

# Indian Administration in the Age of Globalization: An Analysis of Transformation from Governance to E-Governance

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## Abstract

*The impact of globalization leads to changing global structure of production, trade and communication. Indian administration is also facing structural changes through revolution in telecommunication, transportation and formation of global financial markets. The motive of modern management processes is to increase the efficiency of the administration. Due to the integrations of the countries on global level like a village, the principle of hierarchy has been losing its length and got flattened and downsized, and has been eliminating the need for levels of bureaucracy and long chain of commands. The number of employees has been reducing. Traditional administrative processes of file keeping and pushing, secrecy in official work, long durations for completion of work, delays, lengthy processes have been replaced with data processing, automation, transparency, speedy services with the use of data communication networks. Easy access of information about administration helps the people to express their views and opinions. Excessive controls on administrative activities have been replaced with self-controls and deregulations.*

## Key Words

*Globalization, Indian Administration, Good Governance & E-Governance.*

## Objective and Research Methodology

The objective of this study is to evaluate various implications of globalization on Indian Administration. This study also analyze the historical process of transformation, from governance to good governance, and good governance to e-governance which is based on the secondary sources i.e. the policy drafts of Indian government of various years.

## Introduction

Globalization is basically a socio-economic term where people think locally and act globally. The phenomenon of globalization has many aspects and implications. It is referred to as a strategy of economic development where border of the countries do not matter for movement of commodities, services, capital, finance, labour, technology, ideas and information. This strategy generates a process of increasing economic integration and growing interdependence between countries of the world economy. The process of globalization started on a much wider scale with emergence of capitalism as a universal/dominant system in the world. This generated a very powerful wave in the Nineteenth century and continued in the Twentieth century till the outbreak of First World War (1914-18). This was the period when colonialism was at its peak and the developing world of today were colonies of imperial powers. IMF, the World Bank (IBRD) and the US Treasury in the form of an alternative package policy known as "Washington Consensus" accelerated the process of globalization. Initially, this set of policies was practiced by Ronald Reagan in the US and Margaret Thatcher in Britain. These policies are also known "Neo-liberal" policies. The formation of WTO replacing GATT creates new conditions for better implementation of Washington Consensus. Many new areas/activities, which were earlier not under the ambit of global trading system, were brought under the purview of WTO. They also included production and trade of agriculture produce, trade in services, Intellectual Property Rights (IPRs), trade related investment measures etc. At the same time, quantitative trade barriers have been removed and tariff barriers have been decisively brought down. The exports subsidies have also been brought down as they are regarded as trade distorting in nature. In addition, WTO has been empowered to establish dispute settlement mechanism to sort out dispute among the trade

partners called counteracting parties (Nayak, 2006; Stiglitz, 2002; Singh, 2009).

The process of globalization leads to drastic changes which have shaken up the entire world and produced profound changes and transformations in government, political systems governance, public administration and civil society, state relations. The impact have been seen from many old and traditional ways of thinking ideas, and perceptions regarding philosophy and management of governance, economy, and international relations turned into new way. Similarly, many institutional changes have altered traditional structural forms and the substance of governance and administration. Indeed, it seems the whole world has turned upside down and the institutions have turned inside out or outside in. If we look closely at the features of this new stage of world development it would not be an exaggeration to claim that the dawn of a new civilization has begun with the rapid fall of the established, industrial civilization with which many parts of the world are still trying to catch up. While a few are making leaping advancements in individual and group life, the majority of the world population is still desperately struggling to survive. Concepts of rupture and uncertainty have replaced the term 'rapid' to describe change or development. The result seems to be rupturing the transformation with temporary life and characteristics. This global phenomenon has many profound implications for societies, people, governments and public administration systems. Change is both inevitable and necessary, and it is often good for promoting dynamic systems, but chaotic change coupled with rupturing events can have potentially devastating consequences for many while presenting opportunities for some. Quantitative changes are important in shaping the structures and a value of the societies, government and humanity, but it is the qualitative change that alters the long-standing characteristics of human civilization. It is the massive qualitative changes that are now taking place and altering the planet Earth, and its societies and communities.

Now a days, the public choice theory has been emerging as most suitable as against the classical and bureaucratic theories as up to some extent now people are free to choose the alternatives to get the services either from public sector or from private sector. The public private (PPP) collaboration is proving today more beneficial in many sectors. Many functions of public sectors are being

contracted out and privatized to provide easy and quick services to common masses. Many functions of the bureaucracy are being performed by the private and non-governmental organizations (NGOs) and government is concentrating on developmental functions for the underprivileged (Meenu, 2013).

### **Globalization and India**

A new chapter has dawned for India and its billion plus population in July 1991 when India initiated reforms. This period of economic transition has had a tremendous impact on the overall economic development of almost all the major sectors of the economy, and its effects over looked besides, it also marks the advent of the real integration of the Indian economy into the global economy. In the Uruguay round of negotiations of GATT 1994, India signed the agreement on trade related investment measures that has forced India to do away with protection of Indian industry from severe global competition within five years. Of the 13 investment measures that were identified to distort global trade, India has been using as many as eleven of them to meet the needs of social and economic development of the country. Signing of this agreement is bound to remove these much-needed measures. In the meantime, the custom duties on imports have been steadily brought down as per the Industrial Licensing Policy 1991, in January 1995 being a founder member of GATT; India joined WTO and agreed to stand by the regulatory framework of free global trade and competition.

India initiated the process of integrating in domestic economy with the global economy from the early 1990s due to severely of balance of payments crisis, high fiscal deficit and high inflation rate. The main goal of globalization was making the economy more market oriented through increasing competitiveness and reducing government interventions. The establishment of World Trade Organization (WTO) in 1995 has further intensified the degree of competition across domestic and global markets through removing of restrictions on foreign direct investment. Because of its wide coverage, globalization, liberalization, and privatization in general, have affected the entire Indian economy i.e., both the public and private sectors. As an outcome of these policies, the Government of India has to minimize the controls over the flow of foreign goods, services, capital, and technology investments and has to adopt liberal policies for adjustment of investment. The governmental interference in economic activities has been declining. The integration of the world market and rapid technological change led to efficiency gains and growth. These in turn increased competition through lower cost and higher market efficiency, higher productivity, lower barriers to entry and new investment opportunities in public sector (Meenu, 2013; Reddy, 2007).

### **Globalization and Indian Administration**

As the World order is rapidly changing due to global structure of production, trade and communication. Indian administration is facing structural changes due to revolution in telecommunication, transportation and formation of global financial markets. Modern management processes to increase the efficiency of the administration have been emphasized. The principle of hierarchy has been losing its length and got flattened and downsized, and has been eliminating the need for levels of bureaucracy and long chain of commands. The number of employees has been reducing. Traditional administrative processes of file keeping and pushing, secrecy in official work, long durations for completion of work, delays, lengthy processes have been replaced with data

processing, automation, transparency, speedy services with the use of data communication networks. Easy access of information about administration helps the people to express their views and opinions. Excessive controls on administrative activities have been replaced with self controls and deregulations.

Indian administration has undergone sea-change in response to new inputs from the contemporary socio-economic and political scene and under the impact of globalization. Now the competition with private sector has increased. The public sector has to compete with private sectors in case of cost, quality, and span of production otherwise it has to face elimination. Financial matters of our country, may it be related to banks, inflation, share prices, monetary and fiscal policy, budget are being finalized according to international financial market. The scope of public sector is becoming limited so the powers and functions of bureaucracy have been reducing, due to the entry of foreign investors in telecommunication, roads, posts, airports, insurance, health, education and IT sectors (Srivastva, 2009).

### **Impact of Globalization on Indian Administration:**

**1. Entrepreneurial Government:** The government office is seen as a dusty moth-eaten, dingy, paper-infested hovel chockfull of babus, which is feudal in its outlook, hierarchical in structure, antediluvian in its procedures, dilatory in examination of issues and secretive in its dealings with customers. The common man views the government functionaries as exploiters rather than facilitators or providers. The entrepreneurial government is the answer to the present administrative malaise. Efficiency and productivity, the hall-mark of entrepreneurial Government is the answer to the present administrative malaise. Efficiency and productivity, the hall-mark of entrepreneurial government are two areas where considerable changes have resulted due to constant pressure of globalization. Public sector organizations are now under worldwide pressures to enhance their productivity by increasing efficiency. Along with cutting down waste and increasing output, the public bureaucracies are trying to simultaneously facilitate better delivery of services.

**2. Changing Role of Bureaucracy:** The process of economic liberalization in its basic conceptual formulation seeks a reduced governmental intervention in the economic sector, thus implying a reduced role for the bureaucracy in the process of development. There has to be a realization that with the switch over to globalization, liberalization and privatization, the bureaucracy will have to play the role of a catalyst for change. In the new economic order the bureaucracy has to function as a helper, an accelerator, a booster.

**3. Reinventing the Government:** New Public Management (NPM) has had the most significant impact on reshaping public administration to cope with the challenge of globalization. The policies of developed and developing countries are being increasingly influenced by NPM and reinventing government prescriptions. These are: privatization and deregulation, establishing market like mechanisms, decentralization and debureaucratisation. The recent thinking revolves around the fact that the business principles need to be introduced and effectively adhered to in conducting public business. It has been stated that by NPM and reinventing government advocates "that government should not only adopt the techniques of business administration but also adopt the values of business. The basic principles for reinventing government are: steering rather than rowing; empowering rather than serving; injecting competition into the service delivery; transforming

rule-driven organization, meeting needs of the customers not the bureaucracy; from hierarchy to participation and leveraging change through the market. The NPM focuses on management, not policy and on performance appraisal and efficiency. It deals with converting public bureaucracies into agencies which deal with each-other on a user pay basis. It also uses quasi-market and contracting out to foster competition. It is style of management which aims at cutting cost, reducing public expenditure and a style of management which emphasizes on output and providing monetary incentives to increased performance and empowering managers.

**4. Public Service Reforms:** The polices of World Bank, IMF, And WTO pursued the developing countries and compel them to adopt free market economy by introducing liberalization and privatization polices in their public sector. These public service reforms firstly adopted o in 1980s in UK and other Western countries and in 1990s India adopted, which is also known by different names, viz., New Economic Policy, Structural Adjustment Programme, privatization, liberalization, deregulation and contrasting out. The impact of free market economy on the concept of government, structure of government and also on the way of governance is on the agenda of discussion world over. It is based on the perception that private is good and public is bad. The consequences of free market reforms on government and governmental business are generally described as the new way of governance, government by the market, reinventing government, new public management, sharing power, slimming of state, hollowing out of state and so on.

**5. Good Governance:** The key items on the development agenda of the 1990s have reform of public administration and issues of governance amongst their priorities. "Governance" deals with the capacity of the government to design, formulate and implement policies and in general to discharge their functions. Good governance is more than a mere word that implies efficient public administration. It is the process of building and enduring bridges between the state and the society at large through effective and people-oriented mechanisms of administration. The concept of good governance was conceived in 1989. It found mention in a World Bank Report on Sub-Saharan Africa. It defined good governance as "a public service that is efficient, a judicial system that is reliable and an administration that is accountable to the public". Good governance is associated with efficient and effective administration in a democratic framework. It is equivalent to purposive and development-oriented administration which is committed to improvement in quality of life of the people. It implies high level of organizational effectiveness. In simple words, good governance can be considered as citizen friendly, citizen caring and responsive administration.

**6. E-Governance:** E-Governance is the application of IT to the process of government functioning to bring Simple, Moral, Accountable, Responsive and Transparent (SMART) governance. The speed and transparency associated with E-Governance have the potential to make public administration responsive and efficient. Recognizing the increasing importance of electronics, the Government of India established the Department of Electronics in 1970. The subsequent establishment of National Informatics Centre (NIC) in 1977 was the first major step towards e-governance in India as it brought information and communication in focus. In the early 1980s, use of computers was confined to very few organizations. The advent of personal computers brought the storage, retrieval and processing capacities of computers to government offices. By

late 1980s a large number of government officers had computers but they were mostly used for word processing. Gradually, with the introduction of better software, computers were put to other uses like managing databases and processing information. Advances in communications technology further improved the versatility and reach of computers, and many Government departments started using ICT for a number of applications like tracking movement of papers and files, monitoring of development programmes, processing of employees' pay rolls, generation of reports etc. However, the main thrust for e-Governance was provided by the launching of NICNET in 1987 the national satellite-based computer network. This was followed by the launch of the District Information System of the National Informatics Centre (DISNIC) programme to computerize all district offices in the country for which free hardware and software was offered to the State Governments. NICNET was extended via the State capitals to all district headquarters by 1990.

In the ensuing years, with ongoing computerization, teleconnectivity and internet connectivity, came a large number of e-Governance initiatives, both at the Union and State levels. A National Task Force on Information Technology and Software Development was constituted in May 20, 1998. While recognizing Information Technology as a frontier area of knowledge per se, it focused on utilizing it as an enabling tool for assimilating and processing all other spheres of knowledge. It recommended the launching of an 'Operation Knowledge' aimed at universalizing computer literacy and spreading the use of computers and IT in education. In 1999, the Union Ministry of Information Technology was created. By 2000, a 12-point minimum agenda for e-Governance was identified by Government of India for implementation in all the Union Government Ministries/Departments. Furthermore, this process of integration of government services by internet technology increased in last decade with rapid growth. Almost every department and every Ministry now a can be accessed with just a click on interment on your desktop. Indeed the process of transformation from governance to e-governance has improved the quality of services with proper accountability, essay accessibility, accurate storage and transparency in the system.

**7. Empowering Citizens:** Globalization from below has also witnessed the rise of grass-roots, people's active participation at the local level in areas such as women's empowerment, education for all, human rights including the rights of the poor, consumer rights, environmental protection and decentralization. Thus, empowering citizens has been a key component of recent reform wave surrounding public administration.

### Summing Up

The process of globalization leads to transformation of lives of the peoples through social, economic, legal, administrative changes. In context of India Globalization means integrating the India with world by removing the restrictions as well as barrier, quota and tariffs on the export and import of goods and services across the countries. The Government of India has been adopted new economic policy in July 1991, to minimize the controls over the flow of foreign goods, services, capital, and technology investments and has to adopt liberal policies for adjustment of investment. The governmental interference in economic activities has been declining since 1991. The integration of the world market and rapid technological change led to efficiency gains and growth. These in turn increased competition through lower cost and higher market efficiency, higher productivity, lower barriers to entry and new

investment opportunities in public sector. Indian administration has undergone sea-change in response to new inputs from the contemporary socio-economic and political scene and under the impact of globalization. Now the competition with private sector has increased. The public sector has to compete with private sectors in case of cost, quality, and span of production otherwise it has to face elimination. The importance of transparency in the governance has been realized and the measures have been taken to ensure the participation of masses in developmental processes. Globalization provides a useful mean to develop technologies necessary for the production of goods services that improve the well-being of the masses. There is no doubt that the process of globalization increases the flow of communication as well as IT enable services and invented the new form of governance. But in context of India as well as lot of developing countries where they have huge illiteracy, even they don't have electricity, how this balance will take place? This is the main question which is the challenge for new era of government, to serve the opportunities by equal distribution at grass root level.

**Note:** The paper is based on the previous paper entitled on "Globalization and its Impact on Indian Administration" which was presented by the author in a National Seminar on *Governance in the 21<sup>st</sup> Century*, Organized by Department of Public Administration, Punjabi University, Patiala, Punjab, India, on 30<sup>th</sup> March, 2016.

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