CHAPTER-IV

PRIVATIZATION OF PUBLIC SERVICES: HDMC EXPERIENCES

The spread of globalization, liberalization and privatization (GLP) policies is a worldwide phenomenon. Among developing countries, India—one of the largest democracy and industrially developing countries provides a big laboratory for globalization, liberalization and privatization experiments. Having said that the following paras actually are written to familiarize the reader about the theoretical and Conceptual Framework of these and the experiences of HDMC in privatizing public services.

Globalization, liberalization and privatization are interrelated. However, liberalization has wider connotation and the remaining two flow out of it. Liberalization, summarily describes the progressive reduction in regulatory, promotional and entrepreneurial (i.e. government as producer) role of government in economic and social development. Liberalization has two dimensions internal (domestic) and external. Internal liberalization consists of relaxing the control of government over domestic industry and other economic and social activities and also retreat of government as producer (i.e.
privatization) within protectionist regime. External liberalization aims at exposing domestic firms to external competition by drifting away from protectionist policies. It comprises indicatives by nation states in the form of relaxation in regulations governing international trade, international investment, international finance and international technology including services. External liberalization, thus, provides a route for the domestic economy and economies of the rest of the globe for mutual exchange and integration. External liberalization is also promoted under Uruguay Round of trade negotiations culminating in the setting up of the World Trade Organization (W.T.O.) in 1995. Revolution in information technology particularly Internet has speeded up the process of globalization. Globalization is an umbrella term for external liberalization initiatives. Thus, privatization and globalisation are inherent in liberalization.

In most countries, particularly those belonging to the developing world, liberalization policy has not been evolved indigenously. It has been adopted under World Bank-IMF combine conditionalities, of which internal and external liberalization policies are integral part. The theoretical foundations for the policy of liberalization including privatization are provided by several interrelated strands of literature mainly contributed by New Right Schools of Thought, property rights literature, the principal agent relationship and organization and management literature. In all there are four New Right
Schools of Thought. These are; (i) the Chicago School led by Friedman; (ii) the Austrian School led by Hayek; (iii) Public Choice School led by Buchanan, Tullock and Niskanen; and (iv) the supply side Economic School led by Laffer, Gilder and Waniski. The New Right Schools of Thought, in spite of intellectual difference, broadly maintain that state involvement leads to increasing monopoly, increasing budget and suppressing of entrepreneurial behaviour, limiting choice, over production of unwanted services and encouragement to waste and inefficiency. In view of this the New Right has forcefully argued retrieval of the State as a regulator and producer. Therefore, deregulation/ liberalization and privatization are amongst six point reform agenda of the New Right. The other measures are the reduction of inflation, lower taxation, increasing role of market forces in the provision of public services and institutional and constitutional reforms. The aim of these reforms is to promote competition between rival bureaucracies, reduce the influence of interest groups and corporatist institutions and impose a constitutional upper limit on the public expenditure as a proportion of the gross national product. The property rights literature reveals that property rights are not neutral. Variation in these arrangements have a far reaching impact on the behaviour of the employees and thus on performance. In the property rights literature, according to Dunsire et al., “The central argument is that private sector organizations in which rights to profit are clearly defined will perform better than those in the public sector where rights are diffused and uncertain.
Privatization, which entails changes improperly rights in favor of private ownership, thus, would promote efficiency. Changes in property rights bring changes in the relationship between the owner of the firm or organization and management. In order to explain this phenomenon the proponents of privatization rely upon principal agent theory in which owner is principal and management is agent. According to this literature the principal and the Agent follow different objectives. The principal desires that the agent should act towards fulfillment of his goals. The principal, however, is not fully equipped with the information concerning actions and behaviour of the agent. Therefore, he confronts the monitoring problem and as a resolution designs an incentive mechanism so that the agent can be motivated to act in his favour. In case of public enterprises, the principal agent relations operates at many level: (i) between taxpayers (principal) and minister (agent); (ii) between minister (principal) and administrative secretary (agent); (iii) between secretary (Principal and manager (agent) of the public firm).

All these actors follow uncommon objectives. In the absence of adequate information with the principal, the agent operating at each level chooses an effort level which is not efficient and cost effective. In contrast, in private sector the principal is well informed and clever, assigns only one goal (i.e. profit maximization) to the agent and monitors his behaviour against it. The role of the share market and take over threat discipline the agent in the
private sector to work in the interests of the principal. The focus of management and organization literature providing a critique of the Weberian model of bureaucracy, is the internal structure of the organizations. Most of the contributors have based their analysis on the experience of the successful private organizations with an exception of Osborne and Gaebler’s study this literature promotes the culture of adoption of private sector practices in the public sector particularly in fast changing and hostile environment. The documentation of success stories of private companies has also strengthened the case for privatization.

The theoretical base of globalisation is directly rooted in the principle of comparative advantage, specialization in the production of goods and services based on factor endowment and competition results in benefits to all countries in international trade. In the open economy model (i.e. economy having linkages with global market), international trade leads to factor price equalization and optimum pattern of resource allocation globally.

**Liberalization in India;**

Liberalization policy in India was adopted during the early 1980s. Its pace improved during the mid 1980s however, the liberalization policies of the 1980s were partial in coverage and adhoc in approach. It is from 1991 onwards
that a systematic and comprehensive liberalization policy was set in motion. Earlier the Nehruvian model of growth adopted during 1950s and patterned somewhat on Soviet model involved strict regulation in the most of the areas of the economy. However, economic liberalization policy, is patterned on the philosophy of allocating scarce resources among sectors, strata and regions largely through market forces. The Indian economy faced a serious crisis during the middle of 1991. The major component was a severe balance of payment crisis. During this period the economy had lowest foreign exchange reserves bare enough to finance less than 3 week import bill, very high inflation (14 per cent), high level of gross fiscal deficit (8.4 percent of gross domestic product), lowest rate of growth of the economy (less than 1 per cent) and negative rate of growth of per capita income. Economic crisis, in part, deepened due to political instability in the country. India had two different Governments between December, 1989 and March, 1991. during 1991 crisis the country was ruled by a caretaker Government.

The political instability adversely affected the confidence of international investors in the Indian economy. This period witnessed considerable withdrawal of foreign capital particularly by the NRIs and thus perpetuated balance of payment crisis. The day to day foreign requirements were managed by borrowing from abroad against gold. The new Congress (I) Government constituted after June 1991 elections approached the IMF and
World Bank for a loan to mitigate the crisis. In exchange, these financial institutions imposed comprehensive programmes of stabilization and structural adjustment. The aim of the stabilization programme was to restore stability in the economy by reducing the severity of the balance of payment crisis and inflation. Adoption of appropriate exchange rate, interest rate, fiscal and monetary policies were some of the components of stabilization measures. The aim of structural reform programme was to attain a higher rate of growth on sustainable basis through efficiency and productivity originating from relaxation of government controls over production, investment and prices in the domestic economy and progressively opening up of the Indian economy to foreign trade, capital and technology.

The structural reform measures constitute the core of the economic liberalization. Liberalization in the India has two dimensions internal and external. The domestic liberalization policy encompasses all facets of the Indian economy. However, thrust areas are industry, public enterprises, taxation, financial and infrastructure sectors. The industrial sector has witnessed far reaching reforms. The New Industrial Policy, 1991 abolished compulsory licensing for all except a few industries. The reform has enabled the taking out of the licensing system for more than 90 per cent of the industrial sector. In case of existing units all major expansions are exempted from licensing. The existing and new units are provided a new broad banding
facility with a view to enabling them to produce any article without an additional investment. In the area of public enterprises five major reforms have been introduced. First monopoly of the state sector has been drastically reduced from seventeen to four. That is, thirteen industries have been opened to private sector which was hitherto monopoly of the state sector. This is known as disguised privatization. Within existing public enterprises, sweeping changes favoring increasing role of market forces are in progress. These include performance improvement through a Memorandum of Understanding (MOU) system, referring of sick enterprises to the Board for Industrial and Financial Reconstruction (BIFF) for the formulation of revival/rehabilitation schemes or closure and enhanced autonomy to select public enterprises for enabling them to become global and domestic players.

Privatization has not been explicitly referred to in the NIP, 1991. Initially the word privatization, it seems has been avoided partly due to political considerations. In the first budget (1991-1992) immediately after the announcement of NIP, 1991, limited selling of government equity under the name of disinvestment policies was mentioned. The selling of government equity below 50 per cent continued till late nineties. It is during October 1999 budget that a full-fledged privatization policy was announced. Under privatization policy, 13 public enterprises and 21 hotels owned by the government have already been privatized. Based on the recommendations of
Chelliah Committee and Raikhi Committee tax reforms comprise of moderate rate of taxation, broadening the tax base, simplification in compliance and extension of Modified Value Added Tax (MODVAT) to other areas. Financial sector reforms consist of slashing of Statutory Liquidity Ratio (SLR) and thus increasing the availability of funds with banks, allowing private banks to expand, encouraging new entrants, simplification and rationalization of the interest rate structure. The Government has also opened insurance sector to private sector. The capital market is undergoing similar reforms.

The infrastructure sector particularly telecommunication, power and roads which were traditionally monopolies have also been opened to the private sector. External liberalization (i.e. globalisation) in India has covered areas such as trade, foreign exchange, capital and technology. The major initiatives include current account convertibility of rupee, allowing exchange rate of rupee to be determined by the market forces in foreign exchange markets, abolition of import through licensing except for consumer goods, drastic reduction in import duties overtime, automatic approval of Reserve Bank of India for foreign equity in select high priority industries, the provision of automatic approval for technology agreements in select high priority industries. In addition Foreign Institutional investors (FIIs) registered with RBI are permitted to operate in the capital market. Large number of incentives are provided to Non Resident Indians (NRIs) and Overseas Corporate Bodies.
(OCB) to invest in India. Indians firms are also allowed to raise capital from International market through Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs). Globalisation of the Indian economy is also in progress through W.T.O. The Eight Round of negotiations under General Agreement on Tariffs and Trade (GATT) popularly known as Uruguay Round culminated in the form of agreement on agriculture, trade in textiles and clothing, market access, Trade Related Investment Measures (TRIMs), Trade Related Intellectual property rights (TRIPs) and services.

These agreements having varying time frames to come in operation. The phenomenal progress in information technology particularly Internet field has further accelerated the process of globalisation of the Indian economy.

The liberalization process initiated by the Congress (I) Government has been followed by successive Governments led by United Front and Bharatiya Janata Party (BJP) with a minor move initiated by the BJP Government towards disguised protectionism by imposing non modvatable levy on imported goods under the grab of ‘Swadesi’ to provide level playing field to the domestic industry.
Governance Issues;

Two way: 'cause and effect' relationship exists between globalisation, liberalization and privatization on the one hand and governance on the other. That is the success or failure of GLP policies, in part, depends upon quality of governance and in turn quality of governance affected by the GLP policies. However, studies conducted so far assumed one way cause and effect relationship between these. There are a large number of studies, which postulate that the outcome of GLP policies, i.e. development, is significantly influenced by the quality of governance. In another set of studies governance is treated dependent variable, and liberalization and independent variable.

The present study recognizes that causality between globalisation, liberalization and privatization and governance runs in both directions. However, keeping in view the selected theme, the major thrust of this study is to examine the effect of GLP on governance with special reference privatatization of public services in HDMC. However, the effect of the quality of governance on GLP has not been left unattended in this study. Changes in governance in India in response to globalisation, liberalization and privatization policies have been uneven both in pace and distribution across fields, ministries, departments and the organizations. The economic
ministries/organizations such as Finance, Industries, Commerce, and Planning Commission etc. have witnessed fast and many changes. Other ministries have experienced very slow and only a few changes in response to Globalisation, liberalization and privatization. In economic administration as specialized field of government activity has marked a significant turning point in response to the liberalization policy. Many economic acts and regulations have either been amended or are in process of amendment. For example the Industrial Monopolies and Restrictive Trade Practices (MRTP) Act, 1970, has been drastically amended in September 1991 in tune with liberalization. The role of the MRTP Commission has also been made more specific in the form of ensuring that the enterprises do not act against public interest or indulge in unfair trade practices. The Foreign Exchange Regulations Act (FERA), 1973 has been replaced by Foreign Exchange Management Act (FEMA) 1999. similarly the Import and Export Act, 1947 has been substituted by foreign Trade (Development and Regulation) Act, 1992. the Patent Act 1930, Copy Right Act, 1957 are being amended in tune with the World Trade Organization (W.T.O.) agreement. The Indian Companies Act, 1956 has also been amended in the light of changed economic environment. Sick Industrial Companies (Special Provisions) Act, 1985 has been amended in December, 1991 to covers sick public enterprises and subsequently to be referred to Board Fro Industrial and Financial Reconstruction for the formulation of revival/rehabilitation schemes or closure. The ministries/ institutions policy making have also
experienced considerable changes. the planning Commission, once known as ‘super cabinet’ has experienced erosion in its role in policy making.

In the Union budget making exercise the contribution of the planning Commission has declined over the time. According to Thimmaiah the World Bank has suggested that the role of the Planning Commission be reduced only to allocate loan funds on the basis of economic viability of specific projects and thus the planning commission would be constrained to play conventional role of helping to reduce regional disparities. Planning commission may be better known as Investment planning commission may be better known as Investment commission and in now way would be different from the development financial institutions like investment and development bank of India (IDBI) ministry of Finance has emerged as super Ministry in the liberalization era. The setting up of Expenditure Commission has further strengthened its stronghold over other ministries. Creation of new institutions/authorities dealing with matters relating to economic administration is another outcome of liberalization. Ministry of Disinvestment, Disinvestment Commission, Foreign Investment Promotion Board has been set up in response to globalization, liberalization and privatization policy.

In the liberalized era with a view to protect interests of consumer in areas such as telecom, insurance and power opened to the private sector, the
government has constituted regulatory authorities namely, Telecom Regulatory Authority of India (TRAI), Insurance Regulatory and Development Authority (IRDA) and the Central Electricity Regulatory Commission (CERC). The role of the capital market has increased during the liberalization era. For exercising control over the capital markets and ensuring its proper growth, the security Exchange Board of India (SEBI) has been accorded a statutory status under SEBI Act 1992. The Government of India has also put institutional arrangements in place to deal with issues arising from W.T.O.

The governing pattern in public enterprises has also been experiencing changes due to reform initiatives such as granting of more autonomy and introducing effective accountability in public enterprises through initiatives like autonomy package (navratna and miniratna status to select public enterprises), bringing more public enterprises under Memorandum of Understanding (MOU) and professionalizing the board of directors by inducting part time non official members.

General Administration restructuring has never been on the top on the agenda of the Indian government during liberalization period till November 1996 when reform issues concerning administrative institutions came on the scene in Chief Secretaries Conference held for the said purpose. It was followed by Chief Ministers Conference on Action Plan for effective and
responsive Administration held under the chairmanship of the Prime Minister on 24th May, 1997. The Home Minister, Finance Minister, Law Minister, Minister of State for Personnel, Public Grievances and Pensions, Cabinet Secretary, Chief Secretaries of the States/UTs and senior officials in GOI also attended the Conference. The conference statement, strongly endorsed the need for ensuring responsive, accountable, transparent and people friendly administration at all levels and agreed that necessary corrective steps must be taken to levels and agreed that necessary corrective steps must be taken to arrest the present drift in the management of public services the Conference urged that measures should be taken to restore the faith of people, particularly the weaker sections of the society, in fairness and capacity of administration. Further the increasing establishment expenditure and large size of Government staff is adversely affecting the development processes by reducing the inventible funds. The ambit of Government interaction needs to be redefined, so that the superfluous functions can be dispersed with.

In response to the Chief Minister Conference and resolution adopted therein, various initiatives have been taken by the Ministers/Departments of GOI and by the States and Union Territories. The Department of Administrative Reforms and Public Grievances (DARPG) has compiled information about these initiatives in two reports entitled, Initiatives and Best Practices of Government of India for Effective and Responsive Administration
and policies initiatives and Best practices in the States/UTs. The reform measures mentioned in the first report are classified into three subjects:

1. Accountable and Citizen friendly government;
2. Transparency and Right to Information; and
3. Improving the performance and Integrity of Public Services. The aim of new initiatives in the field of economic administration is to attain a higher rate of growth on sustainable basis through enhanced efficiency and profitability in the economy by relaxing grant control over domestic economy and progressively opening up the Indian economy to foreign trade, capital and technology.

The changes in the economic administration by and large have not succeeded in attaining the desired results. First, the Indian economy since inception of economic liberalization, globalisation (i.e, 1991-92) has not experienced a higher rate of growth on sustained basis. The rate of growth has oscillated between 4.8 per cent and 8.2 percent. The industrial sector and foreign trade which are the central focus of amended and new economic laws have remained more volatile. Secondly, changing economic laws governing both internal and external sectors simultaneously have not helped the Indian industries to improve efficiency and productivity. Rather these have has helped the multinational corporations (MNCs) to enter Indian in a big way and
take over most of the lucrative industrial activities. Thirdly, the administrative ministries and bureaucracy have made consistent efforts to thwart the implementation of new initiatives in the field of the economic governance. For example, the autonomy of new authorities/commissions such as Telecom Regulatory Authority of India (TRAI) and Disinvestment Commission was reduced drastically. The status of both these institutions was changed from obligatory to recommendatory. Further, the core group of Secretaries formed for Disinvestment/privatization programme had not taken serious note of very exhaustive recommendations of the Disinvestment Commission.

The recent debate on privatization within cabinet suggests that the majority of the administrative ministries oppose initiatives of disinvestment ministry. Fourthly, India has not made adequate institutional arrangement to reap the benefits of globalization particularly originating from World Trade organization. The aim of new initiatives in the field of general administration is to provide effective and responsive administration. A close look, however, on these measures suggests that these initiatives have also not succeeded in fulfilling the laid down objectives. Initiatives wise progress reported as under confirms this statement.
1. Accountable and citizen friendly government

Accountable and citizen friendly government has been promised through the mechanisms of: a) Citizens’ Charter; b) decentralization of power; c) redressal of public grievances; and d) review of laws, acts and regulations. The citizens character patterned on the U.K. model consists of the Citizens entitlement to public service, wide publicity of standard of performance, quality of service, access to information, simplifying procedure for complaints time bound redressed of grievances, and a provision for independent scrutiny of performance. The Citizens charters have been framed by about 70 Ministries/Department/and Public sector organizations. However, a close look at the rhetoric and prospects of the Charters suggests that these are a set of statement of good achieve them.

The empirical evidence reveals that even after a couple of years of existence the Citizens Charters have not made any dent on the quality and delivery of public services as most of the Charters have simply remained on paper and have not reached the doorsteps of the citizens. Five out of 79 citizens interviewed only 33 (42 per cent) were aware about citizens charter. However, the warrens about citizens charter has improved over time. There are certain inherent weaknesses in India’s Citizens Charter programmes which are likely to make them ineffective. First, the Citizens Charters are not widely
made available to the users of the services. Out of 33 respondents who were aware about the citizens charter only one succeeded in getting a copy of it. Through informal interviews it has been found that the managers of public organizations have not been marketing the idea of citizens charter because of fear of mounting public pressure to improve the quality and delivery of public services.

The managers have further revealed that under existing personnel policies they hardly have an effective control over staff. In such a situation keeping citizens Charter under carpet emerges a most suitable strategy. Secondly, the departments have issued a number of orders and specific guidelines for improving the standards of services. However, copies of these amended documents are not again made available to the users. For example, department of Telecommunication (DOT) has issued guidelines regarding complaints of inflated bills. These guidelines, however, are not made public and hence are interpreted against the interests of the users. Such like cases exist in almost all the departments which provide basic services. It may be railways, airlines or the State electricity department. Thirdly, the standards of served have not been explicitly defined. Fourthly, the rewards and penalty vis-à-vis announced standards are not incorporated in the Charters. Fifthly, the lack of complaints machinery which receives and disposes off the complaints
about quality standards is major stumbling block in the acceptability of these Charters by the Citizens.

In most cases it is mentioned that the Charters are not legally enforceable. Sixthly, the monopoly characters of public service providers exert no pressure only public organizations to improve quality of services. Seventhly effective execution of Citizens Charter needs changes in the attitudes, ethos and work culture of public organization. Unfortunately no visible change has been noticed in public organization in this regard during post citizen’s charter period. In most public organizations it has been found that even the front line staff are not familiar with citizens charter what to speak about changes in work culture in public organizations, decentralization of power Initiatives with regard to decentralization of power mentioned in the Report have their roots in the 74th Constitutional Amendment Act 1992 relating to municipalities. These include incorporation of provisions of election to municipalities, transfer of 18 subjects to the municipalities, municipal financés, formation of District Planning Committees (DPCs) and Metropolitan Planning Committees (MPCs) in the municipal laws of the State/UT Governments. Most states have passed municipal laws in the light of the 74th Constitutional Amendment. However, decentralization of powers has not been materialized as per the provisions of the Act. It has mainly confined to holding of elections of municipalities. The 18 subjects whom were to be
transferred to urban local bodies are still in the process of transfer in most states. The transfer of financial resources has also not taken place as per the provisions. In the absence of clear cut administrative control over 18 subjects by the municipalities and adequate fiscal strength of urban local bodies, the DPC and MPCs have failed to make their presence felt in the developments activities. Majority of the respondents (60 percent) is dissatisfied with the quality and delivery of services of Municipal Corporation of Chandigarh which has been set up in response to the 74th Constitutional Amendment. Under redressed of public grievances for the promotion responsive administration, a series of initiatives have been taken. These comprise strengthening of Internal Grievances Redress machinery within Ministries/Departments; proposal of setting of a single Window system at points of public contact, where possible to facilitate disposal of applications; and the compilation of statistical details of receipt and disposal of public/staff grievances.

In addition, for on line monitoring of progress of public grievances in all Ministries/Departments, a software known a public Grievances Monitoring System (PGMS) has been prepared by the DARPG with the help of National Informatics Centre (NIC) An attempt is also in progress to develop uniform software for other points which receive public grievance in Government of India such as the DARPG, the Cabinet Secretariat, PMO and the President.
Secretariat. Some initiatives for redressal of public grievances have been introduced by Ministries/Department and organizations. The prominent among them are: (i) the Banking Ombudsman scheme of Reserve Bank of India (RBI) which provides for the redressal of grievances against deficiency in banking services; (ii) Investors Protection Cell in Company Affairs Department for redressal of investors complaints; and (iii) Business Ombudsperson in Industrial Policy and Promotion Department to look into the complaints of undue delays in clearance of projects.

The rhetoric of redressal of public grievances is at variance with reality. Mere setting up of the machinery for the redressal of public grievances does serve the intended purpose. Display of information about the grievance redressal machinery, name of the functionary/contact person and timings and place of his availability, courteous behaviour of the officials, and time bound redressal of the grievances are some of the important factors which determine effectiveness of the machinery set up for the purpose.

In the Indian public organizations most of these factors have missing. The survey result show that most of the respond (53 percent) are not aware about the Banking Ombudsman scheme of the RBI. The recent survey, however, reveals that public governance redressal machinery has been improving gradually.
A cursory look at laws, acts, and rules and regulations reveals that India is an over regulated country. In the Report on initiatives more than 300 acts, regulations and rules have been listed. The actual number is much larger as in case of some Ministries Departments only qualitative statements are included. If the acts regulations and rules of State and UT governments are added, the number would swell phenomenally. All departments of Central Government have constituted expert groups to review the laws, regulations and procedures in the light of the changed situation. In select cases reports of experts have been submitted. Approximately 10 acts have been amended, 65 are under amendment, 10 are under examination and around 10 have been declared obsolete.

In case of public enterprises, Government of India on the recommendations of Vittal Committee Report (1977) has abolished as many as 696 guidelines, retained 171 guidelines and modified another 25 of them. This step would grant functional autonomy to public enterprises by liberating them from the strong hold of the central bureaucracy. In the case of transparency and right to information the Ministry of Personnel, Public Grievances and Pensions is coordinating efforts such as the processing of the bill on the freedom of information, information and facilitation counters and computerization. It has been observed that progress in the field of transparency
and right to information has mainly confined to computerization of
government operations.

In public organizations the culture of highly confidential or top secret
is still dominating. The consumer Coordination Council (CCC) which
conducted surveys regarding citizens charters on behalf of the Department of
Administrative Reforms and public Grievances reveals that necessary
information for the study was not provided by the officials. The direct
intervention of the DARPG was sought by the CCC to get the relevant
information. The guidelines which have been framed for prompt and flawless
services are not made public and contrary to their mission the guidelines are
interpreted against the interests of the users of the Service. The survey results
show that 50 per cent of the respondents have expressed their opinion that the
administration has become comparatively open and transparent during the last
two years. Improving the performance and Integrity of Public Services for
the new initiatives include combating corruption of ethical standards and
adherence to basic principles of the Constitution in public service delivery,
outsourcing of public services and simplification of forms. However, the aim
of improving the performance and integrity of public services during the
period after accepting liberalization seems far away from reality.
Unprecedented number of corruption cases and deterioration in ethics for
public services has been reported. Majority of the responses in this
direction has been that this process of privatization of public services has only added to the number of corruption cases in administration have increased. Outsourcing of services in public organization and simplification of forms fail to improve the performance of public services in the absence of explicit benchmarks against which performance can be measured. Most of the respondents (71 per cent) are of the opinion that outsourcing of series such as postal deliveries, reservation in railways and airlines, maintenance of railway stations and public parks, etc. would improve the delivery of public services. In addition, the results of informal interviews reveal that existing personnel policies are not in tune with improving the performance and integrity of public services. India has adopted the last step of British model of reform initiatives i.e. Citizen's Charter without going through other major initiatives such as Efficiency Scrutiny Exercises and Financial Management Initiative (FMI) within the existing public organizations.

The U.K. experience indicates that these were essential conditions of environment accompanied by the coalition government era have given rise to a volatile political environment. A further look on new initiatives and best practices of Government of India particularly that of citizens charter for providing effective and responsive administration reveals that these reform measures cover broadly those services/areas which mainly cater to the needs of the elite having resemblance with the Western world in terms of problems,
values and expectations. Even in economic administration most of the new institutions, the amended laws and regulations, cater mainly either to industry, capital market and trade or to upper class consumers. The strata of the society, regions and sectors and the economy, which have been bearing the brunt of liberalization, remained almost uncovered by the recent initiatives.

In India during liberalization phase the percentage of people below poverty line has increased. Similar trend has been noticed in case of unemployment. Regional disparities particularly in the field of industry have also increased and public sector investment in agriculture sector has declined. Ministry/ Departments/ Organization dealing with problems of poverty, unemployment and regional disparities have either been kept out of the purview of these reforms or the reformatory initiatives have not covered these areas. Actually in the initial phase of the liberalization policy, focus of new initiatives should have been those areas where dislocations and hardships abound because of liberalization. Covering only those public services which cater to higher strata of society would help them to further consolidate their position as they have already gained in terms of seems that major impact of liberalization on governance in India would be expansion of the politician bureaucrat coalition by accommodating the elite init. In the process other strata particularly lower strata of society would be alienated further from public institutions of governance. This may result in slowing down of the
liberalization process. If the prevailing political and administrative environment continues, the possibility of recurring crises the near future is not ruled out. The symptoms have already started appearing. Sluggishness in exports in spite of gradual devaluation of rupee via open market, increasing fiscal deficit, downgrading in international credit rating of India, bearish trend in the stock market, non preparedness of the Indian people particularly the elite to pay more taxes, etc., are signaling towards another crisis. Globalization liberalization and privatization policies seem irreversible in India. India should strive to manage these mega trends to the best of its advantages.

Keeping these developments in view, reforming of political and administrative institutions emerges as the one point agenda for effective governance. While suggesting this type of reform in the U.S. Meier opined, Effective governance is possible only if students of public administration return to their reformist roots and address both bureaucratic and electoral institutions. In this dismal picture on the political front, the initiatives for reforming governance need a strong political will. The country does not lack political leaders tall enough to give a lead for supporting reforms. If these statesmen belonging to all political parties join hands on reforming both political are bureaucratic institutions, particularly in the background of liberalization, the contours of governance would definitely change for the better. In the situation seasoned and honest civil servants, constituents of civil
society intellectuals and people's organizations can play the role of catalysts. The indirect institutions of governance, the constituents of civil society barring a few cases have not made their presence felt during the post liberalization period. It has been observed that out of other stakeholders in governance such as the NGOs trade unions, professional associations, chambers of commerce and industry and co-operatives, the network of the NGOs has been strengthened during liberalization period. Based on the past experience, it seem that their performance is mixed. It is hoped that reforms in political and administrative institutions would provide a congenial environment for these stakeholders to flourish in future. Globalisation, liberalization and privatization policies have been exercising considerable influence on governance across the globe. It has been found that in advanced capitalist economies liberalization policy have been changed the contours of governance very promptly and evenly across various sectors/ areas.

However, in developing countries like India, governance has responded both slowly and unevenly to economic liberalization. It is mainly due to the fact that liberalization policy in India has not evolved indigenously through the participation of political, bureaucratic and other institutions of governance. The liberalization policy is mainly adopted under the influence of World Bank IMF combine. In case of India the institutions of economic governance have responded very quickly to economic liberalization. The post liberalization
phase has witnessed amendments in many economic laws as well as introduction of economic laws to deal with changed environment. Supremacy of economic institutions particularly finance ministry accompanied by erosion in the role of planning commission in economic policy making is another outcome of economics liberalization. Setting of new institutions such as Ministry of Disinvestment, Disinvestment commission, expenditure commission and regulatory authorities in the field of telecom, power and insurance have increased the jurisdiction of economic administration in the Indian economy. Very fast growth of economic administration in response to liberalization, however, has not succeeded in achieving its goals such as a higher rate of growth on sustainable basis accompanied by the improved efficiency and productivity in the Indian economy. The new initiatives covering general administration are recent origin. Their response to globalisation liberalization and privatization is very slow.

A perusal of the change in governance which either have been experienced or have been proposed have not followed the stage model of the U.K. type. This suggests that only limited success is in store for these initiatives. Further, these initiatives have covered mainly those services and areas which cater to the elite. The areas of social concern such as poverty, unemployment, regional disparities and sectoral imbalance which have borne the burnt of liberalization policy have been kept out of these initiatives. This
combination of coverage and neglect, if continued on the one hand would help
the elite to consolidate its advantaged position and become partner of the
ruling coalition of politicians and bureaucrats. On the other hand it would
alienate further the disadvantaged groups, sectors and regions from the
institutions of governance. This style of treatment of institutions of governance
may hamper the process of liberalization. Vested interest of those in power are
likely to be stumbling blocks in the way of reform initiatives. In order to make
reforms feasible and sustainable both [political and bureaucratic institutions,
should be reformed simultaneously. It is all the more necessary because
liberalization policy is not formulated indigenously. For this strong political
backing is a prerequisite. In this regard politically tall leaders from various
political parties can give a lead. The NGOs, intelligentsia, seasoned and honest
bureaucrats, professional associations, political parties and administrative
institutions would provide an environment for constituents of civil society to
play constructive role in the process of governance.

Public private configurations thus, exist wherever government
authority is extended to private firms for the production of outcomes that
achieve public (as well as private) objectives. There are a variety of tools of
government action ranging from regulations to contracts to direct ownership
that extend government authority to private firms (salamon 2002) Indeed one
might expect that principally such levels of government action is necessiated
to ensure that there is an awareness among both the public organizations and the private citizens as to what is transpiring in the administration. The involvement of the private sector participation for financing urban infrastructure, particularly water supply and environmental sanitation has not been a very common phenomenon in India till recently. It is very recently that quite a number of projects were proposed to be undertaken both by the city governments and the utility boards to be financed out of private funds. However, not much success is seen in this context as several projects had to be abandoned in between and for many others, the project formulation and risk assessment time was substantial, further questioning the feasibility of such an approach particularly for the water supply, waste water treatment and solid wastes collection, disposal and treatment. At this juncture when the public sector is not in a position to arrange for the huge funds required for long term investments in urban basic services, it is quite obvious that certain alternative has to be looked into. In such a situation, the private sector forms an alternative to finance these investments. However, it is because of certain basic problems associated with the private participation, particularly, for financing long term capital investments in urban basic services that this has remained far from satisfactory. It is worth mentioning that many projects have been started with such initiative, which could not reach financial closure and had to be abandoned in between many others have been in the process of involving private party towards financing these facilities which was delayed
beyond limit. Subsequent analysis would, however, show that much of the failure of private sector participation was the failure of the system of governance, rather than the failure of private sector participation, it needs mentioning in this context that it is the lack of support at the policy level from the higher levels of governments to make the atmosphere conducive for private sector participation in urban basic services, particularly for financing the long term capital investments that fails these projects.

Infrastructure has always been considered a public monopoly and there was a need felt to involve the private agencies in this area. The fear that the private partners would exploit the natural monopolistic nature of the urban basic services kept them away in such activities. A large number of such innovations in financing urban basic services are more to be seen where these activities are looked after by the state level agencies than where these are under the jurisdiction of the city governments. Moreover, many of such initiatives have remained confined to the maintenance of the existing facilities rather than undertaking capital investment financing. The strong financial background of the utility boards makes it easier to mobilize resources from the capital market or approach the private partners for funding the basic infrastructure. Generally the state level utility boards have strong financial base and are financially disciplined enough to draw private investors confidence. Moreover they maintain updated scientific capital investment
budgeting and accounting practices that the Urban Local Bodies (ULBs) in India generally lack. The expertise at this level is higher in comparison to the one existing at the level of city governments because of the existence of lack of powers and authorities at this level as the third tier of government. It is very recently that the need to recognize their status has been felt. However, the initiatives have till date remained confined to some of the larger municipal corporations.

The government of India has for some time recognized the importance of private sector participation in urban infrastructure, particularly, water and sanitation services. The Eighth Five Year Plan states “private sector efforts for construction and maintenance of drinking water projects should be encouraged and mobilized to the maximum extent fusible. However, much of the private sector initiatives that have been adopted by various utility boards, parasitical agencies and some of the city governments in recent years have remained confined to a large extent to the maintenance of the urban basic services. Most of the private sector participation has remained in the form of service contract/management contract the most initial form of private sector participation, where capital investments (planning and financing), commercial risks, as well as ownership of assets remain with the public sector. Only the maintenance of a particular part of a service or a service as whole is hand over to the private operations. These have, however, shown significant success
wherever adopted than the development of a bulk water supply system or an entire sewerage system. The other forms of private participation or public-private partnerships are lease, concession, build operate transfer (BOT/build own operate transfer) BOOT build own operate (BOO) and divestiture. In BOT, BOOT and BOO, the asset ownership continues to be with the private sector till the costs are recovered along with O&M, capital investments and commercial risks. Concessions are also divestiture where the ownership of the asset is not handed over to the private owners. Capital investments are made by the private sector in the case of concession, BOT/BOOT/ BOO and divestiture. Here some of the successful cases will be referred to along with the ones, which had to be abandoned in between for some or other reasons.

The significant failures in financing capital investments in urban water supply and sanitation, that will be discussed later, has made the advocates of this school think twice towards its feasibility. As a consequence, it was thought that at first the private operators need to be given the responsibility to maintain the services to make it efficient and make the atmosphere conducive for long term private capital investments in the sector. Other problems associated with private participation lies in the fact that it would lead to a projectisation approach of development rather than considering an overall urban development strategy. The projects would mainly tend to concentrate in the areas where the cost recovery becomes easier because of higher standard of
living of the people and higher paying capacity leading to further increase in the disparity level.

Not much of these initiatives could be seen in the provision and distribution of such facilities showing the lack of capability of Indian urban system to absorb such initiative at least in the short run. Moreover, even in the limited area where private sector participation has been attempted, the results have been far from encouraging. However, within the water supply and sanitation sector undue emphasis is being put on the involvement of private sector in new source development rather than improving the distributional system, and operational management. It is worth mentioning that while in the industrialized nations, private participation is sought to make the prices more efficient, in developing countries this is generally opted as an alternative to finance these services in the absence of enough budgetary resource available from the various levels of governments. At present, objectives of public private partnership (PPP) relate to attracting capital and curtailing public sector employment rather than increasing efficiency and effectiveness of service delivery. In this context similar view seems to arise at various fronts. The basic cause of the failure of the private sector involvement as these initiatives have essentially focused on the technical commercial aspects of infrastructure, and not having sufficiently customer oriented in their approach.

a) Tiruppur Water Supply and Sewerage Project in Tamil Nadu; (b) Alandur
Sewerage Treatment Plant in Alandur, a municipality within the Chennai urban agglomeration; and (c) Ahmedabad Water Supply and Sewerage Project.

However, the Ahmedabad project is not a direct instance of private sector participation, it is more of an involvement of private funds mobilized from capital market through private placement by the Ahmedabad Municipal Corporation (AMC). The responsibility of implementation of project lies with the AMC only. Clearly shows that in India privatizing public services needs more time to reach its desired goals.

An analysis of the above said projects and their initiation and implementation shows that the major problem faced in the same is due to the delay in the implementation process of nearly a decade. There are three major reasons for the delay in the implementation of the project, firstly, due to inadequate technical data for the request for proposal (RFP) required for the formulation of the project. Secondly the delay in the final execution of the Concession Agreement (CA) due to administrative and legal hindrances in granting permission to a private agency to draw raw water for the first time in the country and pricing negotiations for bulk supply and for the wayward villages. Thirdly, shareholders and lenders agreement to mobilize the required equity and debt. As time passed the estimated costs would on increase and as a consequence new sources of funds will have to be identified to fund the whole cost of the project. After having formulated a project in a decade time
frame with so many actors to play their respective roles and various types of risks being involved in the process, the question that arises is who is going to pay for the delay even before the implementation process. However, further questions arise as how many of the cities and towns in India have the strong economic background in the form of export bases has and are ready to subsidies to the extent of more than eight times the price paid by the non-industrial consumers. Further problems arose due to the changing objectives of the main actors with the passage of time. While the role of the major stakeholders undergone qualitative change over the years, participation of new actors has given new dimensions to the initiative in terms of service coverage and institutional arrangement of implementation. The needs were wide ranging starting from legal support at every stage by amending existing laws, regulatory support, administrative support, conducive institutional arrangement as this initiative has been the first one, financial and fiscal support in the form of tax rebate and discount. Thus many a time the project still continues to wait for the state government approval for initiating the implementation process. This is mainly due to the fact that the state government has started to re-look into the matter, as the cost of the project was exorbitantly high. Now with the change in the political party coming to power after the recently concluded assembly elections the fate of the project remains to be seen.
As seen in the case of Tiruppur water and sewerage project, almost similar types of problems could also be seen to be associated with the Alandur sewerage project in the sense that on the one hand a substantial gap funding has to be arranged. Moreover, huge amount of revenue of the Alandur Municipality has to be escrowed as a security measure. Moreover, the failure to repay the loans by the Municipality would lead to a decline in the quota of its grants from the state government. An absolutely different kind of private sector involvement for the financing of urban basic services by Ahmedabad Municipal Corporation (AMC) It has been mentioned earlier that AMC is one among those existing in a state which is yet to abolish octroi. After having discussed the cases of Alandur and Tiruppur where the responsibility of implementing the project was with the private party, in Ahmedabad, the implementing agency is however, the AMC itself. The private sector participation was in the form of appointing a project development consultant and mobilizing resources from the capital market through private placements (one fourth was also through public placement) to partly finance the water supply and sewerage project. AMC prepared a capital investment plan of Rs.5,974 million for the period during 1996-97 and 2000-01 including a water supply and sewerage component of Rs. 4,890 million. The water supply and sewerage project was to be financed out of a combination of AMCs now accrual, resources mobilized from the capital market and loans from domestic financial institutions. It is not possible to formulate a complete commercially
viable urban water supply and sewerage project at the present cost recovery structure of the sector in India. As a consequence, the financial viability of the investments in water supply and sewerage project of the AMC was guaranteed by the overall financial position, viz., and the general revenue sources of the corporation. More than 80 per cent of the total capital investment planned for the period during 1996-97 and 2000-01 has been for the water supply and sewerage component. The other components of the capital investment planning for the period were roads and bridges (15%), solid waste management and pay and use toilet, 1.7 per cent each. The proposed water supply project is supposed to ensure 180 for the entire population of the old AMC limit and enhancement of water to 150 to the recently extended eastern part of the city. The sewerage project is specifically for the eastern part of the city, which does not have any service as yet.

As high as 90 per cent of the total project cost will be utilized for developing raw water source and improving the water transmission and distribution system of the city. The improvement of the resource mobilization capacity of the AMC due to the reforms undertaken in 1994 enabled it to enjoy substantial surplus in its revenue account which a year back was suffering from huge deficit. However, the largest share has been contributed from the loans made available from the domestic financial institutions. This has become possible only due to reform at the municipal level towards increasing
collection efficiency and market based rate structure of octroi. Moreover, the revision of the user-charges after long and computation of the property taxes on the basis of the Area Detail System has further enhanced the resource mobilization capacity. These initiatives were provided with due legal and legislative support from the Government of Gujarat. The reforms at the municipal level enabled the corporation to finance a fifth (20.44) of the total water supply and sewerage project cost out of the resources mobilized from capital market by escrowing a substantial amount of its revenue from octroi.

However, there was not much problem till the resources were mobilized. In a hurry to become the first city to mobilize resources from the capital market without state government guarantee to finance a water supply project. The resources were mobilized from the market in January 1998, even before the project development consultant was appointed. Till September 30, 1999, i.e., after 20 months since the bond proceeds were mobilized in January 1998, not even 50 per cent of these were utilized. Moreover, it was only during March 2000 that a major amount (Rs.914.7 million, i.e., 91.4%) of the total bond proceeds was utilized. Thus the AMC has to bear a substantial cost towards payment of the interest to the bondholders though it did not get the same as the amount so mobilized was lying idle for long. However, a group of researchers claim that the tender quotes for the project came at least 10 to 15 per cent lower than the estimated cost by the AMC, which has more than
offset the loss of interest on debt. However, the implementation of the project has started. While the various components of the water supply and sewerage project are either under documentation or implementation, the Raska Water supply component which costs around 1,131.7 million has been completed and has started functioning. This component of the project was to a large extent funded out of the loans from HUDCO and the HG funds provided under the USAID’s FIRE programme. A major water supply improvement scheme at Jasodanagar, Basee Firdosee, Bhaipura in Ahmedabad is under implementation and 50 per cent of the work is already complete.

In addition to the legislative problems, it is often the high estimated costs due to various unmitigated risks which tend to increase the cost of the project and lead to its abandonment as in the case of Panjim, Pune and Hyderabad. Moreover, the rate of returns expected from the projects are far from reality because of the existence of several risks political, administrative, institutional, legal and commercial. In most of the cases the ultimate bearer of the risk becomes the government directly or the government agency which takes the initiative to implement such a project. In the case of Tiruppur, as mentioned earlier, though the financial closure has been reached after a decade in the pipeline, the government’s approval is yet to be received for implementation as most of the risks involved either lies with the GoTN. As a consequence often the government becomes reluctant to such initiatives as
much of risks in the same lies with them in spite of the private sector involvement and hence tends to go for soft term loans from the international development agencies like the World Bank and/or the Asian Development Bank. An analysis by this has shown that the minimum success that has been achieved towards private sector participation in the water supply and sewerage sector has remained confined to the maintenance of services through management and service contracts. Thus, conducive atmosphere for undertaking long term capital investments through private participation due to the existence of various risks at various stages of the project implementation process. Moreover, there does not exist very suitable method in these projects for allocation of the risks among various partners, which to a large extent falls on the government agencies directly or indirectly as one can notice from the experience of Tiruppur water supply and sewerage project. Similar are the cases of the Alandur and Ahmedabad as the costs of any delay other than that for construction were borne by public agencies. In case of Ahmedabad, since the AMC is the implementing agency of the project, even the delay in construction was its responsibility.

One can thus conclude that basically the hindrance towards the successful private sector participation in financing urban basic services in mainly the failure of the governance system to provide the conducive atmosphere in this regard rather than the failure of the initiative in itself. Every
time there is a change in the political configuration of the state or at the city level, all the existing initiatives and policies adopted by the earlier government has to be dumped leading to a situation of "one step forward two step back". Had the project been not approved at the initial stages itself, it could have saved the expenditures made on the preparation of pre feasibility report, technical and financial reports and documentation of legal aspects, which also ran into millions of rupees. The private sector participation to make dent in the infrastructure sector particularly water supply and sanitation would at first need enough political stability and declining control of the state government on the local governance issues. Moreover, it would need enough independence to the city governance to formulate their own policies as per their responsibilities and corresponding expenditure needs. A complete transformation of the urban governance system is the need of the moment supported by enough political administrative and financial powers to the city governments.

This in our view is the key issue in the success of any new model of governance. It is with this view that we started to ask a host of respondents of Hubli-Dharwad (Profiles of respondents in enclosed in Appendix) a basic question about their awareness of the process of privatization. The choice of 250 respondents was clearly made keeping in view the need for a minimum number of respondents as per survey research. (Ram Ahujn, 2003 p.156) A
sampling frame was then created covering two constituencies of state legislature. Having done that, as said earlier with the help of random table households were selected with an interval of 25 with in the chosen households respondents were selected on the basis of voters list and with 10 intervals of random until 250 respondents were reached. There was no stratification done, but the principle of GARPlic Gathering appropriate information's activating the learning process Remembering the lessons leant Linking with Local knowledge Involving those concerned combining practice and expert knowledge was employed to extract the realities of privatization its process, the capacity of the institutions etc. Not surprisingly out of 250 respondents nearly 56 percent exhibited their awareness by saying yes (See Table-1) Nearly 44 percent were not aware of it. In a question like this 44 percent is too large a number for an academic or research. It is imperative to say that there is a need on the part of the Hubli-Dharwad corporation to take note of this and work towards enlarging this awareness. In other words, this speaks of the opaqueness of this system.

In an attempt to explain what is privatization by the starting with examples, we tried to bring a quick awareness among the respondents in order to find out and measure their levels of satisfaction for what is already there as privatization. So the second question about their experience with privatization was asked. (See Table-2 for details.)
Table - I

Q. 1 Are you aware of the process of privatization? Yes/ No

<table>
<thead>
<tr>
<th>SL.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>140</td>
<td>56</td>
<td>110</td>
<td>44</td>
</tr>
</tbody>
</table>

![Bar chart showing the distribution of Yes and No responses to the question about awareness of the process of privatization.](chart.png)
Q. 3 If I say your experience in privatization is;

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>No. of Respondents</th>
<th>Satisfying</th>
<th>%</th>
<th>Better</th>
<th>%</th>
<th>Dissatisfying</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>110</td>
<td>44</td>
<td>97</td>
<td>38.8</td>
<td>43</td>
<td>17.2</td>
</tr>
</tbody>
</table>

![Pie chart showing distribution of responses](image-url)
The response for this was quite interesting with nearly 44 percent replying satisfied. 38.8 percent had bitter experiences. Only 17.2 were dissatisfied. How does one make an analysis of this? The key question from public interest dimension is how will the public interest and experience including substantive public values and democratic accountability be preserved or enhanced through this public-private configuration? If one makes an analysis of it one will realize that there is a direct linkage between levels of satisfaction and success of a programme. In the above case; two issues are particularly important. Public values and democratic accountability the levels of satisfaction of public-private partnership explains these easily. If the levels of satisfaction is high automatically it explains that there is respect for public values and democratic accountability since, there is both these values in this endeavor.

44 percent of satisfaction for a research is not a big cake. Become if one adds up both 38.8 percent of bitterness and 17.2 percent of dissatisfaction, it amounts to decreased satisfactory levels. However, that is not a survey analysis works. Therefore what we see here is the bitterness of experiences show that this privatization is not actually performing the way it has to have or is not working as expected by the citizens some of the examples given by the citizens include the garbage claming, street light replacement, grievance redressed system, and many such programmes which actually touch everyday
life of there people. Their bitterness is mostly due to the fact that these privatized agencies have not responded to their requests or not being accommodative. Many respondents felt that the agencies were lunch men of the influential within the corporation without experience and that their arrogant attitude is disliked by them. They also expressed that the poor or less nithential people get raw deal in this and social justice is hit by there privatization. Those dissatisfied felt that the service provides had not taken note of the ‘concerns’ of the privatization and were either more bureaucratic or govern mentalists. In other words they felt that they had expectations of citizens friendly services and that they were not getting that they cited examples of computerized services for payments etc, Record keeping, Bus shelter and Medium constructions they felt that service provides did not only neglect citizens but do what they think is right.

From both table 1 and 2 one may find that at the outset privatization of public services may not be doing a good job! But that is not so. Those who have expressed satisfactions have their reasons too. They expressed their satisfaction in terms of saving time, physical presence, efficiency in service, maintenance cost, accountability increase as reasons for their satisfaction.

In case of quantifying satisfaction and to reinforce the idea of success of privatization further enquiry was made with a question directly quantifying
privatization (see Table-3) the responses were fairly equally distributed. About 39.6 percent (close to 44 percent for question 2) seemed satisfied. About 36 percent seemed dissatisfied 16 percent wanted more to be done which means to say that they are in away satisfied but would like more to happen. 8 per cent seem to not satisfied in the sense, that society was not ripe for these leaps of privatization.

As a researcher, knowing the history and understanding the development of privatization of public services in HDMC*. These responses are very encouraging one must thank and remember Mr.Manivannan for pushing it ahead. If 39.6 per cent population is satisfied with the limited services provided by the HDMC, it gives a green signal to expand the other services to bring it in the privatization told. It is pertinent to see that the 8 percent population still feels that our society is not yet ripe to understand this. Is this a trust deficit or deficit of confidence is a question. In a society where there is a fast movement in favour of more privatization this response perhaps explains the transition state of mind. One must at this stage understand that; public private configurations are more complex than Ideal type government institutions. They are responsive to market driven kind of society where the rights of consumer and stakeholders position is well understood. If this is not understood than their may be a learn in the benefit seeking system which the society is used to and this is what this 8 percent respondents felt.
Q. 4 The level of privatization today

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Satisfying</th>
<th>%</th>
<th>Distf</th>
<th>%</th>
<th>Need more</th>
<th>%</th>
<th>Not yet</th>
<th>%</th>
<th>Anything</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>99</td>
<td>39.6</td>
<td>90</td>
<td>36</td>
<td>40</td>
<td>16</td>
<td>20</td>
<td>8</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

![Graph](https://via.placeholder.com/150)

- Sl.No.
- %
- No of Respondents
- Satisfying
- Distf
- %
- Need more
- %
- Not yet
- %
- Anything
- %
In spite of all these adversaries, we must be clear at the initials stage itself that privatization is not a panacea for all the ills of too much or omnipotent governments or it can not solve all the problems of the society in a day. In view of this generalization, it was felt that question on specifics of privatization in HDMC be asked to understand the status of it. (see Table 4).

In the Table 4 it is clear that socialization of privatized public services in a large scale and nearly half of the population is aware of it while nearly half 49.2 are not preliminarily it must be clarified that this does not actually present a shocking picture. But if one examines the services privatized which are user friendly then this data gets better treatment. The reason in simple, as many as 49. percent of the population with in HDMC are not directly the users of these services. So expecting them to know everything about it is wrong then, how do they constitute the respondents for this study? Reason in simple, many (why) most people in these regions chosen for study which falls within the urban limits and inner circle of HDMC are not regular users of these services but beneficiaries of various government programmes. Their levels of education, their backwardness causes these negative response. The bright side of this argument is the 50.8 of population who are aware, are in some ways active users of these services.
## Table - 4

Q.5 Are you aware of the fact that HDMC has Privatized public service today? Yes/No

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>127</td>
<td>50.8</td>
<td>123</td>
<td>49.2</td>
</tr>
</tbody>
</table>

![Bar chart](chart.png)
A reinforcing question was further asked to these respondents to find out from them, that as users how they explain the status of these privatized services. Their response is shown in the table 5. Nearly 30 percent are justified with these 50 percent only (see 1 to 5 tables). Which 4 percent are satisfied. 25.6 percent are not clear about their opinion in the Walter. Those who said any other are 20.4 percent. It is interesting here to see that this 20.4 percent population are the once who were suggesting certain modifications in the service providers attitude, behavior, style of thinking etc. there are originally the comments found from the concerned officers before whom such grievances are placed. the officers concerned are honestly working towards bringing in these changes. Primarily the Indian experience in privatization is net devoid of ‘feudal’ mentality, this is added to the status of ‘government’ consciousness which in a way is a dangerous cocktail to ruin the tag of culture of service which essentially is built upon courteous behavior therefore a further question was asked to elicit a response from the respondents as to understand whether, privatization is seen by many as a progressive step? (see table-6).

As one can read the table, it is clear once against that about 32 percent seem to favor the Idea that privatization is progressive and therefore Developmental. Their logic is simply, rather blindly is that where ever their was non performance of governments privatization must be brought about as that is the only solution to this problem. So in other words privatization is a
Q. 6 How do you explain the status of privatization in HDMC today?

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Satisfying</th>
<th>%</th>
<th>Distf.</th>
<th>%</th>
<th>No Idea</th>
<th>%</th>
<th>Any other</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>75</td>
<td>30</td>
<td>60</td>
<td>24</td>
<td>64</td>
<td>25.6</td>
<td>51</td>
<td>20.4</td>
</tr>
</tbody>
</table>

![Chart showing the distribution of responses to the question about the status of privatization in HDMC today.](chart.png)
Table 6

Q. 7 Do you consider privatization as a step which is

<table>
<thead>
<tr>
<th>SL No.</th>
<th>No of Respondents</th>
<th>Progr. %</th>
<th>Regres. %</th>
<th>Cant Say %</th>
<th>Any other %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>80</td>
<td>79</td>
<td>31.6</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>26.8</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.6</td>
<td></td>
</tr>
</tbody>
</table>

![Series 1 Chart](chart.png)
problem fixing process for them. However, many economists and political science scholars have time and again argued that it is a wrong assumption. Since we are not entering into a debate on these issues here, we skip it and move on to understand other issues too.

Very close to the same percent (nearly 31.6 percent) disagrees with the above view and observes that it is a non progressive rather regressive step and hence non developmental. This is a major argument consistent as above many of these respondents primarily don’t see privatization as a ‘solution’ or ‘problem fixer’ for them, privatization is actually an enhancement strategy. They see that privatization adds technological dimension to administration since the main decision making power rests with the body politic elected. They also site several other reasons like failure of solid waste management in some works. Their argument is these programmes are not doing very well or bringing, greater efficiency or transparency in administration.

PPP is as one must know a part of the new public administration strategy to bringing the attitudinal shifts and result orientedness to public administration through transparency, stakeholder’s involvement, participation concept and accountability. Where as in case of HDMC experiments it seems many of these missing, 26.8 percent are did not have an opinion, while 9.6
percent is consistent with their argument that these privatization should have been in areas of visible services where accountability could be fixed.

The idea of privatization through aims at enhancing service capabilities, it is also important that, these should have greater accessibility and friendly treatment towards users. If privatization becomes unit faced computerization by non-involvement of the ordinary citizen who actually has the least advantages of life and administration criticisms are bound to bounce.

In order to understand this shift and its effects prima-facie a question to grind a comparison between the performance of HDMC prior to privatization and post privatization was asked, the response for that was quite interesting with mealy. 8 percent variations in the responses (see table-7).

About 40.8 percent agreed to the view that the performance of HDMC was better prior to privatization must be read with those who said any other in earlier tables. (please note that, that percent of respondents are missing here). It is these people who came to HDMC for small favors and found that the local government officials had responded to them favorably. About 40 percent of them seem to praise the performance of HDMC more before privatization as 'Excellent', while, 19.2 percent could not make the measurement.
Q. 8 How would you measure the performance of HDMC before it privatized the public services (mention Year)

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Good %</th>
<th>Excellent %</th>
<th>Cant Say %</th>
<th>Any other %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>40.8</td>
<td>100</td>
<td>48</td>
<td>0</td>
</tr>
</tbody>
</table>

![Bar chart showing the distribution of responses to Q. 8]
One of the major interpretations of coveted administration, who did not want to be named (strictly) was that people by and large have the habit of praising what was in vogue since; there is always an element of apprehension and resistance about change. Although this lone of argument can not be totally suppressed, for a researcher this may not be logical. Further enquiry into this question revealed that this had in it the basic problem of achieving social justice and equality. Accessibility as discussed earlier is the major problem of technically enhanced services. Those whose technical disabilities in various forms are found to be connected to poverty, this kind of replies are found to be normal.

Following those questions, in order to be inclusive in our approach, a question relating to their preference of services to be privatized if they were consulted was asked. Not surprisingly, many replies came up. The choice of such preference varied from clearing the city to supply of water, housing for the poor etc. came up. Although many of these preference were not in purview of urban governments there was shying away by the respondents in demanding what they lack most (this was the reply to question 9 of the questionnaire which could not be quantified or clustered). Keeping as a basic argument a question on the citizens view of local government and their performance was asked with a lead like is it disillusioning? was asked.
Table 8 clearly indicates that nearly 55.6 percent of the respondents were actually disillusioned with their performance while, 44.4 percent were not though at the on set this percentage may not speak anything in details, this response in directly linked to their performance Vis-à-vis their powers. Many of those interviewed or gave their responses had a fair amount of knowledge about the working of local governments and their capabilities to discharge people friendly policies. They felt most often, that the local governments followed the suit of their elders in legislatures and parliaments and therefore failed to generate greater participation. This impact they felt had lead to dissolutionment.

To a question on ‘choice’ of the privatization three alternatives were given for them to pick. This actually was a question mooled to know their consent for privatization. It one can see in table 9, out of the 250 respondents nearly 45.6 percent saw privatization contrary to what a lesser percent hithert in the earlier tables had seen as a solution to good governance. In a society which has mixture of rich and poor, escheated and hnedmeated, upper caste and lower caste residing side by side by choice or no choice, these variations of the kind are bound to be expressed. 40.8 percent, may be little elitist among them saw that this was a western notion of development an argument that can not be Ignored for the fact that privatization in the 21st century got the undeserving attention of the media and publicity along the side of
Q.10 Do you agree with the view that citizens today have a disillusionment with local governments and their performance

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>139</td>
<td>55.6</td>
<td>111</td>
<td>44.4</td>
</tr>
</tbody>
</table>
Table 9

Q. 11 In your opinion would you endorse the fact that:

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Pvt. Good. Gov</th>
<th>%</th>
<th>Pvt. West</th>
<th>%</th>
<th>Pvt. Reconnect</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>114</td>
<td>45.6</td>
<td>102</td>
<td>40.8</td>
<td>34</td>
<td>13.6</td>
</tr>
</tbody>
</table>

![Graph representation of the data]
globalization. Although in India privatization existed with performance records much earlier, even in a place like Dharwad; classical example in Dharwad Electrical supply company.* only a meager percentage of 13.6 percent felt that this privatization helps in reconnecting citizens and government. It is true that one of the very serious comments about governments in general and local governments in particular was the disconnect or in Marxian terminology alienation of governments from the people, for whom and in whose interest they were formed. This alienation had also created a vacuum in the perceptions of governments and policy output. Under the circumstance, it was felt that there was a need to build a partnership with citizens the stakeholders to rebuild the governments and convert their concerns into governance reforms. All this was the result of new public administration thinking many of the advocates had thought that privatization would unleash a new strategy to link the lost relationship between the citizens and governments. But as this study shows it has happened only in a limited way with 13.6 percent population agreeing to this option.

It was therefore only logical to ask the next question, it this ‘privatization’ in some ways new wine is a old bottle New Wine here meaning New Idea, 50.8 percent agreed to it while close on the heals 49.2 percent disagreed to this Idea (see table-10. in their explanations to such an endorsement most of the respondents did not have any have anything to say.
Table -10

Q.12 Is 'privatization' as a concept is New Wine (Idea) in the old Bottle  Yes/No

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>127</td>
<td>50.8</td>
<td>123</td>
<td>49.2</td>
</tr>
</tbody>
</table>

![Graph showing the distribution of responses]
Only few people who interacted on this issue gave many examples of private actors in the past and argue that privatization was a part of Indian macro economy and that then also it suffered from the disconnect with citizens.

This reply as discussed with experts in the area naturally arose the temptation to verify the larger issues of what was best suited as a form of government at the local government level. In order to elect a reply three choices were given of the models that are operating around the world with an option to explain any other model to our targeted respondents. As one can see in table-11, the choice of respondents has varied from 46.8 percent to 1.6 percent. This tapering response clearly indicate the way perception of citizens and the dominance of ‘state’ as secure concept haunting the respondents.

Privatization although existed in India, under the tutelage of Macro mixed economy is India, this was not actually Independent. A mixture of it with public sectors and license ray system had control over it. As a society with varied clears and hierarchy with poverty and unequal distribution all that was done prior to 1980s in India since independence was no doubt a necessity. But it must be quickly added that it had not solved these problems as was anticipated. In the 1980s, when the trio at the global level world Bank IMF and WTO decided to change the strategy with support of New Public administration, two models; a) Private Participation in public activities and b)
Q. 14 Among the following what 'model' of governance would you endorse as best suited for local governments?

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Pub. gov.</th>
<th>%</th>
<th>Privt. Part</th>
<th>%</th>
<th>Pub. Privt. part</th>
<th>%</th>
<th>Any other</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>117</td>
<td>46.8</td>
<td>74</td>
<td>29.6</td>
<td>55</td>
<td>22</td>
<td>4</td>
<td>1.6</td>
</tr>
</tbody>
</table>

![Series1](image_url)
Public Private(Joint) ventures were thought of even in governments. Many nations accepted it under several other financial restructuring programmes under the Liberalization, globalization and privatization slogan.

In Karnataka at the local government level, this was brought about for public debate on an experimental basis in HDMC first the result of which is what we see today. As it can be noticed from the table-11, a majority of 46.8 percent respondents have endorsed public governance model devoid of privatizations as their choice best suited for local governments. 29.6 percent have opted for private participation in public activities, the one that is being examined in our research. Public private partnership is endorsed by 22 percent and 1.6 percent who had other explanations as can be analyzed from their responses and interactions at the time of interviewing only wanted governments to help people solve them problems. In other words wanted governments to make a difference in their life.

In order emphasize these variations in responses it was decided to explicitly ask the respondents of they believed in what World Bank had endorsed as a central statement in their talk of privatization. This in our opinion would help us if the perceptions of privatization are well understood by the stakeholders of governments. As in Table-12 the response for the statement participation (Private) is a process through which stakeholders
Q. 15. Would you agree to the statement that;

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>121</td>
<td>48.4</td>
<td>129</td>
<td>51.6</td>
</tr>
</tbody>
</table>
influence, shame, have control over development initiatives, decisions and resources; which effect them, was a straight forward rejection with 51.6 percent saying 'no', 48.4 percent agreeing to it.

Although, it is wrong and difficult to come to any conclusion on this issue by one stroke response of respondents, it is pertinent to interact this, by strengthening such responses by further integration

There could be two reasons for such a response; (a) they (Respondents in the instant case) have not understood the concept in its true sense. Or (b) they are not in favour of it because in realistic terms none of those which as citizens feel can directly influence the working of these governments (locally) let alone influencing, sharing or having control.

In order to examine this, question 16 was asked for a quick reassessment. The question was aimed at knowing if the HDMC (a particular case in focus) was in the right direction vis-à-vis privatization. The response was 50.8 percent negative and 49.2 percent positive (see table-13). So the argument placed above, that the respondents did not understand the concept in a true sense is found wrong.
Table - 13

Q.16 In the light of the above, would you describe the working of HDMC as a step in the right direction?

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>123</td>
<td>49.2</td>
<td>127</td>
<td>50.8</td>
</tr>
</tbody>
</table>

[Add any additional information or analysis related to the table if necessary]
Having found about the conceptual issues, the survey concentrated on the performance side of the HDMC and asked the respondents to accord their priority among the services already privatized to understand the gap in perceptions between what citizens desire and local governments do. To do this six of the services privatized at present were chosen in the order is which they were privatized. Table 14 shows the priorities. Record keeping to be privatized in the priority of the citizens with 24.4 percent endorsing it public grievance cell with 24 percent is the second priority Management reforms cell with 16 percent endorsement is the third is the services. Collection of Taxes etc, was the next in the service with 12.8 percent endorsement, computer operator and maintenance staff with 12 percent and solid waste management with 10.8 percent were the last of the lot.

Although, this privatizing in it self does not speak about anything directly connected to privatization, it is clean from the above, that people i.e the respondents are aware of these activities of the HDMC and they have a different perception about its priorities.

To another quay on, the positive questioning do you agree that privatization ‘has’ an effect on the governance in the area, the quick reply seems to be an endorsement of privatization with 54.8 percent accepting the
Q.17 In the list provided below the public services privatized by HDMC is shown: kindly accord YOUR priority and endorse it

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>A %</th>
<th>B %</th>
<th>C %</th>
<th>D %</th>
<th>E %</th>
<th>F %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>30</td>
<td>12</td>
<td>60</td>
<td>24</td>
<td>27</td>
<td>10.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40</td>
<td>16</td>
<td>61</td>
<td>1</td>
<td>24.4</td>
<td>32</td>
</tr>
</tbody>
</table>

Table -14

![Graph showing the distribution of responses for services privatized by HDMC]
felt that there is an effect on governance in the local area. 45.2 percent did not agree to it. (see Table-15) A local tour in the HDMC offices and the new generation of computer operators with their ‘knowledge’ domination is the order of the day that one notices in these offices. These people are work oriented although disconnected to the office. They are interested in clearing as many cases as possible in a day and have no personal relationship rather Human relationship to their customers. They have their generational circle and their advise to those who approach them is that they should as customers see internet and collect facts before coming to the office. Corruption may or may not be there, but certainly not in the form of lynching the citizens. These are technical people, target oriented, not interested in long conversations. It is some of these factors that have influenced governance in the local area.

With these changes in governance, it was further enquired as to; what effect this has had on HDMC working. As one can notice in Table-16, there was a mixed reaction but valuable one. Nearly 18.8 percent felt that there was positive effect on its working. But 16.8 percent felt that it was negative. A critical assessment of these responses throws up the major question whether privatization supports better governance at all. Although this short survey is ill-equipped to answer this question it is true, that a majority of the population see reason that privatization has caused ‘change’ environment in HDMC.
Table -15

Q.18 Privatization has an effect on the 'Governance' in the local area. Do you agree?

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>137</td>
<td>54.8</td>
<td>113</td>
<td>45.2</td>
</tr>
</tbody>
</table>

![Bar chart showing the number of respondents who agree and disagree with the statement.](chart.png)
Table -16

Q.19 This effect in case of HDMC has been........

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>No of Respondents</th>
<th>Positive</th>
<th>Negative</th>
<th>Ineffective</th>
<th>Partisan</th>
<th>Spoil System</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>47</td>
<td>42</td>
<td>48</td>
<td>46</td>
<td>67</td>
</tr>
</tbody>
</table>

![Graph showing data](image-url)
The 16.8 percent are those who join the 18.8 percent in agreeing to the fact that many of the changes brought about are in fact ineffective. A (semor) citizens committee member apathy put it by saying, that the attitude of people to measure every thing from what they benefit must stop if one has to get an objective endorsement of any change that is initiated. 19.2 percent of the respondents had felt it.

Nearly 18.4 percent felt that there was some partisan learning in their working. While 26.8 percent felt, merit was replaced by spoils system in privatization and that it posed a threat to the performance of HDMC.

Although, nothing mentioned above can be reflected, it must be concluded here, that is a developing society like Hubli-Dharwad, not expecting these things to happen would be very Idealistic. Hence no further interpretation of this data is done.

A further reinforcing question was asked which needs to be read with table 16, in to understand the effects of privatization on the HDMC itself. The arguments about efficiency in public administration depends on various factors, right from the choice of work, palsied arrangements in an office, its location, light, managerial support, job satisfaction, job conditions, incentive etc. keeping these in mind, this question was asked since, privatization, is
expected to score over the 'public from these angles. As one can read table 17, the responses are as follows. A majority of nearly 23.2 percent said, instead of affecting efficiency or hitting at inefficiency this has spread the blame game tactics in rendering public services.

There were many cases the respondents were eager to throw up. The summary of these in include; the two actors the government and the privatized groups. For every inaction or inefficient or malfunctioning the blame shifts from one shoulder to other. This is the case in most of the privatized services. As an observant researcher, it is the opinion of this study that there are inbuilt human problems and the culture of avoiding guilt that is apparent

It is seen when a private operator fails to register a particular folly in his office, his standard reply is please check with the clerks (a govt. representative in this context) it they tell me I will do kind.

About 22.8 percent cited other reasons that are common to public officers such as non availability of the concerned; irregularity, culture of impoliteness etc, as reasons. 18.4 percent cited sethangy as a reason. 18.4 simply said that they were inefficient 16.8 percent which is not a very happy percentage agreed that privatization had fuelled efficiency.
Q.20 Privatization of public services in HDMC has fuelled......

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>No. of Respondents</th>
<th>Efficiency %</th>
<th>Inefficiency %</th>
<th>Lethargy %</th>
<th>Blame game %</th>
<th>Any other %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>42</td>
<td>16.8</td>
<td>47</td>
<td>18.8</td>
<td>58</td>
</tr>
</tbody>
</table>

Table -17
In order to explicitly track the reasons for this, a statement was made to collect the responses Table 18 has its details. Many of the studies regarding privatize services in the recent past in various cities including Mumbai, have shown that this has an effect on social justice issue. Although privatization in many cases have an effect on caste structure in our (India) society, greater suffering in for those who are poor. As many as 51.6 percent felt that the poor who really have problems are not well taken in the privatized set up and the grievance readresal system attaches least importance to their problems. About 48.4 percent did not agree. The service demanded by the people who are poor are paid by others and therefore they should be excluded from complaining was the argument of these respondents.

In view of the above organizational lapse, as we may call a question was asked if there was a need for attitudinal change when we talk about privatization. As one can make out from the Table-19, a majority of the respondents felt that thee was a need for organizational and attitudinal change with 52.8 percent endorsement. While 47.2 percent did not think so. If these changes are pre requisites the next stage was to know if the Idea of privatization has had any such effect on the HDMC attempts. Nearly 44.4 percent said that there was no such attitudinal change nor organizational shift in its behavior. Since organization are only non living entities their working and functional abilities are measured by the efficiency and behavior of the
Q.21 Privatization eluder poor from grievance redressed system;

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>129</td>
<td>51.6</td>
<td>121</td>
<td>48.4</td>
</tr>
</tbody>
</table>
Table -19

Q.22 Privatization Pre-empts. ‘Organisational and Attitudinal (Behavioural) Changes’

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>132</td>
<td>52.8</td>
<td>118</td>
<td>47.2</td>
</tr>
</tbody>
</table>

![Bar chart showing the distribution of responses to Q.22.](chart.png)
people involved. 19.2 percent felt that there was visible change in the functioning of HDMC. 36.4 percent did say that there was no climate approach in HDMC's basic working style since the organizational structure itself is divided between elected representatives and bureaucracy. This in other words mean, the privatized sectors will have to perform under two masters whose ethics are divorced from each other. So following a pattern of behavior is impossible. If bureaucrat proposes the elected leaders disposes and vice-versa they said (see Table-20)

Keeping these kinds of debase in mind the focus of the study shifted to specifics of the HDMC a question was asked if privatization promotes favoritism and contribute to the growth of vested interests 53.4 percent agreed to it while 46.4 disagreed. (see table-21). Similarly the next question which is reinforcing and to be read with table 18. the reply as can be evidenced is in table 22, 63 percent agreed that privatization kills the spirit of democracy and equality principle while 36.4 percent disagreed.

The data in the table 21 and 22 are indicators of the direction these new public management theses are taking. In a country of the rich poor divide supported by upper lower castes, the political representation depending on populist measures favoritism and vested interests are bound take birth while those without backing of these shades of power are expected to suffer.
Q.23 In HDMC after privatizing public services, such organizational and Attitudinal change have.....

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Taken</th>
<th>%</th>
<th>Not taken</th>
<th>%</th>
<th>Any other</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>48</td>
<td>19.2</td>
<td>111</td>
<td>44.4</td>
<td>91</td>
<td>36.4</td>
</tr>
</tbody>
</table>

![Graph showing the distribution of responses](image-url)
Table -21

Q.24 Privatization promotes favoritism and vested interest..... Do you.....? Yes/No

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>134</td>
<td>53.6</td>
<td>116</td>
<td>46.4</td>
</tr>
</tbody>
</table>

![Pie chart showing Yes 53.6% and No 46.4% for 250 respondents]
Q.25 Privatization mars democratic participation by discouraging the poor and excluded

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>159</td>
<td>63.6</td>
<td>91</td>
<td>36.4</td>
</tr>
</tbody>
</table>

![Pie chart showing percentages of responses to Q.25]
A quick, question that follows the above argument as to how political institution serves the 'rich' class, is deferred to in table 23, privatization as per this table seems to be benefiting as 57.6 percent feel, those who are keen on profiteering and not on the ethics of service, 42.4 percent feel they are services.

Local governments were basically desired to bring about two major changes in the process of governance. That included the very Idea of governance by the locals themselves in the event the central or federal governments which are far from the ground level fails to address the problems of the people in other words this is a government at the doorstep to act as a unit of government with all powers and functions to initiate necessary steps for the wellbeing of the people. Having said that, they were at the second level were to include local people in the discharge of their functioning, thereby generating employment and prioritizing their demands and fulfilling them. However, the Idea of privatization as in most cases brings an entrepreneurs from out side and this was for the 55.6 percent respondents quits disturbing. They felt that the people do their job for their life and have no concern for the society they are working for.
Table -23

Q.26 Privatization promotes profiteering and not service orientation..... Yes/No

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>144</td>
<td>57.6</td>
<td>106</td>
<td>42.4</td>
</tr>
</tbody>
</table>

![Graph showing the distribution of responses.](image-url)
Table -24

Q.27 Privatization of public services runs contrary to the spirits of local government...

<table>
<thead>
<tr>
<th>SL No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>139</td>
<td>55.6</td>
<td>111</td>
<td>44.4</td>
</tr>
</tbody>
</table>

![Bar chart showing the distribution of responses to Q.27]
The 44.4 percent population was rather of a different opinion. They said outsourcing or privatizing does not actually take out the spirits of local governments. Since the ultimate control of an elected body was well within the locals. One can not ignore this argument. But, it the spirit of local government spelt that the opportunity must be given to those who live in a geographical location than, thee is a problem.

In consonance with the arguments of 44.4 percent a further question was raised to find out if the issue of privatization had had any effect on the role and decision making ability fo the elected representatives a thin line of difference was found to exist between the yes and no responses of the respondents. 49.2 percent disagreed to this (see table-25) statement as the 44.4 percent argued. To them the issue of privatization was an always subordinate to the elected body and therefore the question of tail influencing the dog does not arise. The other 50.8 percent who favored the Idea that privatization influenced were of the opinion, that; privatization in any sense, would lead to lobbying and influencing the procedural fact of administration. They felt that the formation of laws relating to privatized services invariably has within it their advantage or else why would any one take up privatized service sector if there was no profiteering.
Table -25

Q.28 Privatization in HDMC has reduced the role and decision making ability of the elected Representatives....

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>127</td>
<td>50.8</td>
<td>123</td>
<td>49.2</td>
</tr>
</tbody>
</table>

![Graph showing the distribution of responses for Q.28]
One of the major debates this issue raises is the citizens awareness and eternal vigilance Dubashi here raises a pertinent question privatization with its merit can not on its own ensure service excellence as primarily it is an extension of capitalism which has in it's the inbuilt. Idea of profit as their ultimate motive. It these service are to have their excellence as desired by the people, then one must ensure that there is citizens pro active involvement. This is other words also speaks of public private partnership success.

In the recent past the performance of HDMC in cases of privatized services seems to be one that more concerned with who gets to 'power' seats and most of the functioning parts are left with the bureaucracy. In a way it is the opinion of the researcher that privatization of not directly affects the role and decision making ability of the representatives has made a dent on it.

For many decades scholars have emphasized that citizens participation leads to enhanced compromise, cooperation, and consideration of diverse policy options as well as increased legitimacy of the decision making process and deliberative democracy similarly several public administration scholars have suggested that citizens and non governmental organizations should be viewed as collaborative partners in governance affairs. It is seen that such a partnership essentially builds democracy and effective governance at the local government level too. Having such studies in the back ground, a question,
relating to this was placed before the respondents, (see table 26). The response for the same was; that nearly 53.2 percent of the respondents agreed to it. 32.8 percent disagreed on the ground that locals or citizens have least interest to take or share the load of government when their own house hold issues and private affairs themselves are too much to manage. In one word they said, these are middle class and theoretical propositions which have little effect on realistic levels. 8.4 percent did not answer 5.6 percent believed that this was good for democracy and it is the responsibility of the political parties to educate.

As one of the influential political leader from a nearby corporation limit said in an informal discussion with him in India, often it is noticed that politics itself is a side show for many. Not many mainstream politicians except few believe that politics by itself can be a profession a serious profession under the circumstance, dreaming of citizens interest would be an Idealistic view.

Never the less, the majority of 53.2 percent have qualms in accepting the fact mention in question no 30 presented in table 26.

An attempt was made further to get an explicit answer for the same by asking respondents to explain it. Many of the responses had similarity while some were diverse. Many felt that such a participation built and increased the levels of influence of an ordinary citizen within the system and turned him to be their agent sharing the proceeds of corruption while quite a good number
Q. 30 Success of a local government depends on its ability to control the decay of a
democratic systems by encouraging local talents and increasing participation...

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Agreed</th>
<th>%</th>
<th>Dis.</th>
<th>%</th>
<th>No answer</th>
<th>%</th>
<th>Any other</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>133</td>
<td>53.2</td>
<td>82</td>
<td>32.8</td>
<td>21</td>
<td>8.4</td>
<td>14</td>
<td>5.6</td>
</tr>
</tbody>
</table>
Rave placed on record the benefits of services they got and advantages of it. His actually strengthens the question asked in table 26. It is therefore arguably true that success of local governments do depend on the fact that there is a need for local talent to participate. Short fall of such a relation should not slammer the growth of such best practices.

A very crucial question was asked to probe further the direct relationship between levels of efficiency and the ability to deliver in the local governments in the forms of a statement for endorsement from the respondents the Table number 27 (question No 32) has its figures clearly presented.

A recent study in South Korea regarding the above summarizes that; Responding to citizens expectations supports in building managerial capacity for high performance. As we can see from the table 27, nearly 30.4 percent believe, that privatization promotes democratic loyalty by favoritism in delivery system, 16 percent had other reasons such as by good delivery system one can privatize loyalty. 28.4 percent felt that privatization promotes nepolism in delivery services while 25.2 percent agreed that privatization increases efficiency of delivery of services.

In any developing country where a political system in looked upon as a 'graves' these kinds of variations in responses are to be expected. And if in a
Table -27

Q. 32 In the light of the above; how do you rate HDMC working (explain in four line)

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Priv. %</th>
<th>Priv. %</th>
<th>Priv. %</th>
<th>Any other %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>63</td>
<td>25.2</td>
<td>71</td>
<td>28.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>76</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16</td>
</tr>
</tbody>
</table>

226
case where such a system is in its infancy it is all the more important that these should prevail to overcome in the days by learning in action.

Although, this indicates no place for surprises for the next question (Q.No. 33) Table 28), showed the way with 41.6 percent believing that this experiment in HDMC was in its experimental stage while a majority of 58.4 percent disagreed to this. In the opinion of the researches and the personal experience gained, it may be stated that the attitude of 'no excuses' to government censes these variations in the responses.

Similarly as already quoted in the south Korean study the linkage between the organization and privatization as an altitude are an important factor for the success of any experiment as seen in this case. As the table 30 explains, 69.2 percent believed that there was a shortfall of designated goal in HDMC and that perhaps resulted from what we see in table 29, 56.4 percent of response.

Here, table 29 and 30 are to be read together as they are quite complementary. While 41.6 percent disagreed to the statement made in Table 29, 30.8 percent responded negatively to the statement made in question no 36. (table-30).
Q.33 Privatization of Public services in HDMC is still in its experimental stage would you agree?  

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>104</td>
<td>41.6</td>
<td>146</td>
<td>58.4</td>
</tr>
</tbody>
</table>

Table -28

No of Respondents, 250

% 58.4

Yes, 104

% 41.6

No, 146
Table -29

Q.34 Privatization and organizational shift in HDMC are not complementary. Yes/No

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>141</td>
<td>56.4</td>
<td>104</td>
<td>41.6</td>
</tr>
</tbody>
</table>

![Chart showing the distribution of responses: 141 Yes (56.4%) and 104 No (41.6%) among 250 respondents.](chart.png)
Q.36 Privatization of public services in HDMC fall short of its designated goals;
Yes/No

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>173</td>
<td>69.2</td>
<td>77</td>
<td>30.8</td>
</tr>
</tbody>
</table>

Table -30

![Graph showing the distribution of responses to the question on privatization of public services in HDMC. The graph shows that 69.2% of respondents agree, 30.8% disagree.](image-url)
A question on party politics and its effects on privatization was asked without much space for thinning among the respondents in order to elicit their inter relations and effects. Surprisingly 68.4 percent believe that there is a relationship between them and that it affects privatization process while 31.6 percent did not agree to it (see table 31).

Hearing asked this question a logical sequence was to ask what has been asked in Q.38 Table 32. the response clearly indicates that people want political parties be it a local government or a federal government. (see Table 32). Since this is an age of scams, party barters a fundamental question was asked about right to recall. Nearly 70.8 percent preferred it while 29.2 percent did not.

Although many of the last few questions did not directly affect our research such questions were asked to strengthen this study further.

On the whole, this survey has helped us in quantifying the data that we needed for the purpose of this study. The inferences of this taken up for presentation in the following chapter.

1. Computer Operator and Maintenance staff
2. Public grievance cell
Table -31

Q.36 Party Politics at local government affects privatization process;

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Agreed</th>
<th>%</th>
<th>Disagreed</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>171</td>
<td>68.4</td>
<td>79</td>
<td>31.6</td>
</tr>
</tbody>
</table>

Agreed /disagreed
Table -32

Q.38 If agreed do you endorse a party less election to local government

Yes /No

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>96</td>
<td>38.4</td>
<td>154</td>
<td>61.6</td>
</tr>
</tbody>
</table>

233
Table -33

Q.39 Do you prefer right to recall as fundamental right to correct mistakes in a democratic set up?  

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>No of Respondents</th>
<th>Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>250</td>
<td>177</td>
<td>70.8</td>
<td>73</td>
<td>29.2</td>
</tr>
</tbody>
</table>

![Graph showing Yes and No responses with percentages]
3. Solid waste management (in some wards)
4. Management reforms system
5. Record keeping
6. Collection of property and other taxes Death certificates, one point
7. Maintenance of street lights
8. Boot System
9. Constructing medians
10. Bus shelters
11. Front over bridges
End Notes:

2. Ashford, Nigel, op.cit.,
4. Ashford, op.cit.,
8. Ibid.,