

## Emerging Forms of Governance in India: Issues and Challenges

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### Abstract

This paper explores the emerging forms of governance in India with particular reference to the post-liberal era. The post-1991 era has witnessed a fundamental shift in the role of the state from being a welfare state in the pre-1990s to a minimal state in the post-liberal era. Emerging forms of governance are implicit in principles and practices such as privatisation, corporatisation, public-private synergy, decentralisation, minimal state etc. While these principles may not be undesirable in themselves, the manner in which they are interpreted may pose fundamental challenges to the functioning of Indian democracy. Newer modes of governance seem to impede democratic processes as seen in terms of exclusion of majority of people from development, crises of political accountability and transparency, rampant cases of large-scale corruption, widening gap between the rich and the poor, and the widening base of the marginalized etc. This paper posits that for an impoverished country like India where the majority of people live in poverty, the emphasis of governance reforms should be on widening the space for negotiation, participation and a public welfare agenda which will translate into development for the larger population, not just of a few.

**KEYWORDS:** Governance, post-liberal, public-private synergy, minimal state, welfare state, democracy.

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### Introduction

Governance has become a buzzword in contemporary discourse on politics and government. It is not a new concept, but it certainly has gained ascendancy in very recent decades, more so in developing countries like India where the crisis of governability has been identified by the developed nations. The current craze with governance signifies not just a semantic orientation or hyperbole but represents a serious bearing on state-societal relations that would have implications for the traditional role of the state and democracy at large. One can discern from emerging forms of governance that there is a transformation in the role of the state and thereby, state-societal relation. However, this is not to imply directly that the role of the state has declined. Most Indian political scientists like Sara Joseph and Niraja Jayal Gopal are critical of the manner in which these reforms as part of the neo-liberal agenda have been accepted in most Indian states Andhra Pradesh and Karnataka, Madhya Pradesh in the late 1990s and early 2000s without any critical debate. They foresee far-reaching implications of these reforms for Indian democracy. This is with particular reference to the post-1991 liberal phase wherein, ideas about governance exhibit significant departures from the old or traditional forms of governance in India—that of a more bureaucratic, welfare-oriented and top-down system. The changes are not so much about the principles than the manner in which these principles are being practised today. To what extent the role of the state has undergone change can be gauged from the manner in which principles and reforms in administration are being initiated and introduced. Closely linked to the shift in the role of the state is the introduction of the neo-liberal reforms in India from 1991 onwards. This period has

ushered in India key practices like deregulation, privatization, franchising the state, corporatization of public institutions etc. Broadly, these changes have an enormous bearing on the way in which principles of decentralization, transparency and accountability, participation, and the phenomena of NGO are being perceived today.

According to R.A.W.Rhodes, the current usage of governance is not synonymous with government as was previously held. For him, governance signifies a change in the meaning of government, referring to a new process of governing, or a changed condition of ordered rule; or the new method by which society is governed. He defines this method as embodying six aspects of governance which are the minimal state, corporate governance, new public management, good governance, socio-cybernetic system, and self-organizing networks (Rhodes, 1996, p. 653).

This paper is primarily concerned with an exploration of the principles and practices such as the public-private synergy, new measures of transparency and accountability such as RTI Act and E-governance, the minimal state and the role of the market and emergence of NGOs. It also looks at the interface between democracy and governance, democracy in terms of political participation, access to basic social and economic resources, notion of equality and empowerment. This paper posits that some of these newer forms and practices of governance, rather than strengthen democratic processes and institutions, may further undermine their credibility.

Therefore, the paper will briefly trace the emerging forms of governance implicit in themes and practices such as the public-private synergy, transparency and accountability, the minimal state, role of the market and shift in the focus of NGOs. And then, go on to examine the implications of these changes for democracy in India.

### **Emerging Forms of Governance in India**

Since the late 1980s, the shift from 'government' to 'governance' represents not only a semantic shift. The shifts have been seen mainly in the reforms that are being undertaken, and which marks a departure from the developmental state of the 60s, 70s and 80s. The period beginning from 1991 is marked by the emergence of a liberal regime which is attempting to dismantle the centrally directed framework of development. In this, the role of the state has undergone change. From a policy-maker, the role of the state now is to steer. The retreat of the state in decision-making has paved the way for other actors like NGOs and civil society organizations, most of which are working in tandem with international aid agencies. At the same time, policy-making and implementation is no longer monopolized by the bureaucracy. That role is shared with the private sector in a significant way. Public-private partnership is much talked about in contemporary governance. The imperative to roll back, minimize, deregulate, and decentralize the state finds resonance in most policy prescriptions. Some of the changes being introduced in governance are, to improve efficiency in public administration, strategies such as introducing corporate management techniques into public administration, introducing profitability criteria: 'contracting out' functions of government to NGOs or private agencies or sharing them; decentralization of levels of administration, marketising etc are being adopted.

Unlike the traditional form of governance that focuses on bureaucracy and delivery of public services, the new form of governance envisages a lean and streamlined state. Alternative conceptualizations of governance have emerged which include broader concerns with those of political participation, access to basic social and economic

resources, social equality and justice. Notions of decentralization, participation, transparency and accountability, emergence of NGOs, the public-private synergy points to a shift in the idea of governance. These are buzzwords in the current language of governance and increasingly associated with good governance by OECD countries and multilateral financial institutions. Administrative reforms in India are reflective of the new ideas in governance. Introducing corporate management in ministries, setting up of task forces, legislation of Right to Information Act and citizen's charters, e-governance etc., are indicative of a growing collaboration between the public and the private, as well as more demands for measures of transparency and accountability. The role of the state in the post-liberal phase has been redefined. From the role of the main policy-maker, the state's role has been truncated to a great extent to make way for market forces and other actors. The state is no longer considered to be the final articulator. Its role in the new set-up empowers it to 'steer' and 'row' rather than actual decision-making. Recognizing the crisis of governability in most developing countries, external donors and the developed countries have pushed reforms more vigorously. Disillusioned with the role played by governments in development, these countries and organizations have shifted their focus to the voluntary sector and non-governmental organizations. Hence, in very recent times, we see the mushrooming of NGOs and the increased activities of the private sector. The state is being asked to reduce, downsize, minimize its size and role, deregulate and roll back. There is an apparent shift in the role of the state from being an interventionist state to a minimal state. This would mean two things- first, the centrality of the state has been challenged. Second, there is an increasing presence of market forces and other non-state actors in the governance of the state. Consequently, newer forms of governance have emerged.

However, the pertinent question is, will these changes in the mode of governance bode well for Indian democracy, democracy in terms of access to basic facilities, notion of rights and equality, political participation etc? An examination of some of the newer forms of governance as examined in the following becomes central.

### **Public-Private Synergy**

Public-private partnership is much talked about in contemporary governance. The imperative to roll back, minimize, deregulate, and decentralize the state finds resonance in most policy prescriptions. Some of the changes being introduced in governance are, to improve efficiency in public administration, strategies such as introducing corporate management techniques into public administration, introducing profitability criteria: 'contracting out' functions of government to NGOs or private agencies or sharing them; decentralization of levels of administration, marketising etc are being adopted. There is increased involvement of the private and voluntary sectors in service delivery and strategic decision-making. Contracting out and public-private partnerships are now part of the reality of public services and decision-making in most countries (Stoker, 1998, p.19). The idea is not to achieve autonomy of the state from organized societal interests but to insulate some aspects of decision-making from politics by building horizontal linkages between state and business and other elements in civil society. By embedding organized interests like business with government in decision-making processes, it is hoped that stable networks of interest would both promote the general interest and bring specialist knowledge to bear on decision-making. Under the concept of good governance, the exclusive powers of the state could be reduced in scope and also the initiative and knowledge available in civil

society could be harnessed for public purposes. Along these lines, various initiatives have been introduced in India like Joint Forest Management, which is a partnership between forest departments on the one hand, and rural communities on the other. States like Andhra Pradesh and Karnataka have also introduced reforms in the respective states along the lines of public-private partnership such as hiring private consultants in ministries, setting up joint task forces, regulatory bodies and committees which represent both government and civil society groups. Involving stakeholders in the new form of governance marks a departure from the traditional bureaucratic set-up. Decisions made by them would be removed from political pressures and political control, which would reduce populist pressures and improve the quality of the decisions. Thus we see an increasing reliance on private sector by the government. This is an alternative form of governance in the sense that newer actors are being included in decision-making and policy implementation other than the traditional form, that is, the bureaucracy. However, autonomy of the state would free the new decision-making bodies from political pressures but not from the members of those bodies. The success of these strategies would depend on the interrelations between the government and other interests in civil society based on their shared interests. However, there is no guarantee that the shared interests will reflect the general interest. This raises the question of monitoring agencies before they are set up. If not, there is the danger of private interest being passed off as the general interest. Also, the state-civil society synergy as pushed forward by the neo-liberal agenda raises a pertinent question as to whether it will sustain India's democratic institutions in the long run. An active civil society could build support for democratic government by articulating new issues and people's needs and encouraging greater public participation in different schemes. But given the individualist and apolitical conception of civil society in neo-liberal theories and technocratic solutions to social problems, its effects for Indian democracy remain suspect. A more vibrant and participatory political democracy would demand a more democratic conception of civil society.

### **New Measures of Transparency and Accountability**

The traditional mechanisms of transparency and accountability had largely been limited to a formalistic sense in the form of an electoral process, elected legislatures that oversaw the executive and an independent judiciary that can hold both the legislative and executive arms of the state accountable. The new form of governance envisages a different kind of accountability. The idea now is to have a more citizen-centric approach. The changing context in which principles of transparency and accountability operate can be perceived in the way in which the role of the state is increasingly being redefined by the presence of non-state actors and civil society initiatives. The World Bank's concern with accountability which is also being increasingly recognized as a major aspect of governance, highlights certain well-defined goals for public accountability in India. These are accountability of government officials through clearly formulated and transparent processes; legitimacy of government regularly established through some well-defined open process of public choice such as elections, safety and security of the citizens, public agencies' responsiveness to the needs of the public, equitable social and economic development and readily available information through freedom of association, freedom of expression, freedom of the press and so on (Bhattacharya, 2003, p.44). Transparency and accountability fostering measures which are being introduced in India are reflective of the emerging trends in the governance discourse. This includes sets of

measures such as computerization of departmental operations and securing wide dissemination of information in the form of the recent Right to Information Act and Citizen's Charters in various ministries. Principles of transparency and accountability in the current mode of governance are also undergoing change as a result of new innovations in the form of e-governance, RTI Act and such legislations. Another distinct aspect of the new form of governance which correlates with transparent and accountable administration is certainly e-governance. These experiments signal a clear shift of focus from the traditional "vertical" accountability mechanisms to mechanisms of a "horizontal" nature. In the traditional or Weberian form of organization, accountability is fixed internally, in the new governance paradigm, besides internal sources, accountability draws its meaning from external sources as well.

However, in the changing scenario of governance, accountability faces a set of challenges. The contemporary changes in governance pose political, managerial and methodological challenges to accountability in terms of three specific dimensions which are, the standards of accountability (accountability for what), the agents of accountability (accountability to whom), and the means of accountability (Ibid., p. 39).

The standards of accountability in the current mode of governance have become instrumental in nature, rather than being substantive. The emphasis is now more on procedural and economic criteria such as efficiency and productivity, than on substantive public concerns like equality and representation. There has been an increasing tendency in contemporary public governance to displace its accountability in terms of established democratic standards. As has been reiterated, the role of the government has been changing from "rowing" (direct production and distribution) to "steering" (indirect monitoring and evaluation). The government is now expected to play a facilitating role that of providing support services to the private sector, removing barriers for free operation of the market, implementing and monitoring disinvestment and contracting out. The state provides and the private sector delivers. In such circumstances, accountability stands high risk of getting obscured.

In the current mode of governance, the agents of accountability have shifted from a people-centric tradition to a redefinition of citizens as customers or clients. Here, citizenship seems to be cast in a commercial prerogative where social rights associated with collective citizenship appear to be reduced. Individual customers are governed by exchange relation. Accountability therefore, rests on effective delivery of services to customers. But again, not all citizens can be customers of such services due to their financial constraints. Trends in India suggest that governance remain indifferent to low-income citizens who cannot afford to have access to these services. In this context, accountability is to private, affluent customers rather than to the collective public. What can be seen today in a certain sense is that, governance has become more responsive to the affluent business community rather than to the collective public. Hence, citizens' charters which are being initiated today to enhance responsiveness and accountability of the public service, raises pertinent questions as to whether public participation is really there.

Another change in the means by which accountability can be ensured has been seen in the structural and procedural autonomy granted in the current mode of governance. In recent times, various ministries and departments have been corporatized into

autonomous entities. This gives lesser scope to political representatives to scrutinize their activities and gives more scope to operational autonomy to the agencies. This autonomy may pose a challenge to traditional means of accountability. The accountability of executive to the legislature is not only affected, but also the democratic right of citizens to express their views and hold the governments accountable. “The democratic principle of accountability of the executive to newly elected bodies, and ultimately to voters, is reinterpreted to mean accountability to stakeholders and consumers” (Joseph, 2007). On the neo-liberal account, market reforms, liberalization policies, deregulation are supposed to result in a more responsive and accountable government, but it becomes imperative to question whether traditional norms and objectives of governance like enhancing human progress, reducing poverty, maintaining law and order etc, are bypassed.

### **The Minimal State and Role of the Market**

In the new mode of governance, the role of the state has been envisaged in a different light in contrast to the developmental state in the early decades after independence. There is a shift in the role of the government particularly in development, from state interventions being essential to another extreme where the state is supposed to have a minimal role. States are being advised to shrink, retreat, roll back and downsize (Jayal, 2001, p.134). The political reforms being advocated today include the state withdrawing from some of the functions and responsibilities which it was expected to perform under the planned development model. The retreat of the state is consistent with ‘good governance’ under the neo-liberal agenda. On this account, the withdrawal of the state has paved the way for voluntary sector, through strategies of decentralization and people’s participation on the one hand, and free market forces on the other.

The last decades of the 20<sup>th</sup> century witnessed a resurgence of faith in markets, with the state’s role as economic strategist and planner coming under increasing scrutiny and criticism. Governance in India since Independence was based on an active role for the state. However years of experience revealed the inefficiency and inadequacy of various development policies which the state undertook. The need for a more market friendly and growth-oriented approach was stressed. Neo-liberal theories which supported a limited state and greater scope for marketisation as a means of achieving redistribution and faster economic growth was deemed to be more appropriate. International donor agencies such as the World Bank and the IMF pushed these strategies vigorously. The kinds of reforms advocated by them include slimming down of bureaucracies, deregulation, privatization and removal of subsidies.

Even as the concept is tied to market rationality, it endorses the role of governments in providing two sorts of public goods- i) the creation and enforcement of rules to make markets work efficiently, in the absence of which production and investment would be deterred and development consequently hindered and, ii) compensating market failures through corrective interventions which includes a key role in providing education, health and essential infrastructure. The rationale offered is that a well-educated labour force and good infrastructure are crucial to the quality of private investment (Jayal, 1997, p.408). According to the World Bank, the state in order to provide these public goods needs to raise revenues and deliver services. There is however, a contradiction in the conception of the state in the project of ‘good governance’. This contradiction is the simultaneous insistence on the minimal state

and on good governance. The retreat of the state is being effectuated, paradoxically, by the state personnel. While a scaling down in the size and scope of the state was required, an expansion in state capacity was necessary to give effect to the reforms process (Ibid., p.409). In short, what was required was a lean state, with expanded governance capacity, though without expanded government.

### **Shift in the focus of NGOs**

One of the new aspects of governance is expressed in the phenomenon of the NGO. There has been a shift in the focus of issues by the NGOs in the post-liberal phase as compared to NGOs in the pre-liberal phase. The burgeoning of NGOs began from the 1970s to the early 1980s. This was a period of 'phenomenal growth' in which there is a dual emergence of NGOs that are critical of government models of growth and in which there is also "the rise of the technocratic, managerial NGO" (Katzenstein, Kothari and Metha, 2001, p.249). Over the years the NGO has made a marked shift from its earlier avatar, the voluntary association and bears little resemblance to its earlier image in its functions, objectives and sphere of action. In India, while the NGOs of the 1970s were heirs to a largely Gandhian tradition of voluntarism, contemporary NGOs are modern, often bureaucratically structured, organizations, working in a wide range of areas. In the 80s, NGOs were mainly perceived in opposition to the government. They acted as a bulwark against arbitrary decisions of the government which would materialize into repressive state actions by conscientising people and articulating their needs and grievances. In the contemporary set-up, NGOs are increasingly becoming the partners of the state by taking up developmental tasks of the state in a significant manner. Most of the NGOs today work in collaboration with the state. As a result, there is an increasing tendency for the government to hand over developmental tasks to NGOs for implementation. The government in recent years have handed developmental tasks to NGOs for implementation. In a way, this would not only mean the 'rolling back' of the state but gives recognition to NGOs as natural partners of the state and also as 'public service contractors' for the state. The emergence of NGOs would also mean raising levels of participation of citizens in civil society and hence, deepening democracy. This also serves the purpose of multilateral agencies like the World Bank which, disillusioned by the managerial capacity of governments, have sought to channel funds directly to NGOs (Jayal, 2001, p.144). The contradictions within NGOs, such as depoliticizing issues of national importance and being vulnerable to donor agencies, makes it not so effective for service delivery. In effect, it remains to be seen whether the shift in the focus of NGOs would further democratize society.

### **Implications of Governance Reforms for Indian Democracy**

Governance reforms in the post-1991 liberal phase have considerably seen a shift in the role of the state from a welfare state to a minimal state. These reforms as seen in policies and measures such as privatisation, corporatisation, public-private synergy, increased role of the market, new measures of transparency and accountability etc, raises fundamental questions about state-societal relation. The question is whether these shifts will lead to a widening of democracy and democratic processes and whether these shifts will sustain democratic institutions in the long run. This paper argues and posits that the manner, in which these governance principles are being interpreted today, may not be so conducive to democratic institutions and processes in

India, and in some ways may undermine their credibility. Democracy, in terms of participation, notions of right and equality and access to basic social services.

Implications of governance reforms for Indian democracy can be analyzed in terms of the restructuring of the state on the lines of neo-liberal reforms. Most scholars argue that the restructuring of the state represents an attempt to incorporate market rationality in the organization and functioning of the state. These would have repercussions for democratic institutions in India which are being increasingly reinterpreted in line with the neo-liberal political agenda. In India we have seen that the failure of the developmental state in the 1970s and 1980s provided the ideological space in which neo-liberal theories gained wide legitimacy (Joseph, 2007, p.3213). Most of the reforms which are being introduced in India have been influenced by the underlying assumption of the neo-liberal agenda that the state should retreat and make way for the market. The current governance agenda proposes to restructure the administration to distance decision-making and implementation in a number of areas from political influences and pressures. By distancing some functions of government from the direct control of political leaders and ensuring political accountability to elected bodies, it is hoped that there will be less scope for political pressures to dilute the rationality and efficiency of policies and their implementation.

On the neo-liberal account, market reforms, liberalization policies, deregulation are supposed to result in a more responsive and accountable government, but in practice it has meant that traditional norms and objectives of governance like enhancing human progress, reducing poverty, maintaining law and order etc, are bypassed. The fragmentation of the state which is taking place as a result of reforms has affected not only the accountability of executive to the legislature but it has also affected the democratic right of the citizens to express their views and hold governments accountable. In the present set-up, accountability of the executive to the legislature has been re-interpreted to mean accountability to stakeholders and consumers. People's participation is also not fully realized as traditional democratic institutions are subordinated to private actors, there are hardly any genuine intermediary institutions available for participation. With representative bodies being undermined by non-state actors, people had no space to question where the resources were.

Although the primary objective of the reforms has been to improve the efficiency and productivity of governance, they also have had an impact on the democratic state. There is an increasing trend in states like India to provide market-based solutions to collective problems such as rural poverty, environmental degradation, just to name a few. Earlier, the responsibility for promoting collective welfare and social justice was placed on the state. The notion of citizens as being entitled to all the political, social and economic rights needed to enable them to live with dignity and respect has been replaced by a redefinition of citizens as consumers of services which the state provides, and as active participants in the market. This would further mean that only those sections of the society who have resources will be able to have access to these services. The role of the state to meet the basic needs of the people is minimized. Democracy, in terms of having access to basic needs, empowerment and participation is impeded rather than being strengthened. To be meaningful, democracy would not only mean procedures or as an image associated with rituals. The danger lies in replacing social commitments with profit motive.



## Conclusion

These paper have tried to analyse some of the emerging notions of governance implicit in reforms and practices such as privatisation, corporatisation, increased public-private synergy, shift in the focus of NGOs, increasing role of the market, withdrawal of the state from much of its earlier welfare functions etc. This is with particular reference to India in the post-1991 period. The study has attempted to see the shifts in the idea of governance by looking at how the newer forms of governance have emerged in the post-1991 period. The shifts have been seen mainly in the reforms that are being undertaken and which marks a departure from the developmental state of the 60s, 70s and 80s. The fundamental shift can be seen in the emergence of a liberal regime which is attempting to dismantle the centrally directed framework of development where the state is no longer seen as the final articulator on decision-making. Its role in the new set-up would be one of steering or facilitating, and not actual decision-making. The state is envisaged to be more streamlined to make way for market forces. The shift in the focus from government to governance represents a new thinking in state-societal relations.

In very recent times, the idea of governance has been evolving to include a wide range of ideas that correspond to different ideologies of different groups. While it may be market-oriented, the idea of governance should also take into account the notion of equitable justice and rights. A market-oriented idea of governance eschews that very notion of welfarism. That becomes an impediment to a democratic framework of governance. The assumption is that in a country which is largely impoverished and peopled by largely the poorer section, the need for a more intensive interrogation of the emerging forms of governance cannot be deemed exhaustive or irrelevant. Rather, there should be more public debates about the emerging notions of governance, for instance, the public-private synergy, corporatisation of government entities, the mechanisms of regulating independent institutions, the ease at which market entry has become pervasive in every spheres.

In India, in the guise of promoting efficiency and productivity, the state has undertaken reforms which might at best; benefit only certain sections of the society and at the worst, lead to further deprivation for a majority of the population. The new ideas of governance which centers on market rationality may not be conducive for democratic institutions in India in the long run. Alternative conceptions of governance would require contestation and negotiation, but within cultural and political specificities, and within a generation of democratic politics. Reforms have to be implemented in the context of a widening of democracy. Especially in a largely impoverished country like India, democracy as an intrinsic value matters. Equality and social justice should continue to be objectives for the Indian state. The imperative to govern and be governed should emanate from the people themselves, and should not be imposed externally or subjected to conditionalities, political or otherwise.

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