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Public Private Participation and Urban Governance

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IN THE world today, a growing crisis of legitimacy characterizes the relationship between citizens and the institutions that affect their lives. (Occupy Wall Street to Anna Hazare Movement). The citizens speak of mounting disillusionment with government (from Parliament to Panchayats) due to their concerns about the alarming growth of corruption, lack of responsiveness to needs of the poor and the absence of a sense of connection with elected representatives (questioning representativeness) and bureaucrats.

This lack of connection in a sense, is increasingly holding the traditional forms of governance and representation to scrutiny. Along with this are the emergence of new social classes as the ruling class and a host of changes in the setting of the administration of government and corporations put together under the influence of globalization. All this and many more issues connected to this are also calling theorist of public administration and political science respectively to find answers to the disconnect that the citizens are experiencing.

Most of these practitioners, including those engaged in other global agencies of governance being conscious of these changes are in some ways consciously trying to overcome the deepening global inequalities that are persistent and leading to this cognizable divide between the ruled and the rulers. Several alternative methods to find panacea to the growing ills of society through the process of administration are attempted in an effort to satisfy the new generations of population by sharing greater responsibility of governance with them as new partners.

Although this was not new to India, as one can find evidences in support of this in the Arthashastra of Kautilya and the administration of Maharajas in this country, the concept of Private partnership in the current context is largely as western initiative. In this sense, Public-Private Partnership (PPP), which has been around for a few centuries, is once again in this country.

Private: It s Typology

Privatization in this context may be conceived as a process which

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allows private enterprises either to set up new units in an industry which hitherto was absolutely restricted for Public Enterprises (PEs) or to acquire partly or wholly the ownership of PEs with the ultimate object of transforming the PEs to private entrepreneurs. However, privatization in a narrow sense implies denationalization. It may be in the form of 'divestiture' which means the sale of the whole or part of holding of equity shares owned by the state to the private shareholders of a government owned enterprise. In other words, it turns the social ownership to individual private ownership. Thus, described as the process of decimalization of enterprises.

However, privatization in a broad sense means the liberal industrial policy of government, in the sense having fewer controls and regulations of the government on the economic activities of private entrepreneurs. According to Sarker and Das, definition of privatization includes Divestiture; Denationalization; Liquidation (both formal and informal). It further includes, privatization of management, viz. lease and management agreement; abandoning or cancelling proposals to start a new state owned enterprises or to expand and/or diversify activities. That apart they also identified farming out to private contractors or agencies the functions of supplying various goods and services needed by the public enterprises instead of these provided or produced by the PEs themselves.

William Glade perceived four dimensions of privatization of PEs, e.g. (1) Privatization of financing, (2) privatization of production, (3) privatization by denationalization and (4) privatization by liberalization of trade and business. Privatization of financing entails the utilization of private funds to relieve the state enterprise from temporary budgetary problems. Privatization of production includes the introduction of contract labour instead of directly employing labour force. Denationalization perhaps is the most important and undisputed form of privatization, which involves the selling of shares of PEs partly or wholly to the private investors. Liberalization, in fact, is the disguised form of privatization which may be in the form of relaxing or removing statutory constraints on competition or prices, etc.—all the four dimensions of privatization described by Glade are quite visible in the Indian panorama. In India privatization has started but is moving slowly in this sense.

The public sector in India accounts for about 35 per cent of industrial valued added, but, although privatization has been a prominent component of economic reforms in many countries, India has been ambivalent on the subject until very recently. Initially, the

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government adopted a limited approach of selling a minority stake in public sector enterprises while retaining management control with the government, a policy described as 'disinvestment' to distinguish it from privatization. The principal motivation was to mobilize revenue for the budget.

In the industrial sectors if this is what seen as privatization, the issue of privatization in the sectors of government and its allied services is rather different.

Privatization in the government sectors is a worldwide phenomenon today. In recent years, all levels of government, seeking to reduce costs, have begun turning to the private sector to provide some of the services that government provided ordinarily.

The spread of the privatization movement grounded in the fundament belief that market competition in the private sector is a more efficient way to provide these services and allows for greater citizen choice. In practice, however, concerns about service quality, social equity, and employment conditions raise skepticism of privatization. In this, labour concerns are also a major issue. Although empirical studies do not provide clear evidence on the costs and benefits of privatization, public perception and pressure for improved government efficiency will keep privatization on the government agenda going.

Theory under Scrutiny

Public administration scholars and practitioners attribute an important role to citizen participation in the decision-making process of state and local government in the height of the above agreement of privatizing government services. Yet they are not in the knowhow of the truth of the matter. There are many reluctant to include citizens in decision-making who are public officials and some of them do so reluctantly, many of them typically involve citizens after the issues have been framed and decisions have been made.

Citizens get often frustrated by such shallow participation efforts that endanger more anger toward government and distrust in the ability of public officials to do the right things. This often results in political apathy leading to docile democratic performance. Some key questions, therefore, demand attention at this stage. They include; why does some local government involve citizens more than others do? What factors affect government decisions regarding citizen's involvement?

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Involving Citizens: The Choice and the Responses

The Commissioner (bureaucratic head of the corporation) in the corporation jurisdiction has discretion over decisions regarding when and how citizen involvement should be initiated and structured. The Commissioners influence the structure and meaning of citizen government interactions by their decisions. This involvement and bureaucratic responsiveness both often are in its low ebb in places where the citizen education levels are rather low. Docile nature of the population in general, historically neglected the positions of the region; the non-enthusiastic nature of the officers, are some of the reasons responsible for this. Often this is done at will by them (harish ; 1996, 179-189).

Administrators often feel the pressure form stakeholders groups to act and respond in the best interests of the society. There is a constant push and pull. Stakeholders who enthusiastically promote citizen involvement may not be the ones who succeed. The act of promoting involvement reflects the needs of the stakeholder, whereas the success of their action reflects the salience of their position.

Elected Representatives as Passive Operators

Elected leaders who want to appear responsive to Constitution will call for greater transparency and accountability in government. Moreover, elected leaders are likely to succeed when they push for citizen involvement because their pressure is viewed as legitimate as they have significant power over administrators in terms of broad policy. Elected representatives, in an attempt to maintain constituent support, might denounce big government, emphasize self-governance and support constituent efforts to be involved in administrative process. However, the local level officials, who also understand that they serve at the pleasure of the governments of the day and the local representative's wish and will modify, or vetoed the choice of the elected leaders.

However, this is not the scenario in the third world countries where elected representatives invariably clash with the bureaucrats have won though the courts the claims of their superiority and hence discourage all those efforts which undermine their power and positions (Harish: 2003-04 ; 146-153).

Non-Governmental Agencies as Favour Seekers

Non-governmental organizations play an important role in local service delivery. As members of service networks, they require access

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to information and participation in administrative access to information, participation and administrative decision-making. They have a networked relationship with government whereby they serve on boards, attend meetings, and develop working relationships with both elected officials and professional administrators.

In addition to these, they also involve in designing citizen participation models based on the local social context and help the bureaucrats in charge of local governments in organizing training activities for the citizens taking the help of the intellectual citizen groups who are a part of these four-tier models of citizen's participation.

The activities of many non-governmental organizations (NGOs) not only facilitate civic engagement but also stimulate government action to seek citizen input. Many leaders of NGOs are important figures in local politics, serving on advisory boards, representing significant constituents, or contributing to political campaigns. Therefore, NGOs have both the need and the capacity to push for citizen involvement. However, their choice in doing their job is what is under scanner since most of them are favour-seekers and push their yes masters in these organizations to gain the good will of the bureaucrats and thus spoil the whole idea of the civic involvement as a check and balance process.

CONCLUSION

As discussed earlier it is a known fact that Governments may also contract out services as they have planned and specified to other organizations that produce and deliver them. Franchising authorizing the delivery of certain services in designated geographical areas is common in utilities. In India contracting out jobs is common in public works, defense, road construction and maintenance, etc.

Government could also withdraw from the provision of many goods and services and leave them wholly or partly to the private sector. Often the introduction of competition brings about efficiency and innovation. For instance, there is no need for the government to run hotels or be in the business of bread making (Shonrie; 2004). Such activities could well be leased out to the private sector generating profit for the government rather than making continuous losses. Most significant report here is the recent announcement that the government owned Hotel Corporation of India would be privatized.

Moreover, voluntary organizations/NGOs often augment the

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work of the state in education and health services. Farmers' Co-operative delivers a range of services in India. Private tube-well irrigation has also been successful in India.

Privatization policies may also be involved in the decision to abandon or stall proposals or to start new. The rationale for the public sector has till recently received a general consensus. Of late, there seems to be a steady trend towards further deterioration in its functioning. It would be highly desirable to bring about an improvement in its manner of functioning and slow down any further expansion. The major problems of the public sector include mounting losses (with a few exceptions), locational imbalances, poor project planning, delay in execution of projects, neglect of completed projects as well as the operation of sops to buy political support.

Remedy for the preset disturbing state of affairs of public sector enterprises, as advocated by a section of public, lied in the gradual privatization of these enterprises. Mounting operating losses, low productivity, poor utilization of capacity, high prices and scarcity of commodities produced by such enterprises seem to be the raison d'être for such demand. It is alleged that in the name of social profitability, the scarce resources of the country are going down the drain through the recurring losses incurred by the public enterprises. It cannot be denied that the public enterprises have made valuable contribution to the modernization of the economy, building up infrastructure for development and important substitution, but the resentment of the public is mainly against the failure of these enterprises to generate adequate surplus to finance the development projects and the wide gap between the expectations and actual performance. Even in the matter of bringing about redistribution of income and welfare, the achievement of public enterprises is not appreciable, as these being capital intensive in nature have generated economic inequality and social instability.

Thus, the whole idea of public private partnership in the urban governments is to remedy the fallacy of succesive governments in their loathsome ideals of serving the people and creating welfare societies for them. As many studies have often exposed, privatization is no panacea for all the ills of our society.

So leaving a side wither-or, the middle path of involving people as partners in governance has come a long way. Under the circumstances, RTI, Transparency Acts, and Technology have come handy to beat the deficit in trust and build pressure on governments. Simultaneously, it is up to the people also to work towards their welfare

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honestly and as a community. Since, no human problem has a solution without his involvement.

In this era of urbanization, with projections of nearly 50 per cent population is expected to go urban by 2020 there can be no better plan than public-private partnership in urban governance. It is time we take this partnership seriously for the gain or loss it is bound to affect us. At least here, we should be different and do things differently, and not be selfish.

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