

ADDRESSING GOVERNANCE DEFICITS: THE ROLE OF PUBLIC SERVICES IN SPURRING ECONOMIC GROWTH IN INDIA

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ABSTRACT

Existing research suggests that the quality of public services affects economic growth via its impact on poverty alleviation, human capital formation and corruption. There is near consensus, however, that India has had limited success in reducing poverty and enhancing human capital inspite of myriad programs that provide free or heavily subsidised essential services to its citizens. The paper identifies incentives, transparency and state capacity as the key challenges to reducing the governance deficit in India. International Growth Center(IGC) supported research emphasizes building state capacity to implement and monitor public programs, rewarding performance of civil servants and providing information to stakeholders as key policies that can be implemented, and scaled up, to both improve the quality of public service delivery and spur economic growth. Thus, while growth models have typically interpreted human capital in terms of education alone, research suggests that a populations' health can contribute to economic growth collectively and independent of the effect of education.

Keywords: *governance, public services, incentives, transparency, capacity, India.*

INTRODUCTION

There is either a lack of a private market for these services or widespread poverty, the state is responsible for the provision of essential services such as education, healthcare, and basic infrastructure. Therefore, the function of the state, which is symbolised by its elected representatives and public officials, takes centre stage in both the governance of the public services and their delivery. Governance and the quality of public services may have an effect on the rate of economic development in a nation in a number of different ways. The provision of public services in low-income nations, whether they are provided for free or at a reduced cost, has the primary goal of providing social security to those who are poor and vulnerable and reducing levels of poverty. Therefore, the quality of governance has direct repercussions for the expansion of the economy. To clarify, the most common signs of poverty include a lack of food consumption, inadequate nutrition, and low levels of productivity among those who are impoverished. In the majority of developing nations, where there is no such thing as a social security programme, public distribution of food at reduced prices may assist the impoverished in breaking out of the vicious cycle of undernourishment, underemployment, and poverty (Dasgupta and Ray 1986). As a result, the successful implementation of public initiatives is likely to have a direct influence on economic expansion via the elimination of poverty. Second, the provision of public services often has as one of its goals the reduction of inequitable resource distribution and the correction of past injustices, such as discrimination based on caste and gender disparities.

GOVERNANCE AND PUBLIC SERVICE DELIVERY IN INDIA

After India gained its independence from British colonial rule in 1947, the nation's builders envisioned a state in which the government would have an all-encompassing role in the lives of its people. The provision of fundamental and necessary services, either for free or with substantial financial support from the government, has become a defining characteristic of public policy in the interest of reducing pervasive poverty. On the other hand, there is a widespread agreement that the state has fallen short in its obligation to provide adequate public services to its inhabitants, especially the disadvantaged. This is shown in a glaring way in the country's abysmal performance on almost all aspects of human growth (Dreze and Sen 2013). As a result of the high levels of poverty and the lack of a social security programme, the most significant portion of public subsidies has been allocated toward the subsidised public supply of food grains that is distributed via a public distribution system (PDS). Despite this, there are significant losses inside the PDS, and grains are often diverted to the free market (Khera 2011, Dreze and Khera 2015).

Research conducted in the state of Andhra Pradesh shows that long-term exposure to a sudden increase in the price of rice supplied by the public distribution system had no effect on the children's weight-for-age, which is an example of how ineffective the PDS is in providing food security to the most vulnerable people in society (Tarozzi 2005). This research exemplifies how ineffective the PDS is in providing food security to the most vulnerable people in society. As a result, the per capita consumption of the world's poorest households continues to be among the lowest in the world, and according to some estimates, the nutritional intakes of people of all income levels have been going down since the 1980s, particularly in terms of the number of calories that they consume (Deaton and Dreze 2009). Concerns have been raised about the National Rural Employment Guarantee Act (NREGA), which is the second biggest social safety programme in the country and guarantees jobs to those living in rural areas. This programme has also been accused of misappropriating funds (Niehaus and Sukhtankar 2013; Afridi and Iversen 2014). It should not come as a surprise that in 2011, approximately 270 million individuals, or about 22 percent of the total population, lived below the poverty line (World Bank, in PPP terms). Despite the fact that India has had social security programmes for decades, not only does the nation have the highest number of people living in poverty of any country in the world, but economic disparity has also increased in the country over the course of the previous several decades (Deaton and Dreze 2002; Datt, Murgai and Ravallion 2016).

Since India's independence, there has been a consistent rise in the number of students enrolling in schools throughout the country, but the country is still struggling to achieve acceptable levels of educational achievement among its student population. Increasing investments in public education have been the primary focus of educational interventions in India. These interventions have included the construction of new schools, improvements to the infrastructure of existing schools, and the training of new instructors. In India, the proportion of students who did not complete the required number of years of schooling in 2005-2006 was as high as 25 percent (Ministry of Human Resource Development Report 2005-06). A study conducted throughout the country's major rural schools revealed that around half of the pupils enrolled in grade 5 are unable to read materials intended for students in the second grade (ASER 2014, Pratham 2009).

Recent studies have shown that private health care professionals, despite their lower levels of education and training, are more cost-effective in rural locations (Das et al. 2016). It shouldn't come as a surprise that India

still has high rates of newborn and maternal mortality, and that its youngsters make up more than 30 percent of the world's underweight population (UNICEF 2006). Due to a lack of public toilets (since the poor can often not afford private toilets), a scarcity of piped water, and perhaps cultural norms that condone open defecation, poor sanitation is a major public health concern (Spear, Ghosh, and Cumming 2013). More than half of the population defecates in the open. According to Spears et al. (2013), an increase of 10 percentage points in the practise of defecating in public was connected with a 0.7 percentage point increase in the number of children who were stunted or severely stunted.

Inadequate access to fundamental infrastructure and low levels of human capital are two indicators that India's government is failing to meet the country's needs in terms of providing public services. When considered within the context of the growing proportion of young people and people of working age in the population, this failure takes on a more grave tone. The percentage of India's total population that is of working age is now 63.4 percent (Census 2011), and it is projected to climb to 69 percent in the year 2040. (United Nations Population Division 2014). India has an edge over other growing countries, such as China, whose population has started to age, which gives it the potential to offer impetus to the country's economic development. The demographic dividend is an opportunity to give momentum to India's economic growth (United Nations Population Division 2014).

Research has shed light on a number of important variables that contribute to insufficient public service supply and bad governance in low-income countries in general, and in India in particular. It is common practise to point to corrupt practises as the key reason for inadequate governance. It is generally accepted that corruption results in substantial losses for developing nations, both in terms of the efficiency with which public services are delivered and the equality of those services (Olken and Pande 2012). According to the Corruption Perception Index compiled by Transparency International during the last decade, the public sector in India has been continuously regarded to be more corrupt than that of other emerging nations with similar development rates, such as Brazil, China, and South Africa. As a result of the absence of accountability systems and monitoring, politicians and service providers (such as bureaucrats) often engage in the theft of public monies.

The literature on governance has generally focused on politicians; however, there is rising evidence on the bad management practises of unelected public officials in developing nations. These unelected public officials include bureaucrats as well as education and health care providers. According to the findings of several studies, public workers often strive to advance their own limited self-interests at the expense of larger society goals (Buchanan 1978), sometimes known as rent-seeking. On top of that, public employees in India are given a set salary and are not compensated based on performance, which results in a lack of effort. This shows that the preferences of elected officials and service providers could not line with those of the vulnerable and impoverished owing to a lack of incentives for them to do so (Muralidharan and Sundararaman 2011; Duflo, Hanna and Ryan 2012). In addition to this, public employees have only a limited amount of autonomy, and their postings, promotions, and transfers are often tied to whether or not they are successful in serving the interests of their political masters (Mani and Iyer 2012; Rasul and Rogger 2016). Bribery is widespread and is made worse by red tape, residents' lack of understanding of their own rights, and procedural rules. Bribes are paid in exchange for the delivery of proper services.

EVIDENCE FROM EXISTING INTERNATIONAL GROWTH CENTER(IGC) FUNDED AND OTHER PROMINENT PAPERS

In this part, we categorise the ongoing research being conducted by International Growth Center(IGC) – India Central into three different categories in line with the primary concerns that were discussed earlier: incentives, information, and state capacity. Incentives given to public authorities and employees Research initiatives funded by the IGC give convincing evidence that the motivations of politicians are often misaligned with those of the voters, which has repercussions for the delivery of public services. Politicians are motivated to do whatever it takes to maintain the power that comes with their position. In order for them to keep their grip on power, then, their first concern is to secure the support of the voters, whether it the undecided voter or their core constituency. This, in turn, leads to clientelistic behaviour, which might possibly result in the capture of resources intended for public benefits. In research that was financed by the IGC, Bardhan and Mookherjee (2012) developed a theory of political clientelism and elite capture, as well as the implications of these concepts for the distribution of public services and the responsibility of the government in the provision of such services.

They put their idea to the test by using information gleaned from household surveys conducted in rural West Bengal. According to case studies, the Left Front, which has dominated the political landscape of rural Bengal since the late 1970s, forged clientelistic relations with select low caste groups in order to favour them in the distribution of benefits in exchange for their political support. This was done in exchange for the Left Front's ability to maintain its dominance in the region. Voter support for the Left Front was significantly related only to the receipt of recurring programme benefits, not one-time benefits like land titles or housing, which are typically more significant sources of citizen welfare. This finding challenges the conventional wisdom that one-time benefits are more important contributors to citizen welfare. An other illustration of this concept is the growing number of elected members in Indian who have criminal records. When a seat is highly contested and can swing either way, criminal politicians have a comparative advantage in winning elections through the intimidation of voters and vote buying. Aidt et al. (2011) point out that the share of criminally accused politicians has been going up as Indian party politics becomes more competitive. This kind of limited self-interest on the part of elected officials might have negative repercussions for the expansion of the economy. Prakash et al. (2015), in a project supported by the IGC, use data on the criminal background of candidates running for state assembly elections and a constituency-level measure of economic activity proxied by intensity of night lights. They employ a regression discontinuity design to control for unobserved heterogeneity across constituencies, and they find that the election of a criminally accused politician results in a 24-percentage point decrease in economic activity.

These impacts are mostly concentrated in regions of India that are less developed and have higher levels of corruption. The severe, financial, and numerous criminal accusations that are driving them. When they investigate India's public road development programme, they come to the same conclusions. This is because the programme provides rural roads. Golden and Min (2012) (IGC project) show that electricity theft in Uttar Pradesh was substantial and varied with the electoral cycle of the state during 2000-09; that is, in years when elections to the State Assembly were held, electricity theft was significantly greater.

This finding is related to another paper which highlights vote buying as a way to win elections. Their interpretation of these results is that power theft exhibits characteristics consistent with politicians doling out favours to local elites in order to win elections. Incumbent legislative members of the state assembly are more likely to be re-elected as power theft in their locality increases. However, they find no evidence that the two are connected in any way to criminal activity. After it has been demonstrated beyond a reasonable doubt that

politicians are likely to engage in corrupt, or even criminal behaviour in order to maintain their power or win elections, the question arises as to what changes in policy can align the incentives of public officials with those of the citizens. The papers presented at the IGC analyse the consequences of some of the most major constitutional reforms in India that were designed to enhance the results of governance.

In 1992, the 73rd amendment to the constitution was passed, which decentralised the administration of rural regions and replaced it with a three-tier Panchayat system. This was done to assure involvement from the grassroots level and to offer a voice to the people that were located there. Because those who get public services in a local region are unable to keep an eye on bureaucrats or politicians in the capital city, there is a higher potential for abuse of public money and instances of corruption when the central government is the provider of public services (Bardhan and Mukherjee 2000). A greater alignment of regional priorities and public resources may be achieved via decentralisation. In a study conducted by the IGC, Sekhri (2011) investigates the theoretical argument in favour of decentralisation by examining the trade-off between short-term growth and long-term conservation incentives of elected legislators from regional and national political parties for groundwater provision. This was done as part of an investigation into the theoretical argument in favour of decentralisation. Regional lawmakers have a larger motivation to support regional development, which may lead to a fast reduction in resource stocks. This expansion can have a negative impact on the availability of resources. On the other hand, regional parties are restricted to just running candidates from within the area, therefore they have a greater incentive to save money for times in the future since they can only run candidates from inside the region. These two impacts have the potential to cancel one other out. She shows that regional regimes lead to groundwater conservation after reforms by using data from India that is nationally representative and comparing it to changes in the power sector that brought private competition in the production and distribution of energy. The fact that regional regimes absorb the inter-temporal externalities means that they are capable of better conserving natural resources. This has the potential to have a positive impact on the provision of public services over the long term that make use of the resources that are available locally.

CONCLUSION

As we can observe that delivery of public services will impact the development of a country. Through this paper we conclude that there are a lot of things involved in the delivery of public services to the people. Among them some important things are transparency, corruption, politics etc. Among these political angle has been widely discussed through the help of IGC funded projects as well as individual scholars theories. We have focused particularly on Indian scenario to find out our pitfalls in attaining the growth targets. In recent times we are seeing lot of progress in areas we were previously ranking very low. We hope we will continue this positive trajectory.

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