries regarding the role of civil society in role of governance in local bodies.

**Rao (2008)** traces out the causes of urbanization and its consequences. The study categorizes urban towns into two parts according to census of 2001. The study enlists the various trends of urbanization in India. The study further throws light on causes of urbanization which include industrialization, educational factors, means of transport, natural factors, business, etc. the study explores various problems arising due to rapid urbanization like problem of housing, urban slums, environmental pollution, unemployment, poverty and so on. Author further provides certain guidelines to have healthy urbanization.

**Bhatnagar (2008)** highlights the analysis of suitability of micro credit to help and assist young employable force to compact the grant of economic growth thereby resulting in development of cities and towns. The study further speaks of various experiments did by the government and their failures to overcome the poverty. The study explores rapid increase in urban migration due to poor agricultural facilities.

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The study also throws light on social investment banking and micro finance banking. The finding of the study brings forth bureaucratic hurdles. The study calls for need of active government initiatives for necessary changes to its micro credit policy and laments over the wastage of efforts to incorporate outdated provisions.

Bagga (2008) states the importance of good governance and its growing need around the globe. The study explores the principles of state administrators of early periods given by Kautilya. The study focuses on failure of system on account of several reasons which include lack of mission and vision population explosion, degradation of moral and ethical values, lack of integrity and education. Degeneration of political and administrative system despite being several sovereign, socialist and democratic republics. The study explores the poor credibility of government in eyes of public. Poor governance has also been the major culprit for present situations. The issue of good governance remained as key area for national as well as international organization. The study specifically takes into account the Ludhiana Municipal Corporation, its management in capacity building measures. The study finds out the most serious and challenging problems as corruption, moral and ethical degradation. The study suggests guiding principles which must be kept in mind to make a way to progress.

Sangwan (2008) explores the concept of local urban governance having dual meaning. The study explores comprehensive process of urbanization in Haryana. The study throws light an evaluating the nature of processes and patterns, to analyze the trend of demographic changes, geographical and size of distribution of urban centers, spatial analyses of levels of urbanization. The study explores the pre and post independence era in context with Haryana factors which give an impetus growth of towns in Haryana are increased. Agriculture production due to green revolution, white revolution and its formation as separate state.

Bajwa (2008) depicts the growth of rapid urbanization and role of urban local bodies in providing delivery of services to urban residents. Author examines the role of local bodies in development. The study particularly takes Chandigarh into account.
It studies its genesis and present conditions in various spheres. The findings of the study reflect emerging problems of Chandigarh city like population pressure, growth in vicinity, conversion of houses into apartment, slum areas and its management, traffic management, efficient management of drainage and solid waste. Study also throws light on financial condition of local body and their sources of income. The study also suggests some measures for its reforms in order to mobilize its resources which include property tax, accounting method, private sector participation, improvement of cost recovery, it also takes importance of human resource and its development by providing them desired training. Study also calls for reforms at policy, economic and financial level to maintain the international standards of quality.

Singh (2008)\textsuperscript{54} provides an innovative initiative i.e. citizen report card. The study traces the roots of urbanization and its role in development. It depicts the growth of urban cities as engine of growth in all dimensions. Study clarifies the concept of report card system and defines it as an effort of search for remedies and efficacy of citizens about the services. It identifies the steps of report card system and its great importance in reforming the quality of services. Study further presents the process of report card system in context of various cities of India. It checks the delivery of services of various cities. The study regards the process of report card as maiden initiation for enhancing the services and its quality. The study finds out that on various aspects the report card system is found having ignored crucial aspects i.e. selection of respondents according to their interaction and sharing of information through media. Study also laments over the poor level of services and mismanagement among various cities.

Sodhi (2008)\textsuperscript{55} highlights the dire need of performance towards people by local governing bodies. It requires strong coordination among all key players and stakeholders which is possible through capacity building. The author laments over poor understanding of capacity building till now at local institutions as it is the only tool which aims at providing services in better and efficient manner. The author calls it a specific approach to help local institution in providing services. The study throws light on emerging issues of capacity building and hurdles which are coming its way


which include inappropriate legal provisions and organizational structure, lack of finance, less suitable system, lengthy procedures, less thrust on human resource development. The study depicts the provisions of capacity building in local governance through institutional arrangements. Finally author focuses on remedy to improve capacity building and enlists various suggestions and strategies for enhancing the capacity building and its approach.

Alok (2009)\textsuperscript{56} opines that local government be considered to get the share from central divisible pool along with status, this would be of immense importance in correcting the vertical imbalance. The study exhibits that local government is supposed to provide essential services. The author explores the gap between funding through own resources. The study states that state financial commission should review financial positions of PRI and ULB and recommend on sharing assignment of various taxes, duties. The study laments at mismatch between the financial powers and functional respects. The author is of view that PRI and ULB should enjoy the greater degree of financial autonomy.

Sharma (2010)\textsuperscript{57} evaluates the significant initiative of 74\textsuperscript{th} Constitutional Amendment Act. The author states that although the initiative is landmark in history of urban governance but the poor implementation and wide ranging problems has hampered the very spirit of the Act. The study brings forth the serious problems of corruption, maladministration, multiplicity of agencies and conflict among governing institutions. Author opines that these issue needs to be resolved on an urgent basis to ripe the benefits Act.

Sharma (2012)\textsuperscript{58} highlights the significant of good governance tools. The inception of citizen’s charter is significant for ensuring time bound services to the citizens. The study analyzes and evaluates the implementation of citizen’s charter at local government. The study found that the document at citizen’s charter is sheer formality. There is lack of political will in implementing it whole heartedly. Author raises an important concern of poor advertising as another reason for its failure. Further the


study suggests that there is need to have sound comprehensive policy for its effective implementation.

Mohaparta (2013)\(^{59}\) analyzes the significance of local government as an pivotal instrument of self governance and empowerment of people at core level. Author states that the local government institution holds the key as it enables people to take part in decision making process of governing. The study highlights the challenges of coordination among departments and ministries. The issue of accountability needs to be taken care of in order to justify the functioning of representatives at local level.

(B) Studies on Privatization

Moe (1987)\(^{60}\) explores the limits of privatization. The study portrays privatization as tool which altered public administration in 1980’s. The study suggests that public administration has been relatively minute actor in unfolding the picture of privatization as they no longer have the capacity to draw theoretical and intellectual routes. The study lays emphasis as concepts of privatization and passiveness of privatization. The study further explores various aspects from round the globe. The study depicts the various causes which embarked the wave of privatization. The study signifies sovereignty as a most feature that separate public and private sector. The study depicts various salient features like national security, public safety and societal value as limitation of privatization.

Sullivan (1987)\(^{61}\) laments privatization of public services as growing threat to constitutional rights. The study raises a debate that government can escape constitutional restraints by transferring public authority to private. It also identifies number of arrangements between government and private service provider that immunize both government and private sector from constitutional restraints. The study also throws light on various case studies of privatization and the future of constitutional rights in regard with privatization. The study further depicts that both clients and employees loose rights which they would have had were production kept in public hands.


Mohnot (1992) provides for the conceptual framework for United Nations development program guidelines on privatization, its different modes and modalities, rationale and background for particular models. The first five chapters throw light on basic issues of identification of parameters to measure comparative advantage, yardstick of measurement methods of aggregation of non-quantifiable and quantifiable parameters are explained. Further four international experiences with privatization are given. Second module presents the important dimensions on privatization and non-privatization reforms like MOU. Module three discusses the important concepts of performance improvements, management practices, and discipline cost effectiveness. Module four personifies policy issues like future investments, disinvestments, limit of budgetary support, technological upgradation, productivity and industrial relations are discussed in length. Module five of the book states various case studies like managerial problems covering various sectors. Finally epilogue provides basic strategy for privatization along with certain framework. The book provides a valuable suggestion for policy makers and for researchers.

Datt (1993) explores that public sector, expected to be engine of growth should expand rapidly. The study further points out low rate of interest on investment, diminishing contribution to national saving, low capacity utilization, over staffing which ultimately leads to delay and wastage of scarce resources. He further emphasis on performance improvement. He further states that working of the private sector should not be estimated as superior to that of public sector. The study throws light and advocates the principle that private sector needs to be more human and public sector more efficient. Private sector along with profit maximizing should also cater to the social obligations.

Singh (1993) states that privatization is most opted in governments. The author throws light on categories of companies i.e. private or public sector. The first types are healthy and acceptable to investment market, the second being which can be financially revived into marketable health and the third sick units which can be dissolved easily. The study further discusses the cause of sickness as over staffing.

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64 Shrawan Kumar Singh (1993), “Privatization Debate and Sick Public Sector Undertakings” _Privatization-Bane or Panacea_, pp.44-55, New Delhi, Pragati Publications.
outdated technology and equipments, lack of managerial skill or functioning. Lastly he expresses deep concern over non accountability for serious lapses in public sector. He suggests particular discipline that public sector need to survive and grow and bring forth the profitability. He expresses privatization as only a process for achievement of efficiency and not end in itself. He emphasizes need of applicability at grass root level.

Vijayalaxmi (1993) states that public sector as the burden on economy for providing services and giving poor results in key areas. On other hand private sector meets consumer needs perfectly yielding better results. The study explores privatization as process which reduces the governments or state involvement in economic activities of the country. He discusses privatization of departmental activities, enterprises and non-departmental enterprises may it be through transfer of assets to corporate entity, lease system or MOU system etc. he suggests that prosperity of two sectors is intertwined. The study throws light on the clear results may it be through public or private sector. He opines that wants and needs of people must be satisfied with the fundamental beliefs and values in democratic manner.

Roy and Sen (1993) state that how colonial governments had limited involvement leading to development of public sector investments resulting in ineffective, unproductive loss making enterprises. They opine that for providing better services privatization of public sector was sought. The study suggests that both sectors should operate on principle of achievement of high economic effectiveness and maximizing the use of labor, capital, sound management project and programs. It is found that failure of public enterprises in bringing forth that desired results was due to political interference, unproductive, unskilled workers, lack of managerial skills, unaccountability of managers for making losses. They suggest that privatization of public sector enterprise can give beneficial effects on economy provided it is done in appropriated environment.

Jayaraj (1993)\textsuperscript{67} states that privatization as a global phenomenon, as a fewer control and regulation by the state, a group or association of experienced persons in management but applying check on private sector by the government. The author further suggests the private sector to adopt a highly responsive attitude. He discusses various strategies of the government supportive, maximizing and public enterprises strategies. The study further reveals the strategy of private enterprise which hesitates to enter in fields of investment where returns are risky. So that ultimately leads to public enterprise. The study further advocates privatization as a step in right direction provided it brings the industrial regeneration which is most pivotal.

Pandey (1993)\textsuperscript{68} states the weakness of public sector in attaining desired results which led to reversal of policies stance of privatization policies. The main point of privatization rests on the ground of efficiency and maximizing profit through best deployment of scarce resources. Lack of motivational attitude at managerial leads to water downing of high priority objects. Study described privatization as a reform in distribution of income and cost cutting for better output through limited manpower. The study emphasizes on shrinking of budget deficit, mobilizing financial and managerial research for efficient production resulting in improvement of nations saving.

Ghosh and Frazer (1993)\textsuperscript{69} state the various dimensions on privatization as a policy proposal and emphasize that policy should bring out positive results for improving the economic health, stabilization of foreign exchange position and correction of fiscal imbalances. Study personifies that demand and supply side are highly as real objectives of development and ought to be met with comfortably within private sector through healthy competitive and unnecessary restrictions imposed by the governmental control. The study further recommends the need for comprehensive policy that the national economy is an organic whole to attain favourable trade balance in result producing overall efficiency. The study lays emphasis that national agricultural policy should be carefully framed.


Basu (1993)\textsuperscript{70} states the dimensions of competition and improvement of efficiency comprising of productive efficiency and allocative efficiency leading to profitability. Study explores that competitive, privately owned firms yield better results and are more effective than public counterparts. The study throws light on effective implementation of policy and indigenous entrepreneurs. The study purposes the principles must for the success for the policy of privatization are favorable government policies and institutional investments.

Prasad and Prasad (1993)\textsuperscript{71} have examined the perspective implication and problems of privatization in context with India. They discussed the cost of private enterprise market economy development in terms of human sufferings and privatization was immense. They have found that the results of nationalized as improved because private ownership failed in delivering the required results. They highlighted in their study the failures of nationalization and return to the old system of privatization and market orientation for radical economic reform. The study further explores the implication in path of privatization and fear that private sector dominance may put India on path of capitalistic development. They suggested the need of vibrant mixed economy with vast private and public sector in India provided government has political will.

Vaikunte (1993)\textsuperscript{72} explains privatization as improved efficiency or increase in production, he emphasizes on policy of privatization which, when, how state owned enterprises be privatized. Economist view privatization on increasing efficiency in supply of products or services through technical efficiency in pursuing of profits. He also foresees opportunity for depoliticizing economic decision making. Study further throws light on privatization which can bring lower cost, better service accompanied by competition. The author explains privatization as a self fulfilment prophecy. The study further discusses the opposition of trade unions in privatization.


\textsuperscript{71} Madan Mohan Prasad and Mrs. Maya Prasad (1993), “Economics of Privatization: Perspective, implications and Problems in India”, Privatization-Bane or Panacea, pp.132-142, New Delhi, Pragati publications.

Bhattacharya (1993)\textsuperscript{73} states the importance of different drafts which are most sought for economics of privatization. The study rejects the wholesale privatization and demands for the substantial revision of concepts and modalities of accountability. The study advocates the attention to results than processes and procedures. The study lays emphasis on various difficulties and raises a debate regarding feasibility of privatization in India.

Das (1993)\textsuperscript{74} explores the process of privatization and factors essential for its success. The author highlights the conditions essential for privatization should be step wise step, well planned and gradual. The public and private sector are like two sides of the coin with the governmental support like their backbone. The study further personifies key issues arising out of privatization i.e. fear of producing unemployment, resulting in agitation from the trade union and consequently leading to unrest among workers resulting in hampering of work. He further suggests in his study the way to notable success of privatization is proper scrutiny of process.

Das (1993)\textsuperscript{75} depicts the effect of privatization in terms of employment creation; it attempts to analyze the extent of employment generation by public sector co-related with secondary data. The study regards structural deficiency as one of the major contributing factor for abnormal fiscal deficit. The study also warns that privatization cannot do as and must not be taken as remedy solely but in promoting efficiency of public sector. The study also states the idea of transferring ownership is too immature; he lays emphases on role of state in public sector which has to be duly filled by them.

Dhemeja and Satry (1998)\textsuperscript{76} opine about the catching trend and phenomenal change in attitude of developing countries during last three decades, the book is written under two objectives, first to develop an understanding of concept of privatization and second objective is to evaluate existing system, practices followed by countries across the globe. The book makes an attempt to assess the potential of privatization with distinct dimensions and its role. First part of book deals with theoretical and conceptual aspect while second part deals with deregulation method adopted in India.

\textsuperscript{74} Debendra Kumar Das (1993), “Privatization in Global Perspective: Some Lessons for Restructuring Indian Economy”, Privatization-Bane or Panacea, pp.161-170, New Delhi, Pragati Publications.
\textsuperscript{75} Kumar B. Das (1993), “Improvience in Fiscal System and Privatization”, Privatization-Bane or Panacea, pp.172-176, New Delhi, Pragati Publications.
First chapter throws light on debate of privatization, while rest of the chapters deal with economic, political and managerial analysis of privatization. Dunn cites a staff member and has very well presented the perspective of Ministers and further they describe the resistance from bureaucracy, further the book explores the need for blending strength of both political and administrative officials. Dunn tries to undo old politics administrative dichotomy theory and presents a new model. The bibliography and index at the end are well presented and delineates a good end to the excellent work.

**Kurain and Hajela (2001)**\(^{77}\) explore the reform process of 1991 in regard with liberalization, globalization and privatization. They state the need to globalize Indian economy due to various competitive market pressures. The study explores the international experiences in regard with liberalization, globalization and privatization. They stated the need for liberalization, globalization and privatization as inevitable. The study provides certain suggestions to improve the working of public policies in current scenario. The study further throws light on issues like infrastructural development, integration of domestic market, revenue mobilization, and reconstruction of public enterprises. They further opine the objectives that will hold well which include poverty eradication, removal of unemployment and upliftment the standard of living.

**Mishra (2001)**\(^{78}\) traces the worldwide process of privatization with special context to India. The study brings forth the importance of privatization in developed and developing countries. The study explores the issue in privatization and provide for a framework. The author further states the Indian experience of privatization on various aspects and draw privatization on various aspects and draw some lessons to make privatization practice and success to ensure sustainable economic, social and political development through reforms.

**Saygill and Taymaz (2002)**\(^{79}\) explore the study of privatization, ownership and technical efficiency of state owned enterprises, they regards it as major aim of

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economic policy in developing and developing countries. The study analysis the effects of privatization on Turkish cement industry, the conclusive evidence points out that it is not necessary that privatized sector is more efficient rather it has certain effects like monopolies, the study is based on stochastic production frontier model and its determinants of technical efficiency.

Morris, Hassard and Sheehan (2002) review corporatization and marketization of Chinese economy. The focus remains on state-owned enterprise reforms. They opine that part privatization has been pragmatic and slow. State owned enterprises have undergone significant reforms and have shifted towards corporatized and marketized forms including partial privatization. He states the various political factors that hampered the development of these reforms. The surplus labor problem is most serious problem which is root cause of potential political and social instability.

Koppenjan and Leijten (2005) explores the comparative analysis of Dutch governments which attempted to involve private parties for national rail-road projects the two were compared in terms of motives of privatization and strategies evolved, they state the reason for failure of one the projects is due to lack of expertise and over estimation of its abilities trapped the government in vicious web of contractual relations. He further states the failure of government to oversee the private involvement and its conditions which can cause failure and success.

Aulich and Flynn (2007) trace the progress of privatization as key strategy in public sector reforms in Australia. The study identifies the shift from pragmatic approach. The study highlights the range of privatization utilized by public and private sector. The study magnifies the reliance of Australia is less on public sector. They advocate private sector as prime. The study further clarifies the transitional shift from public sector to private sector in delivering services in major areas.

Germa Bel and Mildred E. Warner (2008)\textsuperscript{83} evaluate the practice of privatization. The authors found that privatization has failed to yield expected cost savings. The study used meta analyses of studies from North America and Europe to substantiate that local governments are realistic managers who must handle costs, markets and political interests respectively. Authors describe that privatization aims at cost reduction and provision of quality services. Using a framework of actors, interests and incentives, the study bring forth the lack of cost savings and demonstrate the importance of alternative management approaches. Authors argue that local government contracting must redress the dynamics of market management and carry out in a decisive framework that includes both public and private actors and their interests as well.

Germa Bel, Fageda Xavier and Mildred E. Warner (2010)\textsuperscript{84} conducted meta-regression analysis of studies pertaining to privatization particularly for water distribution and solid waste collection services. The authors opine that the assumption of privatization to deliver cost savings is not universal as responses are mixed. The authors propounded that there is lack of genuine empirical effect of cost savings. According to viewpoint of authors, there is no need of debating the private versus public rather there is need to have focus on transaction costs and environmental feasibility of generating competition.

Amir Hefetz, Mildred E. Warner and Eran Vigoda-Gadot (2012)\textsuperscript{85} opine that scholars are giving considerable attention to market solutions to urban service delivery. In the light of this inter-municipal contracting and privatizing are the major approaches to economies of scale. The study further uses national data of US across one thousand municipalities’ from 1992-2007. The study on basis of probit models concludes that these solutions are mere partial to the problems ranging from regional coordination, management and other political concerns. Authors found that these solutions offers little efficiency and equity.

Mildred E. Warner (2012) states that over last four decades privatization has been considered paramount solution to urban reforms, the study explored and found that privatization has not delivered the committed efficiency and quality. Managers of city have recognized the hurdles of managing markets for effective service delivery. All these things led to hybrid forms of governance, despite this the other major challenges of efficiency and equity remains the same.

Mildred E. Warner and Judith Clifton (2013) states that marketization of urban service delivery has gained momentum. The study states the concept of polyanis’ which depict double movement. The authors analyse that how marketization of public services creates the potential for urban counter movements in states. The study found that hollowing out i.e. service cuts, riding the wave i.e. cultivation of markets and last is push backs where markets are opposed by citizens. The authors conclude with the evidence of push back and the alternates of market services.

(C) Studies on Public-Private Partnership

Wettenhall (2008) states the emergence of PPP as dominant forces in public sector reforms, it has several advantages that lead to better future, but there is need to understand and sort variety of arrangements. The study explores the emergence of PPP from FPI, the study enlists examples of partial privatization and further it searches the genesis of PPP. Study throws light on various dimensions of PPP and classifies it into six senses namely moral, risk shifting, restructuring and power sharing. The author points out the confusion arising out of FPI. The aim of the study is to have better understanding of PPP dimensions and its working

Bava (2008) explores the various dimensions of PPP, she opines that PPP has emerged as buzzword in study and practice of public policy, the study discusses the pivotal concepts around which PPP evolves, include public versus private, state versus market ,state versus civil, it further throws light on detailed analysis of

empirical studies. She further gives various points and directs which government must keep in mind for success of PPP, it points out the shortcoming which needs to be checked before framing the policy.

Dhar (2008)\textsuperscript{90} state the advantages the PPP yields such as saving in cost which can be obtained by adopting certain principles. He further opines that full advantages of such factors can be taken by having suitable intuitional arrangements. He states the requisite need to develop technical, managerial administrative and human skills for accomplishments of these projects, he explore the crucial needs for clear and stable policies and proper legal and intuitional arrangements, capacity building, openness, competition, trust, transparency, public satisfaction for success of PPP’s.

Ghose (2008)\textsuperscript{91} states the role of private sector which has increased in last few years and explores that how government agencies are taking services from private sector of essential services like roads, airports, power and municipal services. He further states that it is not practical to rely on public and state agencies alone and reliance on such has resulted in very slow and poor quality of work. He enlists various examples where state agencies failed to work and achieve desired objectives.

Thandavan and Sivaraman (2008)\textsuperscript{92} state the factors like rapid economic growth, growing urban population and all round development have led to pressure on existing infrastructure and financial requirements. This rapid development led government to explore innovative methods in which private sector investment can be attracted through mutual arrangement. The study further explores the scenario of PPP and its qualities and characteristics. He further highlights the strengths and effectiveness of PPP and its relevance. Further devise various lessons from experience which can benefit India in future.

Dhmeja and Gupta (2008)\textsuperscript{93} explore the Indian education system as the largest system in world and depict the various problems of system which has failed to provide with basic elements of education. They further state that PPP approach is


being used round the world for addressing the problem, the study examines the whether the private providers can be associated with development of social infrastructure services. They explore the various possible option of PPP in elementary education and it also advocated the certain options under the problem of education can be resolved under framework of PPP.

Palanithurai (2008)94 observes that encouraging private sector participated in delivering basic services like water, provides a arena for corporate control over water resources. The study explores the various dimensions of services provided by private sector and its impact on cost escalation of basic human needs, he argued if government cannot manage the services it is better to delegate to local bodies. Prior experiences personifies the failure of market to exist along with government. PPP could be a way to resolve the shortcoming of each. Further the study explores the benefits derived after getting PPP in provision of water services and urges to have fine tuning to make principle work efficiently.

Hooja (2008)95 opines that PPP in social sector cannot be managed like commercial projects. Both the agencies government and private need to develop the sensitive approach towards social areas. The study aims at exploring that PPP mode be focused on mega infrastructure projects. The study signifies for need of evolving different strategies and sector specific approaches separately which are different from PPP strategies evolved for mega and large infrastructure projects. He further opines the need for more sensitized or trained mechanisms for both private and public sectors.

Gupta (2008)96 states the utmost importance to have an access to higher education to cope up with demands of various sectors, the study explores the huge need of investment and states the current position of government which is not able to do so. To fill the gap of demand and supply of seats, participation is need of hour before thinking of inviting foreign direct investments. The study explores the various prestigious institutions and the need which can be fulfilled by shaking hands with private sector.

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Sarkar (2008) states the coming trend of procuring infrastructure services through PPP. He talks about earlier conventional services and compares the recent concept and conventional concept, in new era of procurement services build-transfer-operate, build-own-operate operates while earlier conventional procurement were the norm where government builds or buy and operates with private sector through separate arrangements, while in PPP structure the same firm builds the physical asset, operate and sells the services. Thus in former case, the government buys the assets while in latter it buys the infrastructure. The study also throws light on conditions necessary for working of PPP.

Ramabrahman and Basu (2008) states about the catching trend of PPP in health care services across the country. The study states the amount of expenditure being spent on health. It explores the initiative taken by agency to find remedies to existing situation .the state government of Andhra Pradesh has entered into an agreement with insurance company for meeting enormous costs for health of poor. The study further explores the merits and demerits which need to be studied for desired results and effective policy implementation.

Kundu and Chahar (2008) states about the reforms which are taking place to introduce changes in functioning of their public administrative system. The study explores about greater efficiency, economy and effectiveness in public management, there is major change in shrinking of public sector responsibilities in hands of private sector. They further opine the concept and importance of PPP and its framework in context to social sector with reference to various programs. In conclusive part it talks about advantages and greater need for clear policy and legal framework through competent institutions and authority.

Kumaran (2008) explores the need for devising a nationwide policy framework for promoting regulating and sustaining PPP in efficient way. The study digs the important dimensions that will benefit country without expanding domain of central
and local government. The study also depicts the best practices from other countries, it provides certain guidelines that are must for successful implementation of plans and which can sustain the practices successfully.

**Pardhansaradhari and Kaur (2008)** focuses on phase that led India that far in e-governance implication for PPP as policy implements. The study explores evolution of e-governance and PPP in field of e-governance, it talks about scheme and modalities designed to have a framework of work e.g. design construct manage finance, build develop operate, the study further elaborates the essentials of PPP and various models of PPP engaged in E-Governance.

**Singh (2008)** states that PPP has been recognized and gaining acceptance in recent past. Public sector cannot alone meet the growing needs and challenges. Keeping in view the need of PPP is considered very important. The study explores the components, constraints and various dimensions of PPP. It propounded certain principles and framework which can play pivotal role in achieving the desired results.

**Singh (2008)** observes the effectiveness of regulatory framework is critical factor in any of the arrangement of PPP. The study explores the scope of PPP in key areas for effective human development viz. education health care, water and sanitation. He further opines some arrangement which must be kept while doing the broad regulatory framework that will support a conducive environment for private sector in human development. The study also explores the wide range of rule and laws kept by government while entering into private sector.

**Vishwanath and Kumar (2008)** states that PPP model is vogue, the study explores the dimension of PPP. It talks about the need for augmenting infrastructure and PPP role in improving infrastructure of Rajiv Gandhi international airport in both qualitatively and quantitatively. They further opine the type of project headed for development of infrastructure. Further study explains the obstacles and constraints in development process and provides with certain lessons that should be learnt for

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future. The study presents the fact that both public and private sector will benefit from PPP after meeting the basic requirements of essential framework.

Singh (2008)\textsuperscript{105} opines that government has been to involve private sector in delivery of infrastructure. But the growth of social sector is very slow. He states that it is very difficult and complicated for private sector to maintain standard in social responsibility. The study depicts the types of PPP framework under which it operates. It throws light on misconceptions and illusions about PPP. Some lessons are also presented on basis of prior experience. The study states the importance of definite policy guidelines for PPP for developing social infrastructure and services.

Singh and Jain (2008)\textsuperscript{106} states the concept of PPP and its booming need on provision of basic services, it also delineates the dynamics of PPP in context with socio, economic development. It also depict the institutional framework of different modes of PPP and throws light on progress achieved, the study signifies the importance of PPP in time of resource crunch and for developing nation and depends that up to what extent one uses it.

Sharma (2008)\textsuperscript{107} states the present era of liberalization, privatization and globalization which has attracted economic reforms and innovations. He explores the PPP as one the major tool in growth of all countries, the study explores the conceptual framework and projects undertaken by government, it defines the finance mechanism and operational framework. He further opines the areas and emergence of PPP in these particular areas namely railways, housing and Panchayats. The study also throws light in various needs for success of PPP.

Mohanty (2008)\textsuperscript{108} explores the approach of government in Orissa, it states the opportunity provided by PPP to utilize efficiency innovation and flexibility of private sector for obtaining desired objectives. The study explores the initiative taken by


government in healthcare sector. It analyzes the activities of PPP in difficult areas and sates it as an ideal deal to lease out.

Yadav and Yadav (2008)109 explore the sudden arrival of PPP and its emerging importance in primary areas like health education and water resources; it throws light on emergence of new areas. The study further states that there has been asymmetry in flow of funds and overreaching emphasis on infrastructure. This study cautions the government to look behind rapid growth and indicates the social protection which remains one element of inclusive growth. To make PPP model a success, the government will have to safeguard public interest, the situation should be win-win, the synchronization must remain strong. The study cautions that government should not sacrifice governance, safety and welfare functions at cost of privatization.

Dhanapali (2008)110 opines the essential need of shaking hand with private sector to meet the growing needs of services and development and delivery. He calls for its acclamation around the globe; the study depicts the benefits of PPP for various sectors in delivery of transportation projects. The study explores the types of financing mechanisms available for PPP. He opines that PPP can be developing skills among administrators who regulate and facilitate it.

Sastry (2008)111 signifies the importance of villages in India; he opines the need to introduce the PPP at village level through panchayti raj, starting from origin and concept. The study explores PPP in Indian context, further study explores the view of great personalities like Mahatma Gandhi and Manmohan Singh regarding villages and its role in making economy a success, study points out the areas where PPP can play role at village level for the success of economy.

Sodhi (2008)112 throws light on pivotal factors affecting PPP i.e. transparency, accountability. It stimulates the debate on implication of PPP for infrastructural, social and human development. The study talks about transparency in bidding

process, amateur approach of contracting authority, legal hassles, monitoring and evaluation. The major constraints of transparency, it further provides some ways to ensure transparency and accountability. The key issues of accountability and its complex nature. It provides certain guidelines for its accountability. The author states the need to ensure transparency and accountability to make PPP more effective.

**United Nations Economic Commission (2008)**[113] for Europe provides a guide book on promoting good governance in PPP. The PPP alliance of united nation economic commission was established in 2001 to improve awareness capacity, skills in developing successful PPP in Europe. The very purpose of the study is to demonstrate the key areas that can help government sector and private sector to improve governance and create training module for PPPs. The study lays stress on importance of good governance, to have clear cut objectives, capacity building, clear frame work of law and regulations, importance of transparency and the need for putting people first in PPP. The study need for framework for achieving above cited objectives of good governance.

**Jeff Tan (2012)[114]** explores the reasons that led to failure of private participation in infrastructure in water. The study brings out that despite its failure the practice is being promoted. Author argues that the main feature of infrastructure discouragement is private investment which necessitates state subsidies and this dilute private risks and incentives. All these factors are leading to questionable efficiency gains. Author states that this echos globally and in Malaysia where private participation in infrastructure continues to be encouraged. Authors depict the political factors hampers the institutional reforms of private participation in infrastructure.

**Aishwarya (2013)[115]** explores the factors and issues which plays a crucial role in ushering urban infrastructural development for basic services. The author cities the success cases of national highways and metro projects as well. Further author argues that why and how the public private partnership will venture and justifies its rationale. The study further brings forth the challenges of designing urban projects which are important to tackle in making ppp modality a success. The study concludes which

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number of policy prescriptions which are imperative to the bring reforms associated with public private partnership.

(D) Studies on contracting out

Bennett and Ferlie (1996)\textsuperscript{116} states that contract is the pivotal mechanism for governing transactions within public sector ‘quasi market’. They highlight the nature of contracting process in light of new empirical data for the development of contracting within national health services. For study of four possible models of contracting process emerging from academic literature, classical, relational, and regulated and pseudo contracting. Further classic concept of contracting in which purchaser are represented as making well informed and unrestricted choices between competing options. In classical concept elements of all the models were observed .contracting was adversely affected by rapid organizational change and lack of adequate information.

Deniss (1996)\textsuperscript{117} states that over a decade Australian government relied heavily on private sector as for as provision of services is concerned. Privatization is the pivotal component of this change, another method of providing services is through contracting out for better efficiency and effectiveness in terms of cost and quality, the study attempts to provide a framework on contracting out and its analysis for having desirable effects or not. Factors that are important include, depth of market; extent of transition and monitoring costs; extent of linkages between service being contracted out .He further stated that it is very important to rely upon definition of efficiency ,that is , one that includes dynamic as well static factors .further the study emphasizes on the issue of success and failure of contracting out.

Globerman and Vining (1996)\textsuperscript{118} state the principles which are must for efficient and disciplined contracting, the study explores logical taxonomy that lays out main issue which determine the feasibility and success. Pivotal issues in assessing contract design are task complexity, contestability and asset specificity. He further provides the framework for contracting out process. Contract design and monitoring must take

\textsuperscript{117} http://www.umar.gov.si/fileadmin/user_upload/konference/10/12_dennis.pdf.
the factors into account. He further opines that key to effective contract design is identification and assessment of its environment. He directs that local and state government should keep discussing the pro and cons of experiences about contracting out.

International Association of Schools and Institutes of Administration Annual (1998)\(^{119}\) examine the ideology that has led to apparent preservation of Roman model of private sector commercial relationship. The study explores various partnership styles to illustrate the challenges and opportunities which arise due to governments’ entry into private business. The aim of paper is to develop less idealistic view of partnership development which will provide managers great ability to focus on creation of contracting arrangements possible society. The study throws light on various kinds of partnership and case studies. The study explores the various dimensions that how micro-partnership appears to hold no risk to business. High potential for granted income, declining regulatory powers and contracting skills in part of government agencies. The study enlists various case studies of micro-partnerships which include railways, road contracting etc.

IASIA Annual Conference (1998)\(^{120}\) explores the capacity building of official in administering and building management of government contracts. The study provides for the rationale externalization of public services in order to improve the efficiency, quality. It also studies the various reasons for outsourcing the public services. The study also throws light on various hindrances in way of outsourcing which include poor management, lack of qualified contractors, limited competition and political obstacles. The study also suggests the methods of awarding contract. The study further lays emphases on capacity building of officials which play very crucial role in success of government contracting.

Savas (2000)\(^{121}\) opines that contracting out for services is prominent all over. He states that it can be practicable only if some conditions are fulfilled which includes political leadership, internal championship is must for promoting the idea, and the government is under fiscal stress or otherwise has to reconsider its prevalent practices, large cost savings or other valued improvements are likely, political feasible and a

\(^{119}\) International Association of Schools and Institutes of Administration Annual, 13 to 17 September, France.
\(^{120}\) IASIA Annual Conference (1998), 14-17 September, Pretoria, South Africa.
participating event upsets the status-quo and requires change. Various techniques can attract potential contractors to compete and contacting-in can supplement contracting out. Contracting specifications must be vivid and comprehensive. After enforcement of contract, performance must be monitored systematically.

Villanueva (2000)\textsuperscript{122} states that contracting trend is catching up and gaining acceptance as cost effective way of implementing public policies. He further cautions some activities which cannot be privatized for sake of public interest. On basis of his experience he enlists the dangers that threaten public interest, e.g. low balling, cartelization, privatizing without comparative cost analysis, monitoring and ignoring social values and costs. He opines that to ensure public interest is the foremost duty of government. He personifies various instances where public interest got sacrificed in process of contracting out.

Menell and Phelps (2001)\textsuperscript{123} demonstrated in study regarding privatizations which involves both macro and microeconomic factors. They further explains the arguments in favor or against privatizations with special reference to contracting out. After defining contracting out the emphasis is on the debate which is more than “public versus private”. They devised several important questions which must be considered while exploring contracting as delivery strategy ranging from genesis of contracting out program to monitoring and evaluation.

Quiggin(2002)\textsuperscript{124} explores the systematic programs for competitive tendering and contracting out. He states that benefits of competitive tendering and contracting out is overestimated. Appropriate tendering can enhance the efficiency of public services, it was pointed out that recent popularity has given rise to poor contracting out, in most of the cases the benefits of budgetary cost savings have been outweighed by loss in wages, analysis of cases should be taken into account while tendering and contracting for its better working.

\textsuperscript{123} richardphelps.net/Privatization.doc.
Cambini and Filippini (2003)\textsuperscript{125} opine that competitive tendering is pivotal mechanism to create competitive pressure. They further explores that its implementation is complex phenomenon, after analyzing the elements they reviewed empirical studies related to economies of scale and finally the study explores the tendering process of last two years. The purpose of the study is to analyze one of the main aspects which characterized the definition of competitive tendering process. They further states some properties which are must for competitive tendering which include presence of reasonable number of participants, no barriers to entry and symmetric information among participant.

Brown, Potoski, and Slyke (2006)\textsuperscript{126} opine that contracting out of public services has been an integral part of public managers. The three stages of the contracting process requires an appreciation of the intersection of three factors i.e. public values, institutions and service markets. Values including public interest values are the stakeholder preferences that public manager must balance or optimize during delivery of services. Institutions or the laws and organizational arrangements that frame service delivery determine the range of tools and resources that public managers can employ to achieve stakeholder values, the characteristics of services and their markets influence which contracting tools are best suited to achieve stakeholder values. When these factors are present public managers internalize service delivery or expand contract management capacity.

Dovalina (2006)\textsuperscript{127} assesses that contracting out is a complex process, and states the four fold purpose which includes the steps which are involved in contracting out are described, secondly it throws light on ethical concerns arising out of contracting out, thirdly it studies the connection between contracting out and ethical issues, finally the interplay of ethics and contracting process is explored from point of view of practitioners. It also studied the traditional viewpoint of contracting out, provided with the steps of contracting out and ethical dilemma which includes equity, transparency, conflict of interest, accountability, integrity and abuse of discretion.

\textsuperscript{127} http://ecommons.txstate.edu/cgi/viewcontent.cgi?article=1108&context=arp.
Gordon and Kelly (2006)\textsuperscript{128} opines that contracting out for public services is huge area, it is very important to discuss various issues of contracting out in depth which includes the possibility of intergovernmental contracting, political aspects, legal obstacles, employees attitude to contracting out and its impact on key areas like labor relations. In final analysis process of contracting out with private sector involves very complex and key areas, officials who are involved or want to involve themselves must take into account the various dimensions like quality, local control, flexibility, dependability of supply. They stated various specifications of contracting out and discussed on problems like union reaction, low ball bidding, lack of completion.

Marvel and Marvel (2007)\textsuperscript{129} opine that it is debatable over long period that contracted services are subject to be scrutiny compared with internally delivered services. They state that monitoring of contracted out and in house services are closely related and analysis yield the comparison that how government yields. The most important finding of study is that when services are contracted out, the monitoring burden shouldered by initiating government falls substantially. They further state that quality of service provided by outsourcing and by internal service provision is unknown, these finding further raise important questions of relative effectiveness of service delivery methods.

Ya Ni and Bretschneider (2007)\textsuperscript{130} states about the catching trend of contracting in United States. The study explores the extent to which economic and political rationality influence government contracting. They further state the pivotal factors which account for state level contracting include population and market size, competitiveness professional management of contracts and political competitions. The study provides for framework of contracting decision and it explores the presence of political logic in state level contracting. They further provide with the certain lessons which are useful for contracting program.

\textsuperscript{128} http://home.xnet.com/\textasciitilde jkelley/Publications/Costing.fldr/Cost.PDF.Files/11Cost_Contracting_Out.
Levin and Tadelis (2008)\textsuperscript{131} explores that local government can provide services with their own employees or by contracting with private or public sector providers. The study further presents the simple model that emphasizes what we believe a key trade of productive efficiency induced by performance contracts and low cost of contracting associated with less productive with in-house employment. It explains the empirical findings about the patterns of privatization across U.S. cities. Study also provided with the evidence that contracting to other public agencies stands as a substitute for providing in-house services rather than similar of privatization. Finally it is stated in the study that contracting out is associated with low cost servicing. A more living project would be to try to assess the direct cost and benefits of contracting out services, keeping in view the measure of service quality.

Conference by African Development Bank (2009)\textsuperscript{132} demonstrated the weather contracting out services and core policy functions will be conducive to state building and capacity development in fragile situations, it discussed the origin and rationale of contracting out with special emphasis on modalities i.e. implementation modality, nature of service provider, accountability structure and extent of contractor obligations. It looked on key emerging questions of political dimension, maintaining state building and capacity development, addressing the needs of citizens, concern for effectiveness, choosing modalities, adopting models, drawing policy recommendation for stakeholders.

Puma Policy Brief by OECD (2009)\textsuperscript{133} explored the case studies from various nations and thus propounded practices for better contracting out. The study from united states opines for involvement of top management and encourage re-engineering, while case study form united kingdom laid emphasis on staff issues. Australian studies signified the need for clear cut terms and conditions which must be discussed in advance regarding the method and objective of the process. Danish and Turkish case studies pointed out the need to monitor performance and foster cooperative relationships. Ensuring valid comparisons by careful attention is considered very important aspect by New Zealand study. Dutch case studies personified the importance of evaluating in-house bids. Icelandic study states the

\textsuperscript{131} http://www.stanford.edu/~jdlevin/Papers/Cities.
\textsuperscript{132} http://www.oecd.org/dataoecd/32/34/43138864.
importance of competitive markets for achieving the benefits of contracting out. Mexican studies aims at developing and maintaining the necessary skills for effective contract management. The aim of further case studies is to identify the best practices for evaluating whether governmental services should be contracted out and how the process can be managed more effectively.

Amogh (2009)\textsuperscript{134} states that private delivery of public services is pivotal component of new public management that aims to make government efficient. He further opines that virtue of competition must acknowledge potential asymmetric information between government and vendors'. The study discusses the strategy of contracting out and impact of asymmetry on enhancement of outcomes and cost cutting. Information asymmetry constitutes an important aspect of cooperative relationship between government and vendors in contracting out process.

Ghuman and Mehta (2010)\textsuperscript{135} analyze and evaluate the privatization of local government. The study examines the cost savings, delivery of services, user’s satisfaction, increase in accessibility of services to socially and economically disadvantaged group and promotion of decent work. The study found the serious counterproductive results of the assumed goals. The contracting out has failed to deliver quality services, the cost saving are generated by exploiting the contractual staff and by depriving them of their social security rights. The study further found that disadvantaged class are not getting services due to privatization. Authors prescribe to formulate select parameters and local regulatory commissions in contracting process to yield the desired outcomes.

Sharma (2011)\textsuperscript{136} states that increasing trend of urbanization has resulted in strain in infrastructural development and enhance the expectations of citizens. This led involvement of private sector as they are considered much effective than cheaper. The study analyzes the contracting out being carried out by Municipal Government; the study found that although there are monetary benefits of contracting out but the


process has serious issue i.e. poor contract design, cartelization and failure of monitoring. These issues have staggered the true spirit of contracting out, leading to poor quality of services.

Sharma (2012)\(^{137}\) asserts that last two decades the trend of privatization of local government services has enhanced manifold. The reliance on private sector is considered as an overriding solution to the rising problems of local government. The present study depicts the contracting out in case of parking services. The study gauges the citizen satisfaction responses of local paid parking users to assess the services being provided by the contractor. Contrary to assumptions the study reveals that the norms are flouted, poor management at parking lots and zero safety of the vehicles. The author opines that there are serious gaps between policy and implementation. There is need of strict monitoring and regular assessment to improve the quality of services being provided by private players.

Wassenaar, Groot & Gradus (2013)\(^{138}\) explores the motives of municipality to contract out. The authors opine that earlier the motive of contracting out is yet to be vividly established. In order to establish the same the authors interviewed the managers of Dutch Municipalities. The study came out with the interesting finding that municipalities don’t evaluate the service provisions and effects of contracting out in particular. The study brings forth that institutional motives such as the unwavering nature of service provision and realistic motives are also relevant in this case. Further study compares the alternate service provision arrangements.

Greenwood (2014)\(^{139}\) explores the economic and social impacts of contracting out in United States. The study found that the participation of private players truly undermines the fundamental principle of democratic system and leads to lesser transparency, accountability, conflict of interest and nepotism, few whistle blowers. The study cautions that the contracting out leads to lesser wages and employment. The report in its detailed analysis that in majority of the contracts the service quality


remains at stake and often compromised. The cost savings are marginal and are the sake of reduced wages. The study depicts that there is need to great innovation; otherwise there is net negative impact on social and economic levels.

1.5 SUMMING UP REVIEW OF LITERATURE

<table>
<thead>
<tr>
<th>Theme</th>
<th>Essence of Analysis</th>
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<tbody>
<tr>
<td>Urban Local Governance</td>
<td>Due to rapid urbanization, Local government feels over burdened and there are various problems ranging from finance to management. It is perceived that there is an urgent need for reforms with comprehensive policies and evaluation. Some studies also suggested various mechanisms that can overcome the problems of urban local governance.</td>
</tr>
<tr>
<td>Privatization</td>
<td>Need for privatization arises to provide for greater efficiency, cost effectiveness and generation of surplus income. The argument for privatization of goods and services is based on theory of government failure. Studies highlighted the various forms of privatization and their rationale, the literature throws light on various dimensions and framework of privatization.</td>
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<tr>
<td>Public-Private Partnership</td>
<td>Perpetual failure of state in providing efficient, capacity utilization, generation of surplus income, competence in quick delivery of services resulted in emergence of public private partnership. It is perceived that public-private partnership will overcome the hurdles that public sector alone cannot overcome. Studies personified the various forms of public-private partnerships and their working.</td>
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<tr>
<td>Contracting out</td>
<td>Contracting out is referred as pivotal practice of privatization in accomplishment of desired objectives in an efficient, cost and quality effective manner. The literature also depicts the need for proper drafting, implementing and proper monitoring of contracts. Further literature cautions that attainment of desired goals should not prove threat to public interest and give way to malpractices</td>
</tr>
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</table>

1.6 INFERENCES DRAWN FROM LITERATURE

The review of literature has thrown light on various dimensions of privatization including contracting out, public-private partnership, and disinvestment. Apart from that detailed examination of various facets of local governance has also been covered. The inferences drawn from the review of literature are discussed below:

Inferences from review of literature about local urban governance, privatization, public private partnership: Review of literature brings forth the poor conditions of
urban local bodies with regard to delivery of services due lack of finance, capacity building and poor management. Studies also clearly points out poor coordination, corruption, lack of people participation and poor monitoring of policies and plans. The major inferences about privatization formulated from review of literature are that the need for private sector intervention was felt due to failure of state in coping up with the need of the hour. The literature suggests having a comprehensive privatization policy for making this trend a success. The major inference drawn from review of literature is that trend of public private partnership is catching up and can offer better solution in context to the effectiveness of services in relation with their cost without having any hassle and burden to the government. The literature throws light on various dimensions and framework for public private partnerships and its success.

**Inferences about contracting out**: The inferences drawn from review of literature personifies that contracting is most prevalent form of privatization at present. There is huge change in services provided by private contractors in contrast with government contractors. The second major inference drawn from review of literature is that there is need for sound policy which must cover various dimensions like drafting, enforcement, and systematic monitoring of contracts in bringing about the desired results. The third inference from review of literature cautions to ensure public interest which should not be sacrificed in process of contracting out. The forth inference depicts the need for competitive tendering in contracting process. The fifth inference is that there is immense need for examining ethical dilemmas that arise during contracting out.

### 1.7 SIGNIFICANCE OF THE STUDY

Rapid urbanization and inability of urban local bodies to cope up with the changing scenario makes the study significant. The practice of contracting out is being increasingly adopted by urban local bodies; however no serious attempt has been made to study empirically contracting out of local public services in India and in particular with regard to Municipal Corporation, Chandigarh.
1.8 OBJECTIVES OF THE STUDY

(I) To study the organization and working of the Municipal Corporation, Chandigarh.

(II) To study how contracts are designed by the Municipal Corporation, Chandigarh.

(III) To examine the process of allocation of contract to the private party by Municipal Corporation, Chandigarh.

(IV) To study how the contracts are monitored.

(V) To know the level of satisfaction of employees of contracted out services towards their service conditions.

(VI) To assess the performance of contracted out services by Municipal Corporation, Chandigarh on the basis of satisfaction of citizens towards the services being provided by contractors.

(VII) To give policy guidelines and suggestions for contracting out local services.

1.9 HYPOTHESES OF THE STUDY

(I) The organizational set up of Municipal Corporation, Chandigarh is conducive for its smooth functioning.

(II) The process of contract design is faulty leading to poor contract designs in Municipal Corporation Chandigarh.

(III) Municipal Corporation Chandigarh has failed to generate competition among potential bidders.

(IV) There is lack of effective Institutional mechanism for monitoring and supervision of contracted out services in Municipal Corporation, Chandigarh.

(V) The employees of contracted out services are not satisfied with the service conditions.

(VI) The level of satisfaction of citizens towards the contracted out services is low.
1.10 RESEARCH METHODOLOGY

The study used both primary and secondary data. The secondary data has been collected from office records, minutes of the meeting and reports of urban local bodies, commissions, books, journals, thesis, dissertations, internet, newspapers and annual reports of the department. To assess the process of Contracting out, the information was generated through an interview schedule which has been administered to the concerned officials of Municipal Corporation, Chandigarh. The city of Chandigarh is divided into sectors, villages and colonies. In order to examine the performance of Contracted out services, the city of Chandigarh is divided into two parts i.e. northern and southern. Five sectors from each were selected on random basis and a sample of 200 respondents has been taken. Similarly 100 respondents from villages and 100 from colonies were contacted to know their views regarding their satisfaction level towards contracted out services. In addition the interviews with the respective officers and councillors of Municipal Corporation were conducted. A questionnaire was administered to the employees of the contracted out services to know their satisfaction level with regard to their job and working conditions.

The data processing involved editing, coding, classification and tabulation. The data was analyzed by applying chi-square test.

1.11 CHAPTER SCHEME

(I) Introduction.


(III) Organization and Working of Municipal Corporation, Chandigarh.

(IV) Contracting out process in Municipal Corporation, Chandigarh.

(V) Level of satisfaction of employees of Contracted Out services of Municipal Corporation, Chandigarh: Analysis of Results.

(VI) Level of Satisfaction of citizens regarding Contracted out services provided of Municipal Corporation, Chandigarh: Analysis of Results.

(VII) Summary, Conclusions and Suggestions.