

Introduction

“It is steps like this Delhi Citizen Handbook which can make a difference to governance in our country.”- Gurcharan Das, Author, The Difficulty of Being Good and India Unbound

“A transforming experience! The issues of livelihood and matters of public policy that I never had the chance to seriously ponder upon, have now set my mind racing...” - Tripti Bhatia, CCS Intern 2009

An informed citizenry is vital for maintaining a vibrant and dynamic liberal democracy. Studying, understanding and reforming the institutions of democracy are essential for its survival and growth. This requires constant and concerted efforts on the part of citizens, civil society organisations, and governments. Citizens often do not know how their taxes have been used and lack access to feedback mechanisms to have a say in their own governance. In 2003, CCS developed the concept of *Citizen Handbook* that makes sense of the complex and previously undocumented information on government’s budgets, management and program delivery and provides innovative ideas to improve the efficiency and effectiveness of governance.

These *Handbooks* study agencies, boards, corporations, departments, schemes and programs of the state governments and Municipal Corporations. The criteria for evaluation of existing systems and the basis of policy recommendations are the universal yet rarely understood concepts of ***New Public Management and the principle of subsidiarity***. These concepts challenge conventional wisdom and advocate government provision and private production, increased choice and competition, ward level and result oriented management as the means for introducing long-term and sustained improvements in the governance structures.

With the successful response to the *Delhi Citizen Handbook 2003*, CCS has used the same methodology to create *Handbooks* for Mumbai, Jharkhand State and of course Delhi as well (2006). Not only have these *Handbooks* provided well-researched information on governance but also have inspired hope that a little effort in the right direction can

in fact lead to positive change. Some of this positive change attributed to the *Handbooks* can be seen in the fields of agricultural marketing reforms and introduction of private markets; flexible shop timings and privatisation of garbage collection. Widely discussed in the media, bureaucracy and political circuits, the *Handbooks* have been endorsed by prominent thinkers including Swaminathan Aiyar (*The Times of India*), Sunil Jain and Professor Deepak Lal (*Business Standard*), Dr Ashok V Desai (*The Outlook*) and Pratap Bhanu Mehta (Centre for Policy Research).

As with the previous *Handbooks*, the *Delhi Citizen Handbook 2009* hopes to further citizens' understanding of the workings of the government and encourage greater independent fact-based qualitative and quantitative research so that the next time citizens demand better governance, they can back their claims. Apart from focussing on public services, infrastructure and development, revenues and finance, mechanisms of accountability, the *Handbook 2009* also focuses on governance for underserved groups including refugees, street children, children with special needs and minorities. Given the importance of Commonwealth Games 2010 and their impact on the city, the *Handbook* addresses issues of displacement and future use of these facilities.

The Making and Meaning of the *Handbook 2009*

What makes these *Handbooks* unique and different from all the other similar publications, you would ask? One is recommendations based on principles of sound public policy and the second is the creators of the *Handbook* being the majority segment of the Indian population—Youth.

With India racing towards development (which some accuse as being non-inclusive), Indian citizenry is also transforming itself from being apathetic, cynical and ignorant to being concerned and informed about what is going on around them. *Bollywood* movies increasingly inspire citizens particularly youth to share the responsibility of changing the destiny of their country. India being the country with largest youth population in the world gives us the optimism about their potential to create change. However, youth need to be armed with not just the inspiration, passion and concern but also information and the ability to critically analyse that information for long-term desired change. Instead of *morchas* and *dharnas*, in this information age, youth need to “protest” constructively through their well-formulated questions and informed debates.

“It’s impossible to imagine that one could learn experience worth years in merely two months. And if CCS internship could make this impossible thing happen, it speaks volumes of what it is to be like a proud CCS intern!”
- Cheistha Kochhar, CCS Intern 2009

The **CCS Internship Program *Researching Reality*** has provided a greatly valued and needed learning experience in real-life application of social and economic principles and in teaching young college students the skills of research, analysis, writing, and above all critical thinking. It grooms young people with the ability to understand and critically evaluate public policy from a rational perspective. By being out in the field, youth experience ground reality and decide for themselves how a problem can be studied and solved. It prepares them to be future researchers and change-agents. It enables CCS to conduct studies in areas that require collection of first-hand information and data, which can be done best by enthusiastic, energetic and dedicated students.

Since 2001, over 200 students from across India and the world, have gone through the intensive two-month program and have made their contribution towards improved governance by creating well-researched papers on key issues. Selected through a rigorous process from among hundreds of applications, about 25 youth are trained annually through a multi-dimensional orientation program including field visits, orientation sessions with experts, group reflections, documentary screenings etc. With the help of research guides, interns make the demanding journey from research to writing their final papers.

In the summer of 2009, 20 budding researchers were selected as interns from among 175 applications. The prospect of working towards such a publication as well as the initial meeting with the **Honorable Chief Minister of Delhi Mrs Sheila Dikshit**, the interns were inspired and enthused to bear the sweltering heat of Delhi summer and gather information from government officials, retired officers of the concerned departments and with the people affected, positively or negatively, by these organisations.

With the support of Mrs Dikshit, we aim to engage officials from select government departments with a series of workshops—*Delhi Governance Reform Series* in future.



Hon'ble Chief Minister, Smt. Sheila Dikshit with 2009 Interns

“It’s wonderful to see the youth participate in such programs. Let me know what you are looking forward to in the next couple of years because that will be of great help to me. Encouragement is what I get when I know there are people interested and thinking about better governance because we really need to see people say that Delhi’s governance is better than the best. It’s your aspirations we need to fulfill, not our own.” – Mrs. Sheila Dikshit, Honourable Chief Minister of Delhi at a special meeting with the CCS interns, 18 May 2009

“At CCS, internship meant an investigative process. Every stage, right from hunting prime source subject matter, corroboration and chipping figures & opinions together, has been a roller-coaster ride ...and I enjoyed every bit of it!” - Anni Kumari, CCS Intern 2009

“My 2 months of internship at CCS were probably the most well spent 2 months of my life. The sessions were stimulating; the field visits - a reality check and my peers - probably the best brains of India. A truly enriching experience!” - Kritika Narula, CCS Intern 2009

The Principle of Subsidiarity & New Public Management

“The internship has been useful to make me understand a sound public policy from a rational and a liberal perspective.” - Mugdha Jain, CCS Intern 2009

To our regular readers who are familiar with the previous two *Handbooks*, the repetition of our principles of governance below would be a reminder of the basic foundation for our analysis and recommendations.

The principle of Subsidiarity suggests that government should undertake only those tasks that people cannot accomplish themselves. Within the government, the first responsibility should be of local governments. The functions those local governments cannot perform should be given to district governments. And only the remaining areas should devolve to the state government. The emergent field of New Public Management (NPM), amalgamation of public administration and business management, provides practical answers to the fundamental questions of good governance at different levels of government.

Since most immediate tasks of the government are performed by local governments, they should have the primary power to collect revenues. The local governments would pass on proportionate revenues to state governments, which would offer resources to the union government. The principle of subsidiarity indicates that the union government should be subsidiary to state governments and the state to local governments in functions as well as in finances. The following are the basic principles of New Public Management, which could be fruitfully applied to resolve many of the problems and paradoxes of governance.

- 1. First, do no harm:** The rule of medical practitioners, ‘First, do no harm,’ applies to government managers. The license permit raj that we abolished in the industry exists in most other areas. To open a school in a slum or a barbershop or a *dhaba*, to sell ice-cream, or water, or fruits and vegetables, licenses are necessary. The government should not prevent people from earning an honest living. It would have to create fewer *rojgar yojanas* and subsidy schemes. Delicensing and deregulation should take the first priority. First, do no harm; do not obstruct or restrict citizens from what they can do for themselves.

Delhi Municipal Corporation

Cycle-Rickshaw Bye-Laws, 1960, Section 3 (1) No person shall keep or ply for hire a cyclerickshaw in Delhi unless he himself is the owner thereof and holds a licence granted in that behalf by the Commissioner on payment of the fee that may, from time to time, be fixed under subsection (2) of Section 430. Provided that no person will be granted more than one such licence [Provided further that Commissioner may grant more than one licences to a widow or a handicapped subject to the maximum of five licences.]

Delhi Municipal Corporation Act, 1957, Section 420

Street Hawkers: Technical Conditions Refrigerated Water Trolleys (Rule 5)

It has been decided by the Commissioner that distance of 50 metres between 2 water trolleys in congested areas of City, Sadr Pahar Ganj, Civil Line and K.B. Zones and 100 metres in less congested areas of Shahdra, New Delhi, South, West and Rural Zones be observed. However, this shall not hold good in case of parking of water trolleys near cinemas, markets and other places of recreation etc. Even at such places a distance of about 10 metres shall have to be maintained.

- 2. Separate Provision from Production:** The government provides or finances the public good but the actual production is left to the private sector. Instead of attending to inputs into the department, the official focuses on the output. This separation allows the government to provide the service without having to manage production facilities. If the government wants to provide free textbooks to students, it doesn't need to run a whole publishing house, but purchase them from private producers, or better, give money to students so that they can purchase books they prefer directly. In the *Handbook* we apply this idea to the provision of primary education. 'Education Voucher' is given to each poor child who uses it to get education in any school of her choice. The school cashes the voucher from the government. The government thus finances education for those who cannot afford it but it does not run schools. The Education Secretary would have time to check whether students get good education; she won't have to worry about tenders and evaluation of bids for blackboards, chalks, chairs, tables, construction of classes and schools, or about personnel appointments and transfers, disciplinary proceedings—areas where she spends all her time today.

Instead of managing thousands of Fair Price Shops (PDS shops) and combating daily shortages, corruption and crises, a

'Food Voucher' would allow the person to purchase food in the market.

3. **Finance Services through User Fees instead of Taxes:** Only those who actually use the service, pay for it. It may seem paradoxical but when government services are financed from general tax revenue and not user charges, the poor pay more than the richer classes. Take for example water. A very small proportion of the total cost of supplying water is collected through user fee, most of the expenditure is financed through general taxes. What actually happens is that those lucky enough to have water connection benefit from the subsidy—they pay less than the cost of providing water. But many, particularly the poor, do not have domestic water connections. They get little benefit of the water subsidy. It is more efficient as well as just to finance services by user fees than by taxes.
4. **Expand Choice and Competition:** Depending on the product or service, there are many ways to separate provision from production, charge user fees, or provide subsidies. Choose those methods that increase competition among suppliers and expand the range of choices for consumers. The Kerala government gives scholarships and transport subsidy to the highest number of students compared to any other state government. Both scholarships (which are similar to education vouchers) and transport subsidy expand the range of schools that students can choose. They also increase competition among schools to attract and retain these students who are more demanding as well as mobile. This choice and competition improves education quality not just for these students but for all students. The choice and competition are really at the heart of what is called the Kerala model of education.
5. **Focus on the Core Function and Contract out the Rest:** A hospital must focus on delivering best quality health services. It should contract out services where it has less of a comparative advantage: cleaning, security, managing a pharmacy or a staff canteen. The contract does not have to be given to a private company, it could be to another government agency that specialises in that service.
6. **Give Clean Subsidies:** Subsidies should reach the target group directly, without affecting the prices, and without distorting the incentives to use the product or service economically and efficiently. The electricity subsidy to farmers, as it is commonly given, distorts the price of electricity and weakens the incentive to economise on the use of electricity. One result of this is electric

motors running longer than necessary to pump water. Excessive water use has created problems of water logging and salinity. So the 'unclean' subsidy for electricity use has increased water logging and water salinity. The issue is of whether to give subsidy to the farmer is different from what form should the subsidy take. Once it is decided to give farmers a subsidy then we must think hard about the way in which the subsidy is given. It should be 'clean subsidy' so that prices are not distorted and over consumption does not occur.

7. **Sound Budget Management: Outcomes, not just Outlays:** Budget making is still shrouded in secrecy even though the budget is the most important governance document. Budget should be made in day light with open public debate. The budget documents about the overall budget as well as individual departments should be easily available in a user-friendly format. At the least, they should all be put up on the government's website. Making all information accessible is the simplest part of e-governance. It is now widely accepted that zero-based budgeting with a performance orientation can improve transparency and efficiency of government expenditures. The accounting system should be on an accrual basis not on cash basis. The fund based accounting system (FBAS) is even better in evaluating per unit cost of services and in matching the costs with performance standards.
8. **Efficient and Corruption-free Procurement System:** Two of the ways to achieve the goal of efficient and corruption-free system of procuring goods and services for the government are passing a False Claims and Whistleblower Protection Acts and making the procedures of tendering and bid selection completely transparent.

A False Claim Act, also know as *Ouit Tam Act*, would allow anyone to bring a lawsuit or provide information on any supplier of goods or services to the government who makes 'false claims' about quality, quantity, or the price of the supplies. If the person provides critical information that helps convict the supplier, then a part of the fines is given to that person as a monetary reward. The higher is the share given to the whistleblower, the higher are the chances of getting that important information necessary for conviction. The private suppliers will hesitate to cheat the government since anyone, including their own employees, can furnish evidence to convict them and collect large monetary rewards in exchange. The False Claims Act coupled with a Whistleblower Protection Law for private as well as government employees will mitigate corruption and fraud in government

procurement and contracts.

The process of procurement can be made transparent by putting up the tender, all submitted bids, and the selected bid with details of the contract on the website of the concerned ministry or department. The people would know what the company has promised to supply and they would help the government detect any breach in the contract.

The ‘**Two Bid System**’ of selecting the tender is better and less prone to corruption. In this system, the bidders submit separate financial and technical bids. The government officials first select the best two technical bids and then open the financial bids of only those two best technical bidders. The officials reviewing the two types of bids could be different to reduce the possibility of collusion.

9. **Develop Multiple Instruments of Information & Accountability:** The Public Grievances Commission, Right to Information Act, Citizen Service Centres, Gender Resource Centre are all powerful ideas to share information with citizens and hold the government accountable. Delhi should be particularly pro-active in implementing the RTI Act. It should require that the types of information that are most widely requested by the people of Delhi would then be disclosed pro-actively. One way to implement this pro-active disclosure is to consider the top three to five requests in each category per quarter and then make that information available *suo moto* from that point onwards (that is include that information under the Section 4 of the Act). This would also reduce the burden on the government in fulfilling multiple requests for the same information.

Instead of just one Citizen Service Centre for each ward, our researchers propose a public-private partnership model under which many more service centres can come up to serve the citizens of Delhi. Like the ubiquitous STD phone booths, we could have several service centres in an area to meet the needs of the local residents. These centres can provide information about government schemes, application forms, help citizens file petitions under RTI or appeal to the Public Grievances Commission. The private service providers would also be more amenable to the specific needs of local communities and thereby more adaptable as opposed to a single common model of service centres across Delhi.

10. **Performance, Performance, Performance!** : In the private sector, profit is the bottom line—profits of a company are a signal that

the company is producing the service that people want to use and are willing to pay a price higher than the cost of producing the service. What's the bottom line for the services provided by the government? How do we evaluate the performance of the departments of the government? For government services, the bottom line must be the satisfaction of the users of the services.

A **Report Card System** can regularly collect information from the users of various government services, assessing medical services at a major hospital, for example. The first survey would establish the starting point on the quality and cost of the service—the overall satisfaction of the patients at the hospital. Then the managers of the hospital should set performance standards—by how much the satisfaction score should increase in various areas of services by next year. They should then design all their systems and train the personnel so as to achieve those performance standards. The next year's Report Card would judge how far these standards have actually been achieved.

A **Citizens' Charter** can define objectives, standards of service, and penalties for failure to meet the standards. It would provide an overall performance benchmark. It would also be feasible to demand performance from its civil service. It can put the civil servants on a five-year renewable civil service contract. To maintain impartiality and objectivity, it can hire a HR consultant to evaluate the performance of each officer at the end of the five years and decide whether to renew the contract or not.

The *Handbook* has the potential of being a powerful tool in the hands of citizens to engage with government in a constructive debate about good governance in Delhi. We encourage citizens especially the youth, civil society, media, reform minded politicians, public servants to take the *Handbook* to the next level and do justice to the labour and time of these 21 researchers who want their writing to lead to change.

"It has made us feel empowered enough to initiate and make a considerable change in our own environment even through a small effort." - Maina Sharma, CCS Intern 2009.33