7 | Public Services, Citizen Engagement and Social Accountability

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Corruption undermines democracy and the rule of law. It leads to violations of human rights. It erodes public trust in government. It has adverse effects on the delivery of basic social services. It has a particularly harmful impact on the poor. And it is a major obstacle to achieving our Millennium Development Goals.

— Ban Ki-Moon
Secretary-General, United Nations
At the launch of the Stolen Asset Recovery Initiative, 2007

Understanding Public Services

Public services are those services provided by Governments (local, municipal, or larger-scale) to the public. In countries like India, this assumes a huge significance as the share of welfare spending by the state is constantly going up year on year. Typically, public services would include the following areas of public management: central and local government, public health services, education, defence, justice/home affairs, and non-commercial semi-state organisations. Public service delivery is the implementation of these services and making sure they reach those people and places they're intended to. For this chapter, public services are defined as those services that are mainly, or completely, funded by taxation. In addition to their primarily non-commercial character, public services are often distinguished by an absolute, or at least comparative, lack of competition in the normal market sense of seeking to entice customers away from their competitors or rival service providers. Indeed, public services are often monopolistic or oligopolistic (Humphreys, 1998). Public services by their very nature and composition have asymmetry built into them. There is an asymmetry of information, power and participation that

goes into the way public services are designed in India. The state and its entire machinery have greater say, information, control, and power over the intended users of these services.

In the public services, different guiding principles, such as equitable treatment and the allocation of resources according to need, pervade the processes of decision-making, management and provision. Murphy (1997) captures this issue extremely well: "I want to stress that the principles of fairness and equity are most important when we come to examine the concept of quality in public administration. Of course efficiency and cost effectiveness are key elements, but unlike his/her counterpart in the private sector, the public service customer or client seldom has the choice of an alternative competitive supplier."

With regard to the provision of public services, the provider-customer relationship is often more complex and indirect (see Figure 7.1). Payment is not normally made directly for the service received and so customer control is weakened. Customer choice is very limited when provision is monopolistic. From the providers' viewpoint, ability to pay is often not a key determinant of demand and accordingly market disciplines of price control frequently do not apply. Indeed, the providers' ability to supply is likely to be determined by budgetary funding outside its direct control. The provider most often behaves in a patronising manner and does not see himself as accountable to the recipient of services.

Figure 7.1

Customer Relationship: Public Service
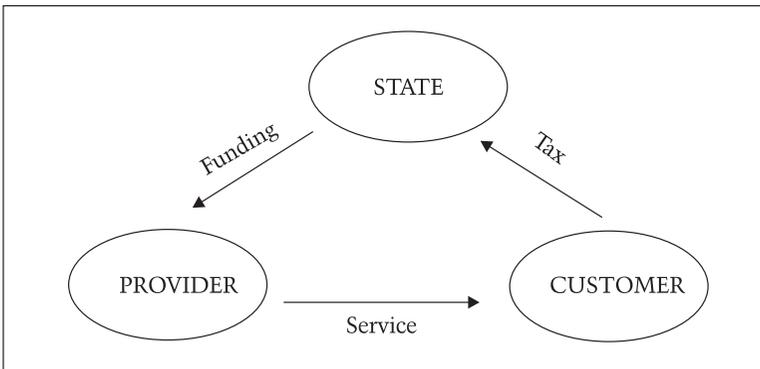
Source: Humphreys, 1998.

Funding, which comes directly or indirectly from the state is often fixed by annual allocation, through the exchequer budgetary arrangements. Consequently, within the public service, mismatches in demand and supply can find expression in longer waiting lists or the rationing of services.

For more than 5 decades since independence, the service-provider relationship was one of 'bureaucratic paternalism', where the bureaucrat-politician combination has tended to dominate. They operated from a 'we know best' attitude. These officials and politicians often refer to their shared perception as 'the public interest', but without meaningful engagement with that very public. The citizen using these public services was seen as a 'beneficiary' with little control or power in what was delivered to him. He/she was completely dependent on the professional providing the services and virtually all power laid with the professional. This creates a feeling of impotence in relation to the particular service being provided. The citizen was seen more as a 'client' and the services operated on a paternalistic framework. The last decade is now seeing a gradual evolution and the citizen is getting empowered with both information and also desires for participation. The government is also changing its attitudes and many public schemes are providing formal and statutory space for participation and engagement with the public. Recent demands for citizen's charter and the government trying to legislate the right to guaranteed delivery of services is another significant step in this direction. Development is now being more 'rights centered' and 'entitlement's based'. This necessarily will alter the relationship and forms the basis of the demand for Accountability of the service delivery institutions and provides for a greater role for the people receiving the services.

The general perception of public services is that they are generally poor in quality and non-responsive to public needs. They are often inaccessible and fall short of their potential to improve outcomes. But even when accessible, they are often dysfunctional, extremely low in technical quality, and unresponsive to the needs of a diverse clientele. In addition, innovation and evaluation—to find ways to increase productivity—are rare. 'Services' include what goes on in schools, clinics, and hospitals and what teachers, nurses, and doctors do. They also include how textbooks, drugs, safe water, and electricity reach poor people, and what information campaigns and cash transfers can do to enable poor people to improve outcomes directly.

This chapter basically focuses on how and why citizens need to participate in a framework that makes the Public service delivery system socially accountable. It takes into account not only the leakages due to corruption but also that of misgovernance and inefficiency. Citizen participation can operate at different levels of the spectrum—from the planning to the implementation to the monitoring and evaluation stages. While this can surely enhance the quality of public services, one must also not lose sight of the advantages that technology can bring in increasing efficiencies and governance. Innovative application of technology has been attempted both in disseminating vital information to the public and in setting up governance structures that make the services more transparent and trackable.

Corruption in Public Services

Corruption—defined as "the abuse of public power for private gain" (World Bank, 1997) has existed for long. It encompasses unilateral abuses by government officials such as embezzlement and nepotism, as well as abuses linking public and private actors such as bribery, extortion, influence peddling, and fraud. Evidence confirms that corruption hurts the poor disproportionately and hinders efforts to achieve the Millennium Development Goals (MDGs) and human development by reducing access to social services and diverting resources away from investments in infrastructure, institutions, and social services. Corruption poses a serious development challenge (UNDP, 2002). In the political realm, corruption undermines democracy and good governance by subverting formal processes. Corruption in elections and in legislative bodies reduces accountability and representation in policymaking; corruption in the judiciary suspends the rule of law; and corruption in public administration results in the unequal provision of services. More generally, corruption erodes the institutional capacity of government as procedures are disregarded, resources are siphoned off, and officials are hired or promoted without regard to performance (World Bank, 1997). At the same time, corruption undermines the legitimacy of government and such democratic values as trust and tolerance (UNDP, 2002). While some economists (Leff, 1989) and political scientists see corruption as necessary for development (Worthington, 1989), research has repeatedly demonstrated how the

development process can be skewed against the poor by corruption and maladministration.

Robert Klitgaard (1988) introduced the idea of the three utilities of corruption: economic, political, and managerial. Other scholars also see more costs than benefits (Nye and Rose-Ackerman, 1999). They agree that though corruption may be beneficial in isolated instances, its cumulative effect in the long run is detrimental to development. In fact, corruption diverts public resources from their intended purposes to private pockets and distorts the composition of government expenditure. Empirical evidence based on cross-country comparisons does indeed suggest that corruption has large, adverse effects on private investment and economic growth. Regression analysis shows that a country that improves its standing on the corruption index from, say, 6 to 8 (0 being the most corrupt, 10 the least) will experience a 4.0 percentage point increase in its investment rate and a 0.5 percentage point increase in its annual per capita GDP growth rate (Mauro, 1988). In addition, cross-country analysis shows that corrupt governments spend less on education and health, and probably more on public investment (Mauro, 1988). The immediate effect of this would be reduced efficacy and efficiency in the public services rendered by a country to its citizenry and one can see the impact and scale of such flawed processes in India. The economic impact and the financial effect of corruption in public services has already been discussed in an earlier chapter.

The PDS in Karnataka: Case of a Public Service Gone Horribly Wrong

Based on its resources and institutional structure, India is a lower-middle income country. However, its population's and political establishment's expectations are those of a middle-income country. If these expectations are to be met, given India's fiscal and institutional capabilities, spending on social protection programmes should avoid inefficient and ineffective programmes that have existed since the 1970s (Social Protection for a Changing India, 2011).

The country's situation has changed tremendously since the 1970s. Some parts of the country are struggling to acquire basic necessities, while

other parts are facing challenges to expand social protection tools to deal with economic modernisation, and the new risks and vulnerabilities it brings (Social Protection for a Changing India, 2011).

Social protection programmes or safety nets in India remain primarily 'nets' rather than 'ropes' or 'ladders', which can promote sustained movement out of poverty. Instead of strictly protective programmes, India requires a mix of programmes that promote growth, that prevent social insecurities, and—if both of those fail—that protect society. Such programmes require constant evaluation and assessment to cope with changes in the country's progress; they must have relevance, efficiency, and welfare impacts.

Despite myriad poverty alleviating programmes, "India alone accounts for over 400 million poor and hungry people." The irony lies in the fact that India is also a food surplus nation, where buffer stock are three times what is required to ensure food security for all. Several thousand people still die of malnutrition and hunger in India, and thus it becomes necessary to examine the programmes intended for protecting the vulnerable groups of society (Tritah, 2003).

The public distribution system (PDS) is a programme meant for social protection—the protection of food security. The PDS provides subsidised food grains to the poor throughout India. Of all the safety net operations that exist in India, the most far reaching in terms of coverage as well as public expenditure on subsidy is the PDS. PDS provides rationed amounts of basic food items (rice, wheat, sugar, edible oils) and other non-food products (kerosene, coal, standard cloth) at below market prices to consumers through a network of fair price shops disseminated over the country (Tritah, 2003). This case study examines the PDS for systemic reformation, with its primary focus on the state of Karnataka. While the PDS is well intentioned, it has also been the source of major criticisms. The PDS has a long-term pattern of consuming large resources of the government with huge inefficiencies and leakage in the system.

The (Targeted) Public Distribution System

The PDS of India is the largest food distribution network in the world. It is the government's major economic policy for ensuring food security to

the poor (*Economic Survey 1997-98*). It has a network of nearly 400,000 Fair Price Shops (FPSs) that distribute commodities at a cost of more than ₹ 15,000 crore to 16 crore households (Planning Commission, 2005).

The PDS infrastructure is such that the central government is responsible for storage, transportation, and bulk allocation of food grains, while the state government is responsible for the implementation/ monitoring of Fair Price Shops and the identification of the below poverty line (BPL) population (Saxena, n.d.).

Until 1997, the PDS provided food subsidies to all consumers without any targeting. Targeting was introduced in 1997 by the central government. In order to target the consumers that need the food subsidies the most, the population was divided into two primary categories: above poverty line (APL) and BPL, based on the poverty line defined by the Planning Commission. The BPL population receives food grains at highly subsidised prices in comparison to the APL population that receives food grains at prices closer to the open market prices. Another scheme was later introduced by the central government: the Antyodaya Anna Yogana Scheme (AAY),[1] which provides even more highly subsidised commodities to the extremely poor and disadvantaged, and six such disadvantaged groups or communities are given high priority under this scheme (Anand, 2005).

Corruption and Leakages in the National PDS

Nonetheless, being the largest food distribution network does not make it the most effective. The targeted PDS (Planning Commission, 2005) is plagued with the following:

- Targeting errors: A prevalence of ghost cards and unidentified households.

- Inadequate coverage of BPL households through off-take: Only 57 per cent of BPL households are covered under the PDS.

1. According to the Supreme Court Order dated 20th April, 2004, the possession of a BPL card is not necessary for inclusions in the AAY category. Nonetheless, AAY is often included within the total BPL category. In this report, too, AAY is included within the BPL category, unless otherwise mentioned.

- Non-viability of food processing suppliers (FPSs) because of insufficient income for the dealers: FPSs can only remain in business through leaking and diverting of subsidised grain.

- Large leakages and diversions of subsidised grains: Only 42 per cent of subsidised grains issued from the Central Pool reaches the true beneficiaries.

- Siphoning off of food subsidies: Over 36 per cent of the budgetary subsidies on food is siphoned off the supply chain and another 21 per cent wrongly reaches the APL households.

- High costs of income transfer to the poor.

A ration card is used by households to purchase various commodities at the subsidised prices determined by the government. This very first point of contact between the beneficiary and the PDS—the process of issuing ration cards—is also marked with corruption. Though a ration card should ideally only be a source for getting food grains, it serves as a critical purpose for every Indian; it is used for verifying identity and residence. It is a crucial card for gaining access to many public and private services and for purchasing basic citizenship rights. Furthermore, a BPL ration card not only provides access to highly subsidised rations, but to several other state schemes. A BPL status is essential for a poor family to attain. Therefore, even the poorest of people are willing to pay a high bribe to acquire a ration card, and even higher perhaps for a BPL ration card (Jenkins and Goetz, 2002).

BPL eligibility is thus a matter of concern for many. As is the case in most targeted systems, BPL eligibility "has been plagued by errors of both exclusion and inclusion—that is, the exclusion of certain families that should have qualified, and the inclusion of families that should not have been" (Jenkins and Goetz, 2002). The eligibility criteria and the enforceability of the BPL criteria are faulty, inadequate, and require streamlining. Moreover, even if the criteria were adequate, incentives for being on a BPL list are high, and therefore corrupt practices prevent the rightful beneficiaries from receiving BPL status. On the BPL list, several ineligible households have found place whereas the eligible families

have been left out. Complaints have been received in regards to political patronage having BPL cards, while the extremely poor are classified as APL. The poor have thus been denied their right for subsidised food grains from the system (Anand, 2005).

The annual food subsidy involved in the PDS is enormous. The level of food subsidies as a proportion of total government expenditure has increased from a level of below 2.5 per cent in the early 1990s to a level of more than 5 per cent in 2004.[2] Fifty-seven per cent of the PDS food grain does not reach the intended people (Saxena, n.d.). For every ₹ 4 spent on the PDS, only ₹ 1 reaches the poor (Planning Commission, 2005). The food subsidy bill for 2006-07 for the government of India was INR 242 billion. Thirty-six million tonnes of grain was procured that year, and 31.6 million tonnes was distributed through ration shops (Saxena, n.d.).

Karnataka's PDS

Karnataka's PDS has a 3-tier administrative arrangement, where the Department of Food, Civil Supplies & Consumer Affairs (FCS&CA) is responsible for the identification of the BPL population and issuance of ration cards. The district level wholesalers lift food grains from the Food Corporation of India (FCI) godowns and store them at their block level godowns. Food grains are supplied to the FPSs (sub-district, *Taluka* level), who are then responsible for providing the commodities to people at subsidised prices according to the ration card, the people possess (Planning Commission, 2005).

The Programme Evaluation Organisation (PEO) of the Planning Commission of India contended in 2005 that there is a lengthy and complicated procedure in Karnataka from FCI to *talukas* that delays the movement of food grains from the FCI godowns to the cardholders. The timeline of the movement along the supply chain for a month (in time = 0, i.e., the present) is as follows:

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2. Chapter 3.4, Public Distribution System, *Tenth Five Year Plan (2002-2007)*, Planning Commission.

Table 7.1

Monthly Cycle of Karnataka's Grain Distribution

Time Period	PDS Activity of the State
Two months before	FCI makes the allotment to the state
5th or 6th of the month	Food Commissioner makes allotment to the district
8th or 10th of the month	Wholesalers start lifting from the district
10th or 12th of the month	FPSs start lifting from the wholesalers
12th–25th of the month	Time taken by the FPSs to place the Demand Drafts (DDs) for the required amounts
25th–30th of the month	PDS items are available for the poor to pick up

Source: Balasubramaniam (2011).

Therefore, shops are open only when the stock is available, and the economic non-viability of the shop adds to the reluctance of shopkeepers to open every day. The FCS&CA contends that it is okay if FPSs open only a few times in the month, because lifting is completed within the few days of the goods being available. Hence PDS can be a part-time business to the retail dealer.

This affects the lifting of the grain by the BPL families and beneficiaries, giving them less days for picking up their allotment, making them lift their entire quota in one go. Those that cannot afford to pick up their entire quota in one go sometimes lift part of it, sometimes full, and sometimes not at all (Planning Commission, 2005). In a system where the poor are discouraged from picking up their grain, siphoning off the grain in the open market generates huge illegal profits.

Corruption and Leakages in Karnataka's PDS

Karnataka (among others such as Tamil Nadu, Andhra Pradesh, Chhattisgarh, and Himachal Pradesh) has also been categorised as a state with a 'quasi-universal' PDS, which means that the PDS has extended coverage of beneficiaries to the extent that the coverage is almost universal (Khera, 2011b). There are various sources of leakage in Karnataka. In 2005, Karnataka was characterised by high overall leakage, high leakage through ghost cards, and moderate leakage at the FPS level.

Table 7.2

Multiple Sources of Leakage in Karnataka

	Ghost Cards	At FPS Level	Total Leakage
Per cent of Leakage	10-30%	10-25%	25-50%
Comparative Level of Leakage	High	Moderate	High

Source: Planning Commission, 2005.

According to 2005 estimates, 480.8 kg of wheat is procured from the Karnataka government for one BPL family every year and 340.89 kg does not reach them (see Table 7.3). It also shows that that the government ends up subsidising ₹ 13.31 in unintended subsidies to BPL families each year.

Table 7.3

Offtake of Grain in Karnataka and Subsidies

Offtake by the State Government	Offtake by BPL Cards	Food grains not reaching the Poor	Total Subsidy from Central Government	Intended Subsidy	Unintended Subsidy
480.80 kg/BPL family/annum	139.91kg/BPL family/annum	340.89 kg/BPL family/annum	₹ 18.78/kg	₹ 5.46/kg	₹ 13.31/kg

Source: Planning Commission, 2005.

As mentioned earlier, the corruption begins right at the very start—the process of ration card issuance. A study (Soares *et al.*, 2010) conducted by the Public Affairs Centre (PAC) surveyed 968 respondents/households, a randomly selected representative sample of Karnataka. Eleven per cent of the respondents reported paying bribe to get the ration card or to draw rations. Among those that reported paying bribes, 73 per cent paid for getting a ration card, and 15 per cent consisted of bribes for getting extra items and for renewal of ration cards. Forty-eight per cent of households reported that they received ration cards from the *Gram Panchayat* and 40 per cent reported receiving it from the Ration Shop (FPS). Households responded that they were requested to pay extra money to receive ration cards from these venues (Soares *et al.*, 2010).

Karnataka's PDS is fraught with errors of exclusion (of BPL families), inclusion (of APL) into the BPL category, and by the prevalence of ghost cards (cards that exist, but whose owners cannot be verified) or excess cards BPL cards (Planning Commission, 2005). Karnataka is among the states that

have more cards issued than the people. According to the PEO, which is part of the Planning Commission, Karnataka fell under the category of states in which high leakage (10-30%) of grain occurred through ghost cards in 2005. Considering the alleged corruption and maladministration in the PDS in Karnataka, Justice Santosh Hegde, the then Lok Ayukta (Head of the Anti-corruption Commission of the state) of Karnataka appointed this author to undertake an investigation into the same.

The investigation unraveled the existence of 159.23 lakh cards against the population of 120 lakh families in the state. Government of India has recognised 31.29 lakh BPL families, while the investigation revealed that the state has nearly 96 lakh BPL families. More than 49 per cent of the people included in the BPL category are ineligible as per the state's present poverty assessment criteria. The whole process of identifying the poor has been reduced to political gimmickry. The present mess was created by the Government asking the people to produce self-declared affidavits of poverty between the months of December 2008 and March 2009 for petty electoral considerations. Subsequently a large number of ineligible and ghost cards got created and has resulted in huge losses to the public exchequer.

Inclusion and Exclusion Errors of Karnataka

Figure 7.2

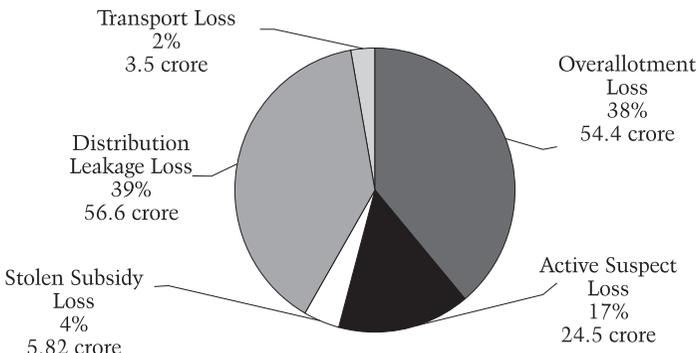*No. of Ration Cards in Circulation versus No. of Households*
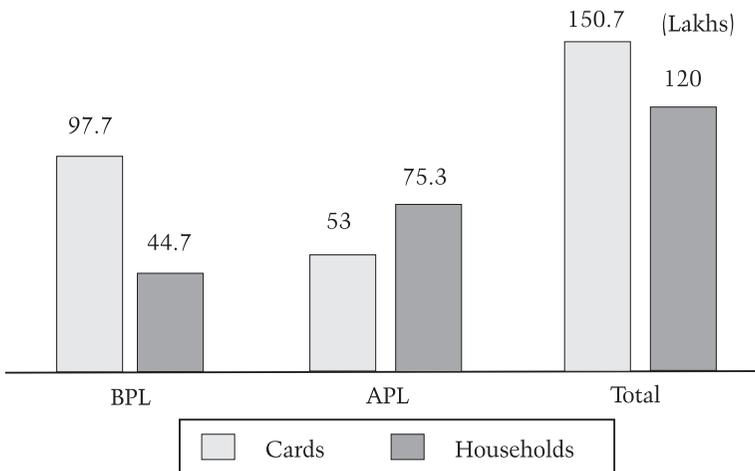
Source: Balasubramaniam (2011).

The total economic loss to the state and the people of Karnataka has been compounded and is a staggering ₹ 145.8 crore every month. This reflects the amount spent by the state on subsidies as well as the money of the poor. The loss at various levels was identified and a brief overview of the losses is below:

- Overallotment loss (38% of total monthly loss, ₹ 54.4 crore): This loss occurs as the government is ignorant of the number of active families.

- Distribution leakage loss (39% of total monthly loss, ₹ 56.6 crore): Distribution leakage occurs at the transport level (during wholesale transport or/and during rural transport), or/and at the wholesale level, or/and at the FPS level.

- Active suspect loss (17% of total monthly loss, ₹ 24.5 crore): This loss occurs due to the families suspected to be ineligible that are currently drawing rations.

- Transportation cost loss (2% of total monthly loss, ₹ 3.5 crore): Reducing distribution leakage is the primary way to save on transportation cost (cost borne for the transport of grain) loss.

- Stolen subsidy loss (4% of total monthly loss, ₹ 5.8 crore): Stolen subsidy loss, incurred by the government when the FPSs charge

Figure 7.3

Losses in PDS in Karnataka

Transport Loss
2%
3.5 crore

Overallotment
Loss
38%
54.4 crore

Distribution
Leakage Loss
39%
56.6 crore

Active Suspect
Loss
17%
24.5 crore

Stolen Subsidy
Loss
4%
5.82 crore

Source: Balasubramaniam (2011).

a higher price to the consumers, stealing the benefit intended for the consumer, can be reduced by incentivising the FPSs and providing POS devices and terminals at each FPS.

What Could be Done to Set Right this Mess?

The investigation clearly reveals the fact that Karnataka's PDS has been marked with insidious corruption. This corruption exists at various levels in various forms. Nonetheless, there is only one culprit in this case: the government. The government has used various forms of neglect and time lags in subtle ways to harbour corruption and to institutionalise it.

In the PDS system, it is easy for the government to spread out the blame over the several players present in the supply chain. Nonetheless, planning and implementation of the PDS is entirely the responsibility of the government, and it has failed at its duty entirely. The blame of all these losses is on the government. The government cannot be excused in this matter because it did not even attempt at a sound PDS system. There was a severe lack of planning and a severe lack of monitoring, both of which are crucial to any public service programme. In addition, the losses calculated in this report have been calculated using the government's own data, something that the government itself had no real knowledge of.

There was no adequate poverty measure used; the criteria for identification of the beneficiaries remain outdated. The beneficiary identification procedure was unplanned, long, confusing, and counterproductive. It seems that lack of bureaucratic oversight has prevented the computerisation process from being adequately completed.

The government could have resolved the problem if it was serious about it and each of the losses could have been prevented.

- Overallotment loss: could have been corrected if the government monitored its own data

- Active suspect loss: could have been corrected if the government had adequately monitored the computerisation process

- Distribution leakage loss (and consequently transportation cost): could have been corrected if the government used the monitoring mechanism that has been theoretically built into the PDS.

Instead, the government itself recognises that proper monitoring of the system is not occurring, and the PDS is essentially not being monitored by the government at all.

- Stolen subsidy loss: could have been disincentivised if the government inflation-adjusted the economic viability of the FPSs over the years; it is unfair for the government to expect the FPSs to cut their own profits, without adequate compensation, to provide subsidies to the poor—the benefit to the consumers must come from the government's resources, not from the FPSs.

Considering the above, is it possible to set the system right? Could one conceive of a solution that envisages changes in policy, use of appropriate technology, citizenry participation, enhanced state monitoring in making the PDS more responsive and efficient? Finding solutions for this issue will not only impact the way PDS functions, but could have larger and far reaching consequences on the entire public services sector itself.

A recent report on the diversion of PDS grains highlights that the expansion of the PDS (i.e., greater purchase of PDS goods) has been due to reforms made on the demand and the supply-side in the PDS. Supply-side factors are those factors that improve and ensure the efficiency and effectiveness of the supply and delivery of grain to intended beneficiaries. These include (but are not limited to):

- Computerisation of records.
- Deprivatisation of PDS shops.
- Upward revision of official commissions for ration dealers.
- Renewed political commitment to the PDS (Khera, 2011b).

The above-mentioned supply-side reforms have been the drivers of success in the states with reviving PDSs.

Demand-side factors are those that encourage and increase the purchase of PDS grain by the beneficiaries themselves. These include:

- Increase coverage or universalise PDS benefits.
- Increase implicit subsidy (reduce price of PDS grain for the beneficiary).
- Increase the difference between market price and PDS price.

The above-mentioned demand-side reforms have proved themselves successful in the reviving states too. It is important to note that underlying the demand-side factors is a higher stake or a stronger voice by the consumers. As the PDS goes from targeted to universal, it creates a unified political voice that can more strongly demand integrity of the PDS provisions. An increased subsidy and a larger difference between market and PDS rice also creates a higher incentive and stronger voice for consumers (AAY, BPL, and APL) to demand their grain, and not let go of it (Khera, 2011b).

Some other solutions that are being attempted in different parts of India and the world are worth taking a look at.

Food Coupons

One such recommendation in discussion is a food coupon system, for which the Andhra Pradesh food coupon system serves as an example. The following are the list of features suggested:

- Under the system of food stamps, the state government could issue a subsidy entitlement card (SEC) instead of issuing ration cards. The SEC should show, among other things, the number of members in a poor family and their age and indicate their entitlement level for food stamps.

- Distribute coupons once a year.

- Cardholder, whose photo is on the card, must be present to obtain the coupons.

- Coupons should be denominated in smaller quantities.

- Use of smart cards in the form of food credit/debit card to avoid coupons being for someone else.

- Provide in-built security features that make it difficult to trade.

- Customers can use the smart card to buy food; retailers can claim subsidy from the government.

- Initial costs of the system may be higher, but running costs may be lower.

- To minimise the cost, existing credit card companies could be persuaded to set up and run the food credit/debit card system at a cost, in return for advertisement rights to this social service.

- Since, mainly the poor consume coarse cereals, the smart card will allow some self-selecting/self-targeting features to be built into the system.

- The subsidy in each food stamp could be decided based on the resources available.

- The state's resources could supplement the subsidy provided by the centre.

It is claimed that corruption can be reduced through Food Coupons. In Andhra Pradesh, the introduction of the coupon system has reduced the number of bogus cards or those with ineligible families by approximately eight lakh. It has also saved about 20,000 tonnes of rice and 7,100 kilolitres of kerosene every month.[3]

The scope for corruption in a food stamp system is reduced. Under the existing system, FPS owners show officially that they have sold a certain quantity of food to the poor at subsidised prices, but they have instead sold the food grain at market prices. There is less possibility of such diversion of food supplies under the system of food stamps. The retailer can claim food subsidy only if he acquires food stamps by selling food to the poor at subsidised prices.

Hence, the supply side reforms from the food coupons would be that the retailing of the commodities is made more effective, ensuring that more consumers get their due under the PDS. This reform could potentially reduce the leakage that occurs throughout the distribution chain before reaching the beneficiary. Furthermore, food coupons also have a demand-side reform: it is required of the consumers to actually give their coupons in order to ensure that they get their fair share, strengthening the consumer's voice.

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3. See footnote 2.

Lessons from the United States of America

The US system of food coupons also recognises the tradeoff between flexible and easily verifiable eligibility rules that lower cost for beneficiaries, and administration *versus* costly eligibility rules that are more precise in allocating benefits. The US, however, determines the neediness of a household based on a household's monthly disposable income, which is monitored monthly, and can be a costly process in the Indian context. Once a beneficiary family unit is determined to be eligible, its monthly benefits are calculated as the difference between a size-specific maximum allotment and 30 per cent of the unit's net income. This requires monthly reporting duties on behalf of the unit, and the local food stamp office determines whether the FSU is still eligible (MaCurdy and Nagavarapu, 2007). This system also views poverty as a short-term process, and is more closely monitored than the PDS.

Similarities between TPDS and FSP

First, both programmes target the working and non-working poor, with varied benefit levels to address the issues concerning the poorest sectors. Second, both programmes are designed to ensure access only to basic food items, with the TPDS being more narrowly restricted than the US Food Stamp Program (FSP). Third, both programmes involve a large degree of decentralisation. In the TPDS and FSP, the central government is responsible for most of the financing, but the implementation, which includes basic administration, eligibility determination, and benefit disbursement, is left to the state governments.

Lastly, both programmes have historical ties to government support of farmers, but in both cases the delivery of food support can be separated from farmer support. This separation has occurred explicitly in the US, where farm policy has long been independent of the FSP. It is possible to consider farm support and food distribution as separate issues in India as well; goods procured by the government could be stored and eventually sold on the open market, rather than being sent to FPS (MaCurdy and Nagavarapu, 2007).

Differences between TPDS and FSP: In-Kind *versus* Vouchers

The primary difference between the TPDS and FSP is the use of in-kind benefits *versus* vouchers, respectively. Vouchers provide beneficiaries with more flexibility, generally resulting in increased welfare for any given programme cost. The use of vouchers allows beneficiaries to spread their purchases out over the month. It also means that eligible families can receive benefits from a wide range of vendors—in the private and in the non-private sectors. In so doing, they not only get better prices, but the open market also witnesses improved prices, all due to competition.

Justifications for in-kind transfers include the unwillingness to provide flexibility of vouchers to the poor for fear of what the funds could be used for. Another drawback of vouchers can be that vouchers are tradable for cash or can be used by people other than those for whom the benefits are intended. Nonetheless, it cannot be said that the leakage would exceed the already abundant leakage in the existing in-kinds system. It is unclear that in-kind benefits prove to be better than vouchers, or vice versa. Identification procedures that minimise the effect of leakage through vouchers could also be built in. Furthermore, introducing vouchers requires recipients to collect them from a local government body or office, adding administrative costs to the government and introducing the potential for other leakages such as bribing officials to get vouchers, etc. Such costs must be compared with the costs from the current system (MaCurdy and Nagavarapu, 2007).

Smart Card and Biometric Combination

Another recommendation being discussed for PDS reform is a combination of the biometric and the smart card system. In such a system, the consumers would be given a smart card that would have their photographs, biometric impression, and other details. The device known as a 'point of sales' (POS) device would be installed at the FPSs.

In a smart card system,

- The consumer carries his/her smart card (ration card) to the fair price shop.

- The consumer swipes the card on the device installed at the FPS.

- The consumer places his/her finger (normally the left thumb) on the machine reader for the authentication.

- The FPS device then takes the finger impression of the ration card holder and compares it with the data/impression stored in the smart card.

- Once the card holder and his entitlements are identified, the consumer avails his allocated ration for that particular month.

- All transactions are completely traceable and the stock positions and inventory control system can be updated on a real time basis.

Smart card technology (without the biometric technology) alone cannot ensure that only the family members are getting their ration; the fair price shop can keep the smart card and use it to show distribution of the food grains on the record whereas in actual he would be diverting all ration to the open market. This makes the biometric feature crucial for success. A 'high end smart card would be required for the said purpose.' The cost of such a high end smart card would be somewhere around ₹ 150/- ($3) per card if there was voluminous production (Wadhwa, 2009). Another study comments that a secure smart card would cost less than ₹ 100 per card (World Bank and Cal2Cal Corporation, 2008).

The major advantage of having such a system is that the privacy of the biometric detail of an individual is ensured and there could be no misuse of this data. Another advantage of the biometric device is that a small device can store biometric data upto 70 KB (Wadhwa, 2009).

Conditional Cash Transfers (CCTs)

According to N.C. Saxena (n.d.), in certain urban areas government should try to give the subsidy amount as cash to the consumers, asking consumers to buy grain in the open market. Everyone should open a bank account. The subsidy amount would be centrally transferred from the bank without involving any intermediary or bureaucracy. A pilot experiment should be held, and the results should be carefully analysed before extending the programme. Since the banking and IT have advanced, they will enable governments to bring transparency and speed in all applications without extra expenditure. This can also help in modernising the PDS.

Figure 7.4

Procedure for the Use of Smart Cards at the FPS Level
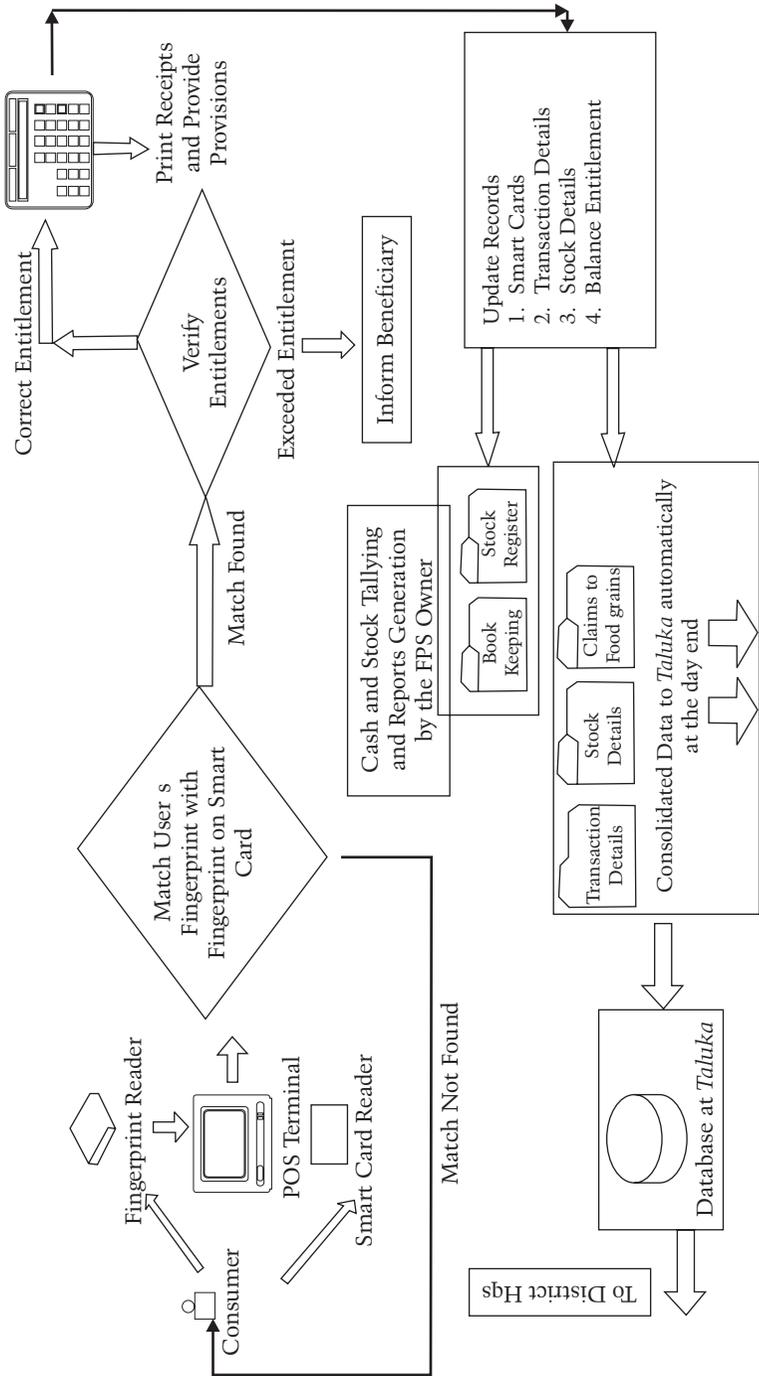
Lessons from Latin America

The literature on existing Latin American Conditional Cash Transfer (CCT) evaluations reveals significant impacts upon schooling, health, infant mortality, child labour, and poverty. Though it was unexpected, the CCTs helped reduce the inequality that plagues Latin America (Soares *et al.*, 2007).

In Brazil, the federal government defines policy, and implementation is left to municipalities and states. The conditions corresponding to the cash transfers are verified by municipalities and states, since they run the schools and primary health care centres. The beneficiary identification process remains complicated even in CCTs. The identification of potential beneficiaries and provision of information about them is to be filled out on a single federation form, but municipal social workers select potential beneficiaries and fill the information for them.

The three components that are offered in Chile Solidario are family support and CCTs, monetary subsidies, and priority access to other social protection programmes. Multidimensional ranking index is used to assign points to families based on four major categories: housing condition, education, job, and income; a high score indicates a worse off family.

The aim of the programme in Chile is to help the family pay for a minimal basket of goods, amenities, and services. The value of the monetary help given also decreases over a period of two years. The families are visited by a social assistant. If this target is reached before 2 years, the family is excluded from receiving benefits. The programme recognises 225,000 families for assistance from a population of about 16 million (Soares *et al.*, 2007). Note that there is a short term period attached for the poverty status. Also, there is a regular monitoring of the families.

In Chile, municipalities are chosen based on how marginalised they are, households are chosen based on socio-demographic study, and feedback from communities is taken in order to check the eligibility. It takes 5 months from the initial request to be included as beneficiary to the first actual fund transfer. The transfer includes: 250 pesos ($32 PPP) per elderly adult in the households, a food support transfer of 189 pesos ($24 PPP) conditional on training sessions on food and health, and scholarship

transfer (conditional on attendance in school and health checkups) (Soares *et al.*, 2007).

CCTs have contributed to decreasing inequality in Brazil and Mexico because CCTs weigh a lot compared to other incomes. Since other incomes were comparatively higher in Chile, CCTs did not contribute much for reducing inequality. CCTs do offer a low cost way of reducing inequalities, which may be replicable for other countries, but they are not a panacea and are limited due to budget constraints (Soares *et al.*, 2007).

Limitations of the CCTs

Ninety-nine per cent of the 593 slum people surveyed in Delhi preferred rations to cash (*Slum Dwellers Don't Want Cash for Ration: Survey*, 2011); (Parsai, 2011); (*Slum People Do Not Even Get Ration, 2011*); (*Majority of Delhi's Poor Prefer Ration to Cash Transfer: Survey*, 2011). More than 50 per cent of these people did not know anything about the cash transfer scheme (*Slum People Do Not Even Get Ration, 2011*). The issues include lack of wide bank availability, delays in identification of households, and rising food prices due to inflation.

Jean Dreze, an economist working in food security in India, has pointed out that the "CCT enthusiasm" lacks an in-depth reading of the Latin American experience. In Brazil, Mexico and other pioneers of this approach, a large majority of the population was already covered by extensive social insurance systems, and CCTs basically incentivises people to do something that benefit them anyway. People thus tend to do it, and CCT works. It has also been pointed out that it is unclear whether conditional cash transfers like scholarships work better than "conditional kind transfers" like school meals or free bicycles for girls who complete Class 8. While Dreze does not question the potential effectiveness of CCTs in their limited capacity of incentivising, Dreze believes that the conditional kind transfers "win hands down in any sensible and sensitive evaluation of the two approaches" (Dreze, 2011).

The Government of Delhi has started a pilot for cash transfers in the PDS, and there are a few studies currently under way regarding the pros and cons of cash transfers as a part of the PDS (Parsai, 2011). One needs to

wait and analyse the results from the pilot before expanding the programme on a larger scale.

Unique Identification

Unique Identification Authority of India (UIDAI), which aims to provide unique identification all citizens of India, has often claimed that this project will improve access to government services. This claim is based on the notion that people do not get social benefits they are entitled to because they do not have proper identification (Khera, 2011a).

Nevertheless, the poor often do not get the benefits of social schemes intended for them because in a targeted system, the targeting mechanism of the government, i.e., the criteria used for identification of BPL families is incorrect (defined as mistargeting). Moreover, the identification procedure of the government, given in a set of criteria, is also fallible (defined as misclassification), as has been the case in Karnataka.

Moreover, it is possible that the biometric technology can suffice for the PDS and perhaps other social schemes as well. The Unique Identification Device (UID) needs biometrics, not the other way round. The biometric authentication can exist without the need for building an integrated database as proposed by the UIDAI. The main utility of the integrated database envisaged by the UIDAI is that it would obviate the need for scheme-by-scheme, enrollment which can be expensive (Khera, 2011a). The government may be considering piggybacking services on UID, but there isn't enough evidence. One needs to take an informed decision based on empirical evidence and critical evaluation. Thus, the claims made by the UID Project, the actual issues of the PDS, the financial demands of the project and the budgetary restrictions must all be considered in depth. It must also be assessed whether UID is needed in addition to biometric authentication.

Public Services and Social Accountability

One of the ways in which the public interest character of the state can be guaranteed is by strengthening 'accountability.' Literally, it would mean the ability that someone or something can be 'accounted' for or 'counted up' (World Bank, 2005). In a simplistic understanding, one can justify the

basic forms of book keeping as an accountability practice too. Over the years, one can also argue that the existing forms of accountability practices whether it is book keeping, auditing by the Accountant & Comptroller General or the Public Accounts Committees of the Legislature have not really been effective instruments of enforcing accountability. Also these practices operate on the principle of 'minimal exposure', and transparency, punishment, performance, corruption, external surveillance, public interest, power, and principal-agent relationships are all left out of this basic understanding of the concept of accountability (World Bank, 2005).

One also needs to keep in mind that accountability need not be restricted to merely equating it with honesty and rule of law. Public servants should be evaluated, rewarded, and punished merely based on the extent to which they desist from corrupt and illegal practices. This is a negative and process based view of accountability in so far as it requires public servants only to restrain from certain activities. A second current and growing idea is that accountability implies the affirmative task-effective performance and proactive decision-making. This perspective points out that it is not very helpful for a public servant to follow the rules and not accept bribes if his/her actions and decisions do not lead to effective policy outcomes (World Bank, 2005). While the state could drive internal accountability processes, experience around the world has been very encouraging in externally led accountability processes.

This brings in the role and relevance of the ordinary citizen both as a stakeholder in the development process and as a key participant in ensuring accountability of public services meant for him/her. While a lot of the stimulus for change needs to emanate from the state, one cannot absolve the citizen from his role in ensuring efficient and effective public service delivery. Citizen engagement is now increasingly seen both as a demand from the participating consumer and as a programme requirement from the providing state. The last decade is now seeing the trend of the consumer as an empowered and informed person, capable of demanding just and equitable service from the government. NGOs, CSOs and the government are all trying to increase the participation of citizenry in various government schemes and this is also reflected in the 'entitlements approach' and 'rights based development' that the Government of India is demonstrating. Laws like Right to Information, Forest Rights Act, National

Rural Employment Guarantee Act, Right to Education Act and the newly introduced bills like Right to Food Act and Right to Guaranteed Delivery of Services & Grievance Redressal are all indications of this changing trend. Citizen engagement is also being mandated in different schemes and is now finding formal space. Examples of these are School Development & Management Committee (SDMC), Village Health & Sanitation Committee (VHSC), Social Audit Committee of the Employment Guarantee scheme, and the Vigilance Committees of the PDS. Increasingly authors and practitioners have been calling this process of civic engagement as 'social accountability'.

Social accountability is a proactive process by which public officials inform about and justify their plans of action, their behavior, and results and are sanctioned accordingly. The World Bank (2005) has defined social accountability as "an approach towards building accountability that relies on civic engagement, i.e. in which it is the ordinary citizens and civil society organisations who participate directly or indirectly in exacting accountability." In summary, to be socially accountable is to work with society and accounting agencies to improve government honesty and performance instead of doing one's best to hide from scrutiny. The proactive behavior that accountability demands, requires dialogue, explanation, and justification.

For social accountability practices to work, one has to link them with existing formal accountability mechanisms, institutional arrangements, and incentive structures for public servants. We also need to define the depth and extent of involvement of the citizens. One needs to keep in mind the historical past in which the government has by design or default kept most of its actions out of the reach of society. Many a social accountability programme limits the participation to only 'well behaved' or socially acceptable groups from civil society. This limits the inclusiveness of participation and may limit the very purpose of this exercise. The Government is also very hesitant to open all its branches to scrutiny. One needs clarity on whether the target of social accountability efforts is the executive, legislature, or the judiciary. Debates on whether Right to Information act in India should apply to higher judiciary are a pointer in this direction. Traditional understanding and internalisation of power has always led public servants to believe that they are accountable only

to their superior authority and it is an internally led process. Getting them to change their mindsets and accepting externally led processes and the ordinary citizen in the accountability framework will take time to evolve and mature. The last decade has seen processes like participatory budgeting, social audits, citizen report cards, community scorecards work reasonably well in exacting accountability.

Experience gained over the last decade indicates that improved governance, increased development effectiveness through better service delivery, and empowerment of the citizenry are measurable benefits of social accountability practices. This can happen only by enhancing the capacities—skills, attitudes, and behaviours—of both government and civil society actors. One also needs a careful understanding of the political, administrative, historical, and social context before designing and implementing social accountability practices. One also needs to keep in mind the appropriate entry points. Social accountability does not necessarily mean that citizens and civil society actors should take on an adversarial position with the government. Practices that have sought to build on the synergy between state and society are the ones that have shown to be the most effective.

One also needs to keep in mind the right mix of social accountability tools. Recent trends have shown that many NGOs and CSOs have tried different tools without having a clear understanding of the context and the environment in which such tools would work. One cannot use an inappropriate tool and then blame the entire social accountability process for the resulting failure.

Social accountability is not an event by itself and it needs to be seen as a continuous process. One needs to see how these new practices integrate with formal accountability mechanisms, institutional arrangements, and incentive structures for public servants. Otherwise, one runs the danger of such practices facing avoidable opposition and not getting institutionalised and losing momentum over time. Capacities of both the government and civil society actors will have to be built in the designing and implementing of social accountability practices, before one can expect them to work to produce the desired impact.

Would it be pragmatic to design and implement such a social accountability project? An attempt in this direction integrating the various dimensions and processes has been made in Mysore District in the Health sector and is a good case study to read and understand.

Technology-Enabled Community Governance in the Health Sector

Worldwide, there has been a continued call to action to address the need for equitable and superior primary health care. The past three decades have heard the statements of 'Health for All,' the declaration of Alma Ata and most recently 'Millennium Development Goals' which have all expressed resolutions and targets to improve health and development. Ideally, primary health centers (PHCs) serve as the point of first contact between individuals in need of health care services and medical health practitioners. They should provide individuals with continuous basic services and also act to coordinate other more specialised care that an individual may require. As such, they are an integral part of the health care system.

The involvement of local communities in the development and governance of primary health care systems has become a prime component towards achieving sustainable outcomes. The participation of community in the development of health programmes and planning, allows for policy makers and health practitioners to understand the contextual factors of the user population. This understanding is integral to promote health-seeking behavior and meet the needs of the population.

The use of technology is also central to the strengthening of a health system. Technological advancements play a role in improving the efficiency and accountability within health programmes. In this light, through technology it is possible to stimulate innovation and create solutions to problems that may have once been stagnant.

Still, low and middle-income countries, who face limited resources and unlimited needs struggle to integrate these schools of thought within the development of their health system. As a lower-middle income country, India faces disparities between the theoretical policies that, it enacts at the ministry level and their actual outcomes on the ground. Accordingly,

the NGO sector often steps in to curtail such disparities and aid in the achievement of goals.

Since 2005, policies initiating community participation have been strategised centrally by the government (Park, 2009). While well intentioned, they have not yet achieved the desired outcomes. As a social process, community participation cannot be treated as a simple intervention to be imposed on a village. Rather, it is a slow progression that must be nursed according to the pace of the community. As such, an approach that is grassroots in nature will build community mobilisation according to the contextual factors present.

Located in Mysore, India in the state of Karnataka, the Grassroots Research and Advocacy Movement (GRAAM) has been conceptualised based on the 28 years of experience that Swami Vivekananda Youth Movement (SVYM) has gleaned from its field work in rural and tribal development. GRAAM (*www.graam.org.in*) uses the well established networks developed by SVYM (*www.svym.org*) in order to stimulate advocacy for policy changes that are responsive to local needs and acknowledge local challenges. GRAAM works in synergy with the state, the private sector, the NGO sector, and local communities, by facilitating productive dialogue between them. Through empirical research, performance evaluation, and advocacy, GRAAM promotes an approach to development and policy change that involves the local community.

The National Rural Health Mission (NRHM) is a centrally launched new programme of the government that, among other things, aims to strengthen the infrastructure of the health system through improving the accessibility, affordability, and reliability of primary health care. Community engagement has now become integral to the programme of providing health care under NRHM. At the village level, this is carried out by the initiation of organised Village Health and Sanitation Committees (VHSC) (Park, 2009). Apart from this, NRHM also mandates direct involvement of community representatives in the running of health centers creating formal space for them by getting them to participate in the Arogya Raksha Samitis (ARS).

The VHSC acts to create a link between the community and the organised health sector. The committee is inclusive and is composed of

representatives from the *village panchayat*, community based organisations, the general community, and minority groups. The VHSC meets once per month in order to discuss and develop dialogue about health issues present in the village. The VHSC has many responsibilities for their community, a few of which are: to develop awareness within the village about health services, issues, and entitlements; the creation of a 'village health plan' based on a community needs assessment; and take responsibility for expending an untied fund of ₹ 10,000 to benefit community needs.

The Arogya Raksha Samiti is a patient welfare committee and hospital management society. The members of the ARS are individuals from different sectors including panchayati raj institutions (PRIs), NGOs, health officials, local elected representatives, beneficiaries, and officials from the government. The main duty of the ARS is to monitor the quality of services in hospitals, generate funding and to ensure accountable and transparent management and spending of resources (NRHM, 2011).

The Arogyashreni Project

GRAAM conceptualised the Arogyashreni project based on the principles of 'social accountability'—community engagement, exacting performance, ownership, integration with existing systems, users participating in improving services amongst many others. The philosophical rooting of this project emerges from the wider beliefs of GRAAM as an organisation that promotes a synergistic partnership for development between the community and the private and not-for-profit sectors. Based on this, community participation is viewed as more than a mere component in development, but rather a necessity to achieve sustainable and inclusive solutions for development. Partnership with the community provides GRAAM with the ability to join into mutual learning experiences that can refine and mature its approach. Through participation, this project aims to instill the community with a sense of ownership over their local PHC and to help develop recognition in their capacity to effectuate change and create improvements. Moreover, the use of technology provides the community and the health system with an opportunity to advance their monitoring capability of primary health centers.

Figure 7.5

Arogyashreni Project
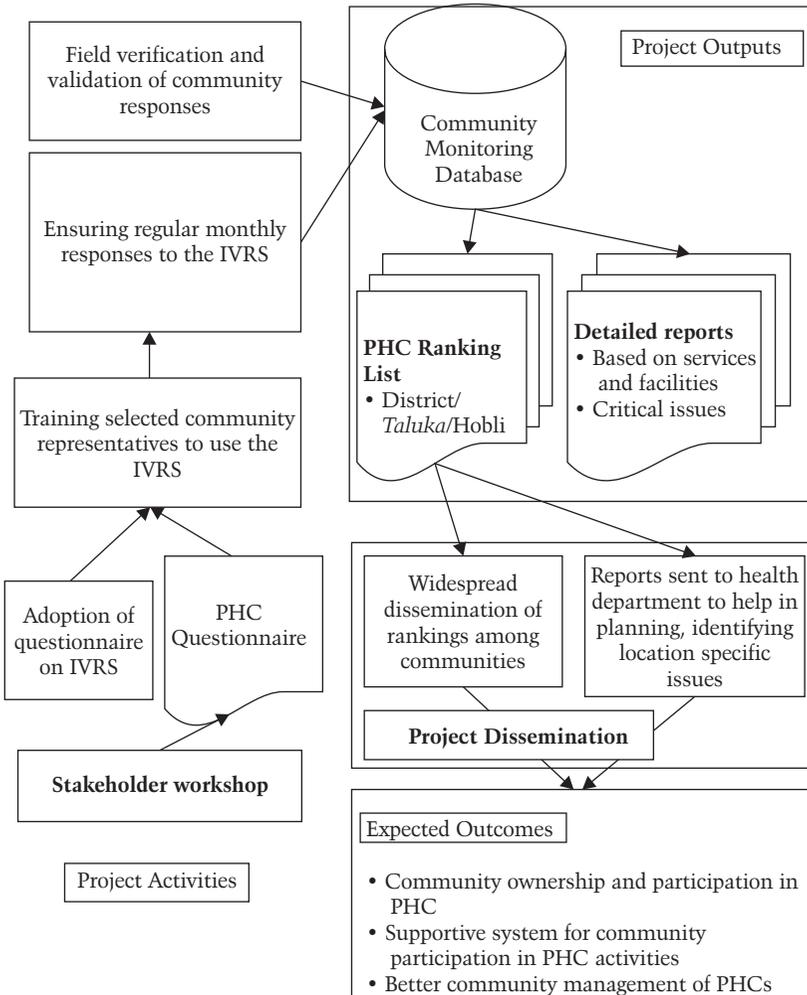
The strength of this project lies in its ability to engage and create a sense of ownership and leadership amongst the multiple stakeholders involved: health professionals, the general community members, the ARS and the VHSC. In order to achieve this, the project uses the existing health care delivery structures in place. Through innovative use of existing technology in local community monitoring mechanisms, it is possible to recognise the unique, contextual needs of individual PHCs often not represented in block/district aggregated indicators, normally used in the assessment of performance of health systems. The information gained from this monitoring system helps in identifying the relative performances of PHCs in a region, accurately pinpointing the areas of improvement for each PHC. In this respect, this monitoring system is being used to inform local/regional health governance and improve the responsiveness, transparency, and accountability of the health system. Through participation in the design and execution of the community monitoring system, this project is instilling the community with a sense of ownership over their local PHC and is helping develop recognition in their capacity to effectuate change and create improvements. The project is ultimately aiming to enhance the engagement of the user communities in mandating their own development and in overseeing their own local health care system. Specifically, the project has led to a creation of:

- A community platform, that helps in:

  - Creating a monitoring format as well as ranking criterion for PHCs based on stakeholder consultation workshops, training of respondents at the field level.

  - Frequent engagement with community representatives to enable generation of valid monthly monitoring information.

  - Frequent dissemination of PHC rankings to the community as well as government public health personnel.

  - Creating an environment of ownership among the community and assessing their involvement in the functioning of PHCs.

- A technological platform that is used to implement:

  - An Interactive Voice Response System (IVRS): Phone-in mechanism through which community monitoring survey can be conducted.

- Collection of individual community based monitoring information using an IVRS.

- Aggregation of individual IVRS responses corresponding to each PHC.

- Ranking of PHCs based on important functionality aspects of the PHC (cluster/*Taluka*/district levels).

- Automated, targeted dissemination of PHC rankings through bulk SMS.

- Detailed report generation regarding number of participants, number of valid responses, categorised ranking of PHCs, cluster-wise rankings etc.

To analyse the functionality of individual PHCs, a community monitoring survey that records in detail the status of facilities and services provided by the PHC was conducted. This survey was presented to community respondents and their responses were used to determine the status of health care facilities provided by each PHC in Mysore district. The PHC survey in the project was prepared in consultation with doctors, community representatives, and VHSC resource persons. It captured in detail all the major functional aspects of the PHC. The questions are arranged in the following 12 categories and their importance is presented in Table 7.4.

The PHC survey contains about 80 questions in these 12 categories. Community respondents are given the survey copies in advance so that they can go and observe each of these 80 aspects in the PHC. The IVRS also has the same survey and hence the observations of the community respondents can be easily recorded when they call the IVRS phone line. The responses received on the IVRS system is automatically collated and computed and a ranking of the PHCs is produced. This ranking is then widely disseminated to all the stakeholders that include the user community, the officials in the public health delivery system and elected representatives.

Table 7.4

Question Categories and their Importance

No	Category	Importance
1.	Physical Infrastructure	Determines whether the PHC has the basic capacity to serve the community.
2.	Cleanliness and Health	Determines whether the PHC provides a safe and clean environment for its community.
3.	Equipment	Determines whether the PHC has the basic equipment to measure patient health.
4.	Information Disclosure	Determines whether the PHC displays information that helps the community to use the facilities provided.
5.	Human Resources	Determines whether the PHC has the required people to provide the facilities.
6.	Maternal Health	Determines whether the PHC is capable of providing health care to pregnant women.
7.	Child Care	Determines whether the PHC is capable of monitoring the health of local children.
8.	Emergency Care	Determines whether the PHC is capable of providing services and first aid in cases of emergencies and minor accidents.
9.	Family Welfare	Determines whether the PHC is capable of creating awareness and facilitating population and birth control.
10.	Patient Registration Details	Determines whether the PHC is capable of monitoring local health issues and birth and death rates.
11.	Medicine Distribution	Determines whether the PHC is capable of providing medicines for basic ailments.
12.	Community Participation	Determines whether the PHC is involved in creating community awareness about health and sanitation and the functioning of VHSCs and ARS.

Impact of the Project

The project has been in operation for the last nine months and is seeing the following impact already:

• Increased awareness and ownership among community representatives about the status of health care and services provided by their PHC.

• The local ARS and VHSC members are able to better articulate the shortcomings of their PHCs and suggest practical ways of improving them.

- The local community is able to compare and contrast the performance of neighbouring PHCs with their own and thus suggest changes for improvement

- The local ARS and VHSC members are now understanding and communicating the exact needs of funds and services with local elected representatives and public health officials

- A district-wide PHC information system that can track existing status of health care services as well as monthly changes brought in by community engagement has been created. This could serve as a platform for both Monitoring and future planning for the State.

Conclusion

Public services assume great significance in welfare economies like India, where the state has taken on the primary responsibility of providing basic services to its citizenry. Most public services are rendered from taxation revenues through elaborate state mechanisms. Issues of efficiency and effectiveness plague the delivery of public services and by virtue of the design, have very little space for the citizenry to actively participate beyond being mere recipients of the services. There is asymmetry of information, control and power, and the government and its officials are seen to be hierarchically superior. This scenario is gradually changing and citizens are beginning to engage in different ways with the delivery systems. The government is also providing for citizen engagement through different formal and informal mechanisms.

Corruption is a key issue in the delivery of public services and poor are the ones who are disproportionately affected by it. The case of PDS in Karnataka and the huge leakages shows clearly how programmes meant are being misused and millions of rupees are siphoned off.

Social accountability is gradually gaining acceptance around the world as citizens participate in a variety of ways. Various tools like social audits, citizens' report cards and vigilance committees are now becoming integral to public service programmes. To be accountable is to work with the society and accounting agencies to improve government honesty and performance instead of doing one's best to hide from scrutiny. This proactive

behaviour that accountability demands requires dialogue, explanation and justification. This calls for both maturity and capacities in both the government—provider and the citizens—receiving the services. Increasing poor clients' choice and participation in service delivery will not only help them monitor but also discipline the providers. Raising poor citizens' voice, through the ballot box and widely available information, can increase their influence with policymakers and reduce the diversion of public services to the non-poor for political patronage. By rewarding the effective delivery of services and penalising the ineffective, policymakers can get providers to serve poor people better. Innovating with service delivery arrangements will not be enough. Societies should learn from their innovations by systematically evaluating and disseminating information about what works and what doesn't. Only then can the innovations be scaled up to improve the lives of poor people around the world. The challenge is formidable, because making services work for poor people involves changing not only service delivery arrangements but also public sector institutions.

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