

8. Good Governance and Development

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Abstract:

The concept of good governance plays a very important role in the modern government system. Today people are conscious and they always aware of the day to day functioning of the government. So the government also tries to satisfy the general people. Where good governance creates an environment which fosters strong and equitable development and it is an essential to complement to sound economic policies. With the advent of the new economic order, manifested in the form of globalisation, liberalisation, and Privatisation has brought in a new governance paradigm prescriptively being referred to as good governance. Since the 1990s the concept of good governance has become one of the most widely used in debates in development, public policy and international relations. The first part of this paper is related to be an overview of Governance, Good Governance in India and second part of this paper is related to Good governance and development with different sectors.

Keywords:

Governance; good governance; rule of law; development; corruption; new economic order

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Introduction:

Development is a global phenomenon. The term Development in every sense: to charm, to fascinate, and to set dreaming (Rist, 1997). The earliest modern theory of development emerged at the end of 2nd world war. President Harry S. Truman's inaugural address on 20 January 1949 was very important internationally to the formation of this new paradigm of development. Point four in his speech inaugurated the 'development age', because development characterised by 'scientific advance', 'industrial progress', 'technical knowledge', 'capital investment' and 'greater production' (Rist, 1997). Good governance agenda is basically deeply embedded in the neo-liberal Washington Consensus, pushed by the leading powerful multilateral institution. In the recent years, both nationally and internationally, good governance has come the cornerstone in any discussion on development, co-operation and aid. In this paper, we will try to explore:

- Definition and interpretation of the concept of Governance and Good Governance
- Good governance in India
- Good governance and development

Definitions and Interpretations of the Concept of Governance and Good Governance

Currently, the term 'good governance' is being increasingly used in development literature. Bad governance is being regarded as one of the root causes of all the evils within our societies. Major donor and international financial institutions are basing their aid and loans on the condition that reform that ensures 'good governance' are effectively implemented. So it is important for us firstly to understand the meaning of 'good governance'. The Oxford English Dictionary recognises 'governance' as a separate, independent entry and defines it as "the action or manner of governing". 'Good Governance' was used in the English literature for the first time in the year 1628. There is a marked difference between the word 'government' and 'governance'. This was subtly conveyed as far back in history as 1701 in the observation: "Wise princes ought not to be admired for their government but governance." The Webster's Encyclopaedic Unabridged Dictionary of the English Language defines governance as a method or system of government or management. The term 'governance' is thus a qualitative expression and a normative concept, different from government (Arora, 2014). The term government and governance appear synonymous in the dictionary. The government refers to formal and institutional processes which operate at the level of nation-state to maintain public order and facilitate collective action. It is a formal institution of the state with their monopoly of legitimacy, coercive power. It refers to various forms of the political system or the

manner in which state exercises its power in utilising socio- economic resources. Governance signifies the new process of governing or changed the condition of ordered rule of the new method by which society is governed. **Rhodes** defined governance in eight ways. They are a minimal state, governance according to private enterprise model, new public management, good governance, a social cybernetic system and a series of the self-organized social network. The **Commission on Global Governance** defines governance as “governance is the sum of many ways individuals and institutions, public and private manage their common affairs. It is a continuing process through which conflicting and diverse interests may be accommodated and cooperative action was taken. Governance is the creation of a structure or an order, which cannot be extremely imposed but is the result of the interaction of a multiplicity of governing and each other’s influencing actors.” **The Human Development Report, 2002** has given a new perspective to governance by terming it as democratic governances, which is essential for better human development. Nowadays the term ‘good governance’ is very much in vogue. Three major International bodies focus on different aspects. **As the World Bank defined in 1994**: ‘good governance is epitomized by predictable, open and enlighten policy making; a bureaucracy imbued with a professional ethos; on executive arm of government accountable for its actions and a strong civil society participating in public affairs; and all behaving under the rule of law’. **United Nations Development Programme (UNDP)** takes a broader view of good governance as comprising mechanism processes and institution through which citizens and groups articulate their interests, exercise their legal rights, meet their legal obligations, and mediate their differences. The **Economic and Social Council for Asia and the Pacific (ESCAP)** similarly considers governance good only if genuine steps to minimize corruption are taken; if the views of the minorities and the voices of the most vulnerable sections of society in decision making is ensured, and if it is responsive to the present and future needs of a society. It has identified eight salient features of good governance: i) participatory in nature, ii) consensual in orientation iii) accountable iv) transparent v) responsive vi) effective and efficient vii) equitable and inclusive viii) rule of law (Chakrabarty, and Prakash).

Good Governance in India

The concern for good governance has been expressed at different times in different floras by political leaders, administrators and academics. The effective, responsive, transparent and accountable administration has been the goal towards which our administrative and political system, together, has been striving for independence. In the well known Vohra Committee report it was mentioned that the conference of Chief Secretaries in November 1996 drew attention to the fact that despite recognition of the “critical role of responsive administration for achieving the goal of growth with equity, the public administration and the civil services at all levels are passing through difficult times in term of eroded credibility and effectiveness of civil service....”. and increasing criticism of low level of honesty, transparency and accessibility to the political and bureaucratic elements in-charge of administration. The conference also laid emphasis on the importance of government being more

caring and responsive both to the needs of a growing economy and to concerns of the relatively unnerved sections. There is no denying fact that inspires of all our efforts we quite distance away from good governance. The time has come to analyse the reasons, identify the factors which obstruct good governance and the short-term and long-term policy measures and administrative step to be taken towards the achievement of the same. The problem has become much more crucial and complex in view of the fast changing political scenario, in the context of the present and emerging political compulsions. The concept of good governance is not derived from the west but it is depicted in ancient literature of Kautilya Arthashastra for the advancement of weaker and vulnerable sections of the society, in some ways forerunner of our concern today. Despite some semblance of good governance during the British Colonial Raj, the primary purpose was a consolidation of the British Rule and resource exploitation for strengthening the British Empire. The Administrative Reforms Commission also noted that the pre-independence governance was concerned mainly with the enforcement of the law, maintenance of order and collection of revenue. Involvement of government during the British regime, in economic and social spheres was confined mainly to the task of building and maintaining a modest transport and communication system, regulation of indigenous trade and commerce and providing a modicum of facilities in the field of education and health. The development perspective of governance was obviously missing. It was neither welfare-oriented nor change-oriented; Preamble, Fundamental Right Directive Principle and Fundamental Duties are related to good governance in Indian constitution (Chandhoke, 2003). We can call a government a good government if it gives SMART administration. By SMART administration, we understand a government that is Simple, Moral, Accountable, Responsive, and Transparent. The IT revolution has reinvented the structure and process of management and governance. Internationally, electronic governance or 'e-governance' is emerging as the order of the day, moving towards SMART governance. In India, as declared by the Prime Minister in 2002, the vision of the government is to "implement a comprehensive programme to accelerate e-governance at all levels of the government to improve efficiency, transparency and accountability at the government-citizen interface." We need to encourage and incentivize a culture of good governance and accountability at all levels of operation in economy and administration which calls for change in the way of planning, policy-making, communicating, analysing, understanding adopting, implementing, and ensuring accountability, responsibility, positive attitude and aptitude of manpower of all kind. To bring about change, we need to overhaul our system of governance with true self-accountability as mantra of progress and prosperity in India and elsewhere in the world (Arora, 2014).

Good Governance and Development:

The advent of the new economics order manifested in the form of globalisation, liberalisation, and privatisation has brought in a new governance paradigm prescriptively being referred to as good governance. The new system of governance is making the State lose its pre-eminence as an agent for

development. The government has started receding to the background from many of the traditional areas of the operation and non-governmental organisation, community-based groups and multinational development agencies have stepped in to fill that void. The thrust of the new approach appears to be one of maximising the growth potential by unleashing outward looking and the market drivers forces by making necessary adjustments in the structure of the economy and the manner of exercise of control over power and resources (Government of India, 2002).

An attempt is made here to look at the meaning and nature of the new governance paradigm. Though the essence of the new paradigm could be seen in the efforts made in the West to dismantle the welfare state in the 1990s, the clear conceptualization and articulation of the paradigm emerged only at the end of 1990s. The emergence of this new paradigm of governance has serious implications for both developed and developing nations (Chandhoke, 2003).

While the challenges of governance, on the one hand, are getting more complex and varied, the instrument for meeting these effectively are no more as sharp and powerful. An important point however which is emerging is about **professional standards of services, administrative, equity, and an environment** which promotes such qualities in the system. While the civil servants are today not able to express their views in a forthright, honest and fearless manner, the politicians are also not prepared to provide space to them. This phenomenon is plaguing civil servants all over the country. The poor quality of **public service delivery, high level of corruption, and lack of accountability of civil service are serious causes of concern**. The North Indian States of Bihar, U.P. and Jharkhand with low per capita income, especially merit attention as they can ill-afford a poor governance structure one of the most serious elements of governance structure in our country is the issue of **Corruption**. Here we will discuss the relationship between corruption, rule of law and growth. The basic requirement for growth is a business opportunity. It can be argued that if the corruption levels were very low and the rule of law and consequently good governance levels were better, the states with business opportunities would have grown even faster. This is counterfactual and, therefore, difficult to prove. Prima facie, however, it does appear a valid argument. It is, however, quite evident that investors will shun, given the opportunity, a corrupt State or a corrupt Nation. They would prefer areas which have a more transparent and accountable governance system. If one's property is not safe and for every service, he gets from the state, he is expected to pay an illegal tax, which corruption is, it is unacceptable to the citizens. Such state cannot claim to have an acceptable standard of good governance for its citizens. What is, however, worrisome is that a very large number of respondents indicated a direct experience of bribing in Land Administration (69%), Police (50%), Judiciary (47%), Income Tax (51%) and Electricity (30%). More than 60% of the respondents felt that there was a lack of commitment to reduce corruption in these departments. The quality of service was considered as poor by them for Public Distribution System [PDS] (41%), Electricity (58%) and Government Hospitals (41%). In addition, Police (76%), Land Administration

(55%) and Municipal Services (55%) were also considered as providing poor quality of service. Similar figures have found in the States of Bihar and Jharkhand also where these standards are poorer in several areas. These extraordinary high numbers indicate the degree of dissatisfaction with the performance of the Governance System. Good governance as special significance for the growth of low-income States. The per capita income of U.P. is half the national average, and Eastern U.P.'s income levels are only 1/3rd. The Government systems in these States must rise up to the challenges which the State is facing and provide to the citizens highest quality of services which the government is delivering under various schemes. They are expected to ensure that citizens do not have to pay illegal gratification for getting ration cards or caste certificates or certificates of land records ownership or registration register deeds after registration of property or for getting other facilities which Government's agencies provide. While corruption impacts all sections of the population, it is particularly hard for the poor and the low-income groups. Asking the beneficiaries to shell out extra money is akin to a tax which is illegal and the concerned Government servants have no right to have it. The quality of service also needs major improvement. The public services delivery must improve very substantially in these States, where the number of people with low income is quite large. Let me dwell on the state of development of educational infrastructure in the states as it will be a critical factor in the States growth process. There several major challenges facing the education Sector. In the primary education, by and large, the enrolment rate is reported to be 100% for students between 6-14 years. There is, however, the question of quality of education being imparted, attendance of teachers in the primary schools, drop-out rates and out of the children (Chaturvedi, 2007). The Indian environment has several positive features: (a) Indian student is articulate and has the capacity to work hard (b) Good English speaking (c) Good software skills

Currently, as it is noted earlier, the international multilateral agencies have profoundly been given importance on good governance in the developing countries. According to donors, good governance is closely associated with economic development. Strong argument has been put forward that without good governance structures the poor and developing nations cannot reduce poverty. And contrarily bad governance is being viewed as the main cause of the ills confronting these societies. In 1991, U.S. Agency for International development (USAID) released a detailed democracy and governance policy paper stating that:

“Open political system(s’), respect for basic human rights, and an appropriate and efficiently administered legal and regulatory system based on due process of law,

encourages(s) peaceful resolution of social conflict, (and) stimulate(s) individual initiative .and thus support(s) economic and social development political development is central to sustained economic and social development” (Windsor, 2001).

The **Clinton administration** even further strengthened the conditions of democracy and governance in the U.S. aid flows, and the 1995 USAID development strategy argued that the successful achievement of the larger development agenda was impossible. Without attention to politics, and that “success in the other core area of sustainable development is inextricably related to democratisation and good governance” (Windsor, 2001).

The Bush administration has not only continued but also even expanded the previous administration’s policy of integrating good governance and democracy into development approaches. The 2002 U.S. National Security Strategy States:

“The United States will deliver greater development assistance through the New Millennium Challenge Account to nations that govern justly, invest in their people, and encourage economic freedom” (Jasim *et al.*, 2007). Elsewhere President George W. Bush has also said: “Good governance is the essential condition for the development, and therefore the U.S. would reward nations that root out corruption, respect human rights, and adhere to the rule of law” (Windsor, 2001).

Democracy, in this context, is valuable if it provides legitimation for good governance. Paul Hirst argues that “multiparty competition and free election are valuable in preventing cronyism and corruption and in building public support for development strategies, but only if parties eschew extremism and political game by appropriate liberal rules” (Hirst, 2000). It is obviously true that poverty, poor health, low life expectancy and inequality based on income and wealth are endemic a major part of the world. Some countries have very low or negative growth rates. Even some countries have precious natural resources (e.g. Zambia) but they have poor growth records or low per capita income. According to Rose-Ackerman, “One root of the problem is dysfunctional public and private institutions. Poorly functioning governments’ mean that outside assistance will not be used effectively. Low-income countries and those with weak growth records are often in difficult because they are unable to use their human and material resources” (Rose-Ackerman, 1999).

Kaufmann and Associates mention that not surprisingly good governance is strongly correlated with better development. In their research they found a large casual effect running from improved governance to better development outcomes. An improvement of one standard deviation in the rule of law from the low level prevalent in Russia to the “middling” level in the Czech Republic or, alternatively, a reduction in corruption from the very high level prevalent in Indonesia to the lower level in Korea leads to between a two and fourfold increase in per capita incomes, a decline in infant mortality of similar Magnitude, an improvement of 15-25% points in literacy levels. They examined the beneficial impact of improved rule of law on per capita income, for a sample of 166 countries and using data for the late 1990s. These large casual effects suggest that good governance should be given a high priority on the development and poverty reduction agendas (Kaufmann *et al.*, 2000).

By using data in 97 countries over the period from 1974 to 1989, Keefer and Knack examined the impact of government institutions on investment and growth. They measure the quality of government by combining five separate indices: corruption, expropriation risk, rule of law, the risk of contract repudiation by the government, and the quality of the bureaucracy. The authors depicted that measures of the quality of government institutions do at least as well as in explaining investment and growth as measures of political freedoms. Civil liberties and the frequency of political violence (Keefer and Stephen, 1995).

Mauro (1998) indicates that high levels of corruption are correlated with lower levels of investment as a share of Gross Domestic Product (GDP). The indices of corruption are extremely associated with other measures of bureaucratic efficiencies, such as the quality of the judiciary and the level of red tape. Corrupt high-level officials support too much unproductive public investment and under-maintain past investments. Tanzi and Davoodi in their paper, Corruption, Public Investment and Growth, show that corruption reduces total investment and limits foreign direct investment (FDI), but instigates excessive public infrastructure investment (Tanzi and Hamid, 1997).

Conclusion:

The concept of Good Governance plays a very important role in the modern government system. Today people are people-conscious and they always aware of the day to day functioning of the government. Development is a global phenomenon. In brief, we can say international development agencies, policy makers and development scholars now come to diagnosis that development is not a matter of creating free markets, promoting investment and implementing macroeconomic policies rather institutions (e.g.. appropriate laws, social institutions and values etc.) matter for driving development and a dynamics economy. Hence we need good governance for “creating an effective political framework conducive to private economic action-stable regimes, the rule of law, efficient state administration adapted to the roles that governments can actually perform and strong civil society independent of the state.

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