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IC Centre for Governance
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EDITORIAL

Mere good governance is not enough; it has to be pro-people and pro-active. Good governance is putting the people at the centre of development process.

– Narendra Modi

Governance, once an elusive entity, a proxy for intellectual discourse in political science, is now a familiar subject of drawing room or 'nukkad' conversations. Quietly, without fanfare, it has come very proximate to the layman thanks to the new instruments of the right to information and guarantee of services legislations of the 21st century India. It is now the type of topic people reach out for when traveling in train, metro or bus. The mystery around governance has disappeared.

Back in 1964, I had my first brush with governance in the raw. Not far from my university where I had studied only some months ago, I found myself on the other side of the fence from other people. I had suddenly become the establishment and they were the citizens. And in between us lay the vast undergrowth of governance.

Whether it was verifying the title of their agricultural land or getting compensation for the loss of crop during floods or draught, whether it was obtaining 'permit' for a few kilograms of sugar for a wedding in the family or a power connection for their tube well or factory, whether it was filing a first information report of theft or obtaining a personal firearm licence, they needed the patronage of the government. They were confronted with government virtually at every step in their daily life. The issue of a passport, allotment of a residential telephone line or 'permit' for buying a car (a Fiat or an Ambassador) was meant only for the privileged few. In short, the citizens did not understand the meaning of governance but could not survive without it.

It was a decade later that I had an occasion to study the science of governance in some rigour at the London School of Economics. There I came in contact with civil servants of several countries of Europe, Asia, Latin America and Africa. Inquiry into the inequality within societies and welfare of the underprivileged were some of the elements of the prevailing socialist academic atmosphere of LSE, where eminent professors deliberated on issues of development economics and welfare economics in the context of developing countries. My special thesis, which was highly commended by the faculty, was about the emerging practice of positive discrimination in different countries with special mention of the Scheduled Castes in India.

Since then, governance in one form or another has been a constant companion. Moving from the dusty plains of Eastern Uttar Pradesh to the precincts of Rashtrapati Bhavan in Delhi, passing through the corridors of the state and union governments, I have been a witness to the unfolding of governance during the second half of the twentieth century. Compared to the era of poverty and shortages in the sixties and seventies, the country is virtually unrecognizable today, and much of it because of the sagacity of successive political ruling dispensations aided by the deft steering of the permanent civil service through constant trials and tribulations. Though there are miles to go before we can justifiably claim to be a developed country, it is not a mean achievement to have maintained the sanity of the society and integrity of the nation in a democratic set up for almost eight decades while recording a reasonable rate of economic growth for the continuously increasing population. The governance of the country, thus, cannot be condemned outright. Yet, I think now is the time to pause and delve a little more acutely into the quality of governance impacting the citizen.

Much has been written and discussed about reforming the civil service that is mostly confined to the higher echelons of civil services. ARC II has made copious recommendations in this regard. I have referred to such reforms in the editorials of earlier issues of this journal. For instance, in the editorial of the July 2019 issue, I expressed the hope that a fully reformed civil service could be realized in the second tenure of Narendra Modi. Now that we have entered Modi

3.0, not much seems to have changed in the structure, management and recruitment process of the civil services. It would, perhaps, be more prudent to focus on the reforms at the lower formations of government at the state and local levels regarding which there does not seem to be much political resistance.

At the heart of our inability to deliver basic public services is the deep inability of the administrative system to address the insufficiency of functional capacity. The lower bureaucracy lacks built-in incentives to change. In many cases, the civil service at the lower levels has been given up as a lost cause. Lacking motivation, training and performance management, the lower bureaucracy holds the steel frame in an unstable equilibrium.

The challenge is to reorient the governance at the last mile into a dynamic, efficient and accountable mechanism for service delivery built on the spirit of efficiency, integrity, equity and impartiality, thereby raising the quality of public services and enhancing their ability to carry out welfare and development functions.

The most urgent reform at the cutting edge level is regarding accountability. In our hierarchical system, there is no institutional mechanism to test their accountability to citizens. Therefore, the focus should shift towards building external accountability mechanisms like citizen charters, social audits and encouraging outcome orientation among civil servants.

In my view, there is a palpable absence of convergence of the vertical columns of administration at the cutting edge which is the first point of interface of the citizen with the State. Due to this lack of convergence the citizen is often unable to access the right forum to resolve his chronic problems. Even at the local level, administrative officers work in silos. Earlier, such convergence at the district level was provided by the office of the district magistrate, who oversaw the functions of different administrative departments.

In short, the existing processes of delivery of administrative service to the citizen need to be revisited. We should look at process reforms through technology to build a strong and efficient delivery mechanism. My hypothesis is that even if the higher echelons of politico-bureaucratic system become future-ready and responsive, it

will take a very long time to trickle down the reforms to the space where government-public interface occurs day by day.

I am of the view that the cutting edge of governance requires a shake up. This can be done by a combination of several initiatives including removal of pain points of the lower bureaucrats, motivational programmes at different levels (like the 'Alpviram' programme of Madhya Pradesh government) and performance linked incentives. But above all, a comprehensive scheme of building their capacity through custom-built training programmes and objective evaluation of their performance are urgently needed.

I know that it is not the total solution of reforming governance, but it is a necessary and urgent one. If there is a choice between the ultimate perfect solution and an urgent solution for improving public-government trust, I will choose the latter.

Prabhat Kumar

S. Jaishankar

Sardar Patel – The Symbol of Good Governance *

It is a great pleasure to share some thoughts on Sardar Vallabhai Patel and Governance. Indeed, for anyone who has studied his life, good and strong governance is naturally associated with him. If I were to pick two other characteristics, I think nationalist and realist come readily to mind. It is the popular image of the Sardar that has remained deep in our consciousness even 74 years after he has passed away.

Now, much has been written about him both directly and with reference to the events and personages of that period. There is a widely held perception that the conventional narrative, with which we are all familiar, has not done adequate justice to him. That is perhaps attributed to the politics of the era, but I don't want to go into it on this occasion. My hope, I would say even expectation, is that with the passage of time and a more balanced and objective debate in our society, the value of Sardar Patel's multiple contributions would be given the recognition that they truly deserve. I will essentially focus on some of them and highlight their contemporary relevance.

It is actually no exaggeration to assert that but for Sardar Patel's leadership, the story of the integration of Indian states in the aftermath of the partition would be very different. Decisions pertaining to Hyderabad to Junagadh and the Rajputana have all been written about at length. But there are many more that we take for granted because of his efforts. Even today, his Secretary V P Menon's account of what happened at that time, I believe, is a must-read to understand our modern history. I often give that book to young

* Transcribed from the 5th Sardar Patel Lecture on Governance – October 5, 2024 at Civil Services Officers' Institute, New Delhi, organised by the IC Centre for Governance.

officers who come as trainees because I tell them that it tells you how it really was; and how it could have been, but for Patel.

Equally revealing have been developments in the one state that Sardar Patel was actually not allowed to handle, Jammu and Kashmir. We all know how that unfolded. It has taken us much national effort and many sacrifices to rectify those errors subsequently. Eight decades after independence, perhaps the younger generations may not readily appreciate how seriously a ‘third force’ model was being pushed by the colonial power to ensure our permanent weakening. It was in large measure due to Sardar Patel’s legendary firmness and vast negotiating skills that our senior colleagues have spoken about which ensured that many Instruments of Accession were signed. But in the handling of Jammu and Kashmir, we created serious problems for ourselves – problems in national integration, in national security, in diplomacy and in geo-strategy.

The foundation that Sardar Patel laid has since become the strong edifice of a modern and confident India. But there are lessons from his endeavours which are relevant even now. Foremost among them is that our civilizational ethos does not automatically translate into political coherence and national unity. At various points of our history, internal divisions and selfish agendas have done our country great harm. Indeed, these were traits that the world was readily willing to exploit to its advantage. What Sardar Patel was able to do and do remarkably in 1947-48, was to evoke an emotion and awareness among the states and their rulers towards our nationhood. That is how he could actually bring us all together. Sustaining that spirit is the task that he has bequeathed to all of us. And overcoming many challenges, we have today reached the current stage in our national life.

But there are still forces and voices, as they have been in the past, that seek to divide and weaken. They speak of narrower identities, they promote conflicting interests, and they advocate divided loyalties to a point where an India, that has existed virtually as long as human history itself, is again envisaged by some people as a negotiation. In a democratic society, I can understand that there will inevitably be debates and discussions. But these should end up

as national understandings and national consensus, and not become a counterpoint to our nationalism. For that very reason, we should be continually committed to strengthening the national spirit and nurturing our integration. History has demonstrated the great cost of mainstreaming divisive politics, especially those centered around vote banks. The real tribute that we can pay to Sardar Patel is to never let our guard down.

All polities are run by institutions and through their established practices. The quality of governance is often a key factor in determining comprehensive national power. At the time of independence, there were serious dilemmas that accompanied the political transition. It is to the credit of Sardar Patel that he stood up strongly for the continuity of our governance, whether it was our bureaucratic or military institutions and their practices. This enabled responsible policy making and smooth implementation. Let us appreciate that in the era of decolonization, very few other countries were able to create the kind of systemic stability that we experienced in India. Obviously, a great deal of the credit goes to the national movement, which instilled political awareness deeply among our people. But it is particularly appropriate to also recognize how crucial was the role of the bureaucracy in the exercise of nation-building after independence. Sardar Patel, more than many of his contemporaries, was a bridge builder between the world of politics and that of civil services.

Now, it is not just a question of structures. Contemporary accounts, including many of those who were his political colleagues at that time, reveal how hard Sardar Patel strove to ensure that decisions were not made in silos, and we understand that challenge. Probably his unique standing encouraged others to seek his advice and to share their anxieties. Though, his portfolios were Home, the States and Information & Broadcasting, his policy impact actually ranged from Defence and External Affairs to Development and Finance. The takeaway here is the importance of integrated decision-making and efficient systems of delivery. Today, when much greater emphasis is being put on continuous training and strong performance evaluation, the Sardar certainly serves as a symbol of good governance.

Sound policymaking requires a proper understanding of the

environment in which we operate, and I am sure none would disagree with that proposition. Since no nation is really an island unto itself, this applies as much to foreign policy as it does to domestic one. What makes Sardar Patel stand out was his hard-headed approach to challenges, reflected in both strategic clarity and decisive action. He, at least, was never given to viewing problems through rose-tinted glasses, nor being swayed by the fashionable ideologies of the day.

This was a man who intuitively gauged the big picture, who worked through all its complications and carefully prepared the ground for the right responses. In the field of national security, for example, he assessed the dangers in Junagadh, Hyderabad and Kashmir very accurately. And when the time came to act, he had no hesitation in using all the instruments at his command. And because the governance structures at this delicate period in our history saw him as their champion, they too responded to their fullest. In that sense, this period is instructive on how to get the best out of the system and deal with critical issues. Those are lessons to remember.

A particular relevance in this regard is the handling of Jammu and Kashmir, and the decision to refer the Pakistani attack to the United Nations, under Article 35 of the UN Charter, which is the Article on the threat to international peace and security. Now, there is a debate whether this could have been done better under Article 51 of the Charter, as a right of self-defence. But Sardar Patel was actually opposed to going to the United Nations at all. He had resisted this in the case of Junagadh, and he had resisted this in the case of Hyderabad as well. And his logic was a logic of basic realism that India should not submit its issues to the judgement and to the interests of other powers.

Sadly, for all of us and for our nation, his caution was disregarded. An India lulled by a sense of false internationalism was set up by the United Kingdom, ably assisted at that time by Belgium, Canada and the United States. What began as the ‘Jammu and Kashmir Question’ was conveniently changed to the ‘India-Pakistan Question’, putting the two of them at par with each other and with all the attendant implications. It took us a quarter century thereafter to settle the matter.

Other than the misreading of world politics, there was an equally serious misjudgement of Pakistan by India. Within our system, Patel was the most forceful advocate of using all avenues of pressure on that country after the invasion of Jammu and Kashmir. His reluctance to take the matter to the UN itself stemmed from the belief that it was better to deal directly with Pakistan, rather than in a framework that would allow Pakistan to manipulate. His own approach regarding the refugee handling and rehabilitation issues in the country also said much about his attitude to nationalist forces. Sardar Patel recognized that those who truly responded to the crises should be supported without allowing politics to colour his assessment.

Today, we may be tempted to speculate what Sardar Patel's approach would have been to Pakistan-related issues that came up in the decade after his passing away. For example, would he have extended his support to the Indus Waters Treaty of 1960? Or dismissed it like the then Prime Minister, as an issue just about a 'pailful of water' that was negligible in the context of larger international politics and subscribed to the justification that it was a decisive move towards a settlement and to peace with Pakistan? An understanding of the Sardar's life, policies and actions should allow us to come to our own answers. Like any neighbour, India would certainly like to have good relations with Pakistan. But that cannot happen by overlooking cross-border terrorism and indulging in wishful thinking. As the Sardar demonstrated, realism must be the foundation for policy.

India's relationship with China is similarly an issue on which Sardar Patel's instincts are on record. And they differed considerably from that of Prime Minister Nehru. The most cited example was, of course, their famous exchange of correspondence in 1950 on this matter. In Patel's view, India had done everything to allay China's apprehensions, but that country regarded us with suspicion and skepticism, perhaps mixed with a little hostility. He highlighted that for the first time, India's defence had to concentrate on two fronts simultaneously. His assessment was that China had definite ambitions and aims that shaped its thinking about India in a less-than friendly way. I am giving you a near verbatim summary of his famous letter.

Pandit Nehru, in contrast, referred to China's protestations of

friendship and warned against losing our sense of perspective and giving way to unreasoning fears. To him, it was inconceivable that China would undertake, what he called, a wild adventure across the Himalayas. He did not, and again these are his words, he did not envisage any real military invasion from China in the foreseeable future.

This exchange was part of an internal debate, and it obviously allowed the two leaders to express themselves very frankly, even if it was very undiplomatic. Each one reflected an approach not just to a neighbour, but to issues of national security and to world politics as well. Patel passed away soon after this exchange and must have surely felt vindicated by the events in the decade that followed. The point about the recollection is to stress the importance of getting the right assessment of the relevant situation. This is a key aspect of governance because, if we start with a misdiagnosis, everything else thereafter only takes us in the wrong direction.

The result of the idealist view in this case, for example, shifted India's focus away from preparing our defences. Instead, we spent our energies making common cause on third party issues, and advocating the claims in the United Nations, of the very neighbour, with whom we went on to have a conflict in 1962.

Now, governance is equally about undertaking the appropriate level of planning, right level of preparations and ensuring suitable appointments. In 1962, our troops were sent to the Himalayan borders without the right equipment or acclimatization. And that was because there was virtually no planning for that contingency. And to compound matters, those charged with responsibilities from Defence Minister Krishna Menon downwards were visibly ill-equipped to deal with them. This was not hindsight because many questions were raised and in fact, controversies erupted even ahead of the 1962 war.

Today, the same challenge is being met but it is being met with more painstaking and focused efforts, in parallel with our diplomatic engagement. That our border infrastructure spending has gone up five times in the last decade is but one reflection of our seriousness. So, too, is the fact that we have such a tight 'Pol-Mil' approach, which ensures that our system moves fully in lockstep. Indeed, even

other facets of the relationship are coordinated in a manner that our national security interests are better served. Sardar Patel would surely appreciate that the integrated decision-making, which used to centre in his time around his personality, is now increasingly built into our system.

During the end of the Sardar's life, India and China were both re-emerging in the global order as modern nation states. The complexities of their relationship were just beginning to be visible. Much has happened in the decades that have passed. Today, our ties are again at crossroads. The present situation does not serve the interests of either nation. There is a way forward. And that is by reinstating peace and tranquility in the border areas, respecting the LAC and not seeking to change the status quo. Beyond that, the three mutuals, that is, mutual respect, mutual sensitivity and mutual interests – offer a credible pathway. After all, the rise of Asia can only happen when India and China have a positive dynamic.

Another issue that has confronted our nation from the Sardar's time till now is the nature of the relationship that we should have with the West. This is with particular reference to the United States and to some extent, perhaps more in the earlier days, with the United Kingdom. Even by 1950, the duality of these relationships had become apparent. On the one hand, Western nations were our major development partners and they were our main interlocutors on the international stage. At the same time, on matters related to our national integration and our national security, most of all Jammu and Kashmir, their role was mischievous, if not worse. All Indian leaders have sought to strike a balance, and the Sardar was no exception. How to get it right has been the perennial challenge.

Sardar Patel's view was typically optimal grounded. In some of my own writings, I have referred to him as the pioneer of an 'India First' approach. He recognized the realities of the global power structure and felt that they should be handled appropriately to gain full advantage. In particular, he appreciated the salience of the United States to the world order, and we are talking about 1946-1950, and he believed that it would be difficult for India to industrialize significantly, without American cooperation. As a nationalist, he

had absolutely no problems standing up to the West on Jammu and Kashmir. But as a realist, he saw little point in crossing them on matters not central to Indian interests. At that time, India's vigorous advocacy of China's permanent membership of the UN was actually a major irritant with the West. Many of the less ideological members of the Cabinet also believed that this campaign was misplaced. They included Dr. B.R. Ambedkar and Dr. Shyama Prasad Mukherjee, amongst others.

In one of his last public appearances, Sardar Patel declared that many people (and we all know what that means), believed that India should not take American help because it would lose prestige and be perceived as joining a bloc. He, on the contrary, felt that India was quite capable of realizing and protecting its own interests and positions. This was both a debate, in a way, about our national assuredness as well as on global strategy. Allowing others a veto on our positions and not exercising choices because we fear the displeasure of what will they say if we do this, is being neither independent nor being smart. Unfortunately, those ideological stances, the outlook that Sardar Patel was contesting in 1950 still continues to this date. We saw that when it came to assessing the merits of the Quad mechanism in the Indo-Pacific. The difference between backing out in 2007 and standing firm in 2017 was one of clarity and of confidence. In the last decade, whenever we have returned to the approach of Sardar Patel, it has undoubtedly served us very well.

While we largely associate the Sardar with the challenge of integration and with the promotion of our administration capabilities, some thought also needs to be given to his economic outlook. He had very strong faith in Indian entrepreneurship, and he actually envisaged unleashing our economic energies as key to rebuilding India. In that regard, he visualized partnerships abroad that would enhance productivity and upgrade technology at home. How comfortable he would have been with the socialist policies that followed his demise is something that we can only contemplate, though I think we can do that with some degree of confidence. That this eventually led us to the crisis of 1991 is, of course, an undeniable fact. It is strange that some seek to advocate again the very policies which brought the

nation to that point. But the fact is the Government today is doing the reforms we should, rather than just the reforms we must, and that is a phenomenon that would surely meet with the Sardar's approval.

Let me also mention vote bank politics, since it is so prevalent in our times. Sardar Patel was amongst those of his generation who were troubled by our unwillingness then to take forward our ties with Israel for that very reason. Like so many things in India, that too has fortunately changed.

Sardar Patel was dealing with the enormous challenge of reconstructing India after two centuries of colonialism. But we must not forget that he was doing so at a time when the international order was being reshaped after the Second World War, and as decolonialization had just began. Reading the big picture right and making our calculations is not easy. Today, the world is again in the midst of a great churn. That order that had just emerged in Patel's times has now run its course.

We are seeing the emergence of multi-polarity and the return to the natural diversity of the world. There is no model, there is no textbook that is going to guide us in this regard. What we need is the right combination of self-belief, of realism, of preparation, of nationalism the very qualities of Sardar Patel that I spoke about. We need them to prepare for Viksit Bharat. Sardar Patel will always be an inspiration in that endeavour.

Rajat M. Nag

Importance of Institutions for Good Governance*

From Here to Denmark

Neither 'Here' nor 'Denmark' refer to any actual places themselves. 'Here' is a hypothetical construct of a place where governance is poor, the rule of law is not respected, and justice is delayed and often denied. People 'Here' suffer from serious 'unfreedoms', a la Sen: lack of freedom from want, from violence, from injustice.

'Denmark' on the other hand is another hypothetical construct and perhaps what Tagore dreamt of when he sang the praises of a place where 'the mind is without fear and the head is held high'.

People in Denmark enjoy high incomes and a good quality of life. People Here in general do not. Denmark enjoys good governance, Here does not.

Quite obviously, Denmark is the place to be. Here is not.

How does a society go from Here to Denmark? There are many factors at play, but good governance is one of them. A necessary though not sufficient condition.

How does a society achieve good governance? Through strong, inclusive institutions. 'Institutions rule' is the mantra.

So far, so good.

But how does a society build strong, inclusive institutions? That is the focus of my talk this afternoon:

I will start by defining institutions.

* Transcribed from a lecture delivered by Dr. Rajat M. Nag on 'From Here to Denmark; The Importance of Institutions for Good Governance' organized by the IC Centre for Governance on May 16, 2025, at the India International Centre (Annexe), New Delhi.

I will then discuss three cross-cutting issues which I believe greatly influence the development of institutions. However, in practice, they are often given short shrift, not because they are unimportant or unknown but because they are so complex. I submit that we ignore those at our peril.

I will end with some concluding observations.

What are institutions?

In a fundamental sense, institutions are rules –formal and informal –guiding social interactions.

Two key features of any definition of institutions are:

- i) the constraints and
- ii) the enforcement arrangements.

Members of a society, governors and governed alike, have constraints placed on their behavior for the overall good of the society. They evolve over time, reflecting the history, culture, and politics of a society.

They sometimes become formalized and sometimes not, but they essentially become the rules of engagement in a society.

Formal constraints, codified in a country's constitution, laws, rules and regulations are critically important, but that's only a necessary condition, not sufficient.

The key challenge is in their enforcement, otherwise the formal rules are just 'ink on paper'.

This is where informal institutions come in: they can be generally accepted norms and conventions of behavior, even if they are not formally articulated in any legal provisions.

Defining institutions as 'rules of the game' is analogous to the rules of the game in say, football or any other sport.

All such games are played within a structure of formal rules (some incomprehensible at times, such as cricket particularly when it rains – but that is another matter).

But there are also typically unwritten codes of conduct or norms (helping an opposing player to her feet whom you might have tripped,

hopefully unintentionally), emphasizing fair play and a sporting spirit, which everyone is expected to follow, and which influence the development and robustness of institutions.

The three cross cutting issues:

i) Politics

But who writes the rules defining the constraints and the enforcement arrangements to begin with? Immediately, politics enters the picture. Obviously deciding on a particular law and enforcing it is a matter of interaction and political bargaining between the various actors in a society.

A key aspect of this bargaining process is the unequal distribution of power in society. How well and how fairly institutions function crucially depends on how successfully the decision makers, the elites and other groups bargain, which in turn is determined by the relative power of the actors, their ability to influence others through control over resources, threats of violence, etc.

Social scientists have long suggested that human society, in the history of its evolution over the millennia, have devised only two significant orders of organizing itself:

First, a limited-access order (LAO): a society where the elite possess privileges and means to create limits on access to resources and economic functions to generate rents. These elites have 'privileged access to means to form powerful organizations, and they manage to keep others (bulk of society) out. 'Here' is a perfect example of a LAO.

Second, by contrast, a much smaller proportion of the world lives in what we call open-access order societies (OAO), which 'rely on competition, open access to organizations, and the rule of law to hold society together'. Denmark is an OAO.

In the LAO, elites hold the political power (often backed by physical power) to actively manipulate the social order to regulate access and economic competition, thereby creating economic rents which only they enjoy. The elites also use these rents to create social order, control violence, and establish social cooperation for their own,

rather than the larger polities' advantage and welfare.

By contrast, in an open-access order or OAO all citizens are empowered to form economic, political, and social organizations to pursue any activity (except violence).

In an OAO, the importance of human capital in such empowerment cannot be emphasized enough. Such empowered citizens can pursue their own interests, and open entry induces competition, which in turn dissipates rents.

By their very construction, political and economic transactions are impersonal in the open-access order and based on transparent and predictable criteria, as, for example, a driving license is issued based on the results of a test and some clearly laid-out criteria.

In a limited-access order, by contrast, transactions are personal. What gets done is a function of who you know or, more to the point, how much you are willing to offer as a bribe, not the merits of the case.

By its very construct, an open access society enables inclusive economic and political institutions (necessary conditions to achieve good governance) to emerge. A limited access society does not, and its institutions are by nature extractive.

The journey from Here to Denmark is essentially then a journey from a limited access society, with extractive institutions in place, to an open access society which enables inclusive institutions to take root.

It is obviously not in the interest of power groups in limited access societies to allow, let alone seek, any changes in the existing political institutions.

However, while the transition from limited access to open access societies, from extractive to inclusive institutions, are no doubt challenging, but they do happen.

They happen when political elites might have no choice but to compromise and agree to share their monopoly on power, particularly when the alternatives are worse. They do it not out of magnanimity but in their own long-term interest.

They might recognize that other emerging forces in society or

other alliances might jeopardize not only their present state but also their future welfare, when they might lose even more, and not just wealth and privileges but their physical well-being as well.

Experiences in various parts of the world through history bear this out.

Consider Denmark in the 1600s: its institutions and governance were extractive. Many things were indeed ‘rotten in the state of Denmark’. But they changed with changes in the political fortunes of the landed elites and the empowerment of the ordinary citizens.

The Glorious Revolution in Great Britain (1688) and the Meiji Restoration (1868) in Japan are among other examples of countries moving from limited-to open-access order and subsequently prospering.

In more recent times, the experiences of South Korea, Botswana and Uruguay would be good evidence that history is not destiny. In each case, the political elites compromised and made concessions to avoid a worse outcome.

Of course, a country might fortuitously find a transformational leader, who can bring about deeper and more fundamental changes in society by influencing societal preferences and beliefs.

Almost single-handedly, Nelson Mandela, for example, deeply influenced his fellow citizens’ beliefs about racial harmony, tolerance, and forgiveness, and steered South Africa away from its long-standing apartheid policies.

In their lifetimes, Mahatma Gandhi and Martin Luther King, Jr, catalyzed similar transformations in their societies, ‘bending the arc of the moral universe towards justice’.

But while we may draw justifiable inspiration from them, history also cautions us that such people will occur rather infrequently. We cannot thus depend on the providential emergence of such leaders.

Instead, the transition to an open access society with more inclusive institutions will have to be driven from below.

Under such a situation, citizens will need to be empowered with enough human capital (education and health) and allowed to

participate more meaningfully in the political process of governing their societies.

ii) Human Behaviour

We have argued that institutions are the rules – formal and informal – of the game. But, how well the game is played ultimately depends on the individuals comprising that society. Fundamentally, we have to understand how an individual thinks and behaves. If we were to rely on neo classical economics, the answer would be simple: individuals are perfectly rational.

Let's call such a person Homo-economicus (Econ for short) who is consistently rational and omniscient, can instantaneously process all information available to her and reaches a final decision. She has complete self-control and is driven only by self-interest.

But does the above really describe us? Most of us would say NO. We are rational, when we are not. We can exercise significant self-control until we see that piece of cake go by. We are often selfish, but we are also altruistic at times: we reciprocate to kindness; we cooperate. People give to charity, families support each other, complete strangers jump into the lake to save a drowning child, people donate blood, and the list goes on. We are humans, not 'Econs', after all.

Humans think not only as individuals but also as members of a social group influenced by those around them: their family, community, and society at large.

Their decision-making and actions are influenced as much by their individual thinking as by their circumstances, contexts, social networks, and norms.

Their collective behaviors for the better (such as creating widespread trust) or for worse (such as the existence of widespread corruption) develop and evolve as an interaction of their individual and social thinking.

Thus, policies and institutional practices designed on the premise that people are only self-interested and fully rational in their decision-making can be incomplete and misplaced if these cognitive, psychological and social influences on human behavior are ignored.

Three concepts which significantly influence how humans think, behave and act individually and socially, are ‘beliefs’, ‘norms’ and ‘mental models’ that we form over time.

Beliefs: What people believe about others influences their own decisions and actions.

A very prosaic, mundane example would be that my driver, an otherwise very gentle person, takes on a different persona at any four-way crossing. He zooms across and in response to my chidings, coolly says: otherwise, we will be here all day.

Taxes: I cheat on taxes, because I believe you do.

This is the ‘centrality of beliefs’.

As David Hume had articulated (in his 1740 essay “Power of the Tyrant”), centrality of beliefs is what enables a tyrant to dominate.

We are all, as Basu says, ‘citizens of the republic of beliefs’. This has immediate implications for the state of good governance and evolution of institutions in society.

Let’s use this thought to answer a fundamental question: why are laws followed in some societies and not in others?

A simple answer: beliefs. People follow the law if they believe others will follow it too. Otherwise, they just remain as “ink on paper or edicts on a stone tablet”.

While beliefs are individual, societies in which we live also have **norms** which greatly influence the development of institutions.

They are shared patterns of behavior and practices acquired via social learning. These unwritten rules instruct what group members are expected to do and ought to do. In a sense, they are the ‘grammar of society’ which speaks as the embodiment of its collective values and social desires.

Norms make social interactions more predictable but do not automatically lead to good outcomes. They can just as easily lead to bad outcomes as well.

When people follow norms which are damaging to individuals and community, societies can get stuck in bad equilibrium. Systemic

corruption, discrimination on the basis of caste, intolerance of minorities, and the dowry system are just some of the most egregious examples.

Over the course of evolution, humans have learned to use **mental models** to simultaneously process available information and respond to the situations at hand, often instantaneously.

Mental models evolve over time in an individual's mind as a synthesis of all the shared social experiences, passed down over generations but are not the same as social norms. Social norms are socially enforced while mental models are self-enforcing.

The effects of mental models can be insidious, and even more so than negative social norms.

By the very nature of their evolution, norms and mental models have long staying powers.

Trust: A study by Nunn and Wantchekon shows that current trust levels within certain regions of Africa can be traced back to the transatlantic slave trade which lasted for about 500 years (1400-1900) but has been dead for more than a hundred years. But the mental model still persists.

Mental models can have positive effects of the collective knowledge and wisdom of the ancestors being bequeathed to successive generations. But they can also outlive their relevance and be counterproductive as we see above. Changing the negative norms and mental models is not easy but they are not immutable either.

Changing norms and mental models need collective actions. Participatory deliberations, empowering the affected people, raising social awareness, or offering a counter norm to anchor the change are some such possible actions.

One immediate conclusion: Basing public policy choices and institutional designs on neoclassical assumptions of unbounded rationality can be misleading.

A better understanding of how humans actually think, and act will lead to better interventions. It is clear that social contexts matter. What would work in Denmark would not work Here. Thus, policy

and institutional prescriptions need to be context specific and cannot be some imported models of ‘best practice’.

Given these realities of human nature, how would a society shift from bad to good equilibrium (high to low, preferably zero corruption, rule by law rather than a free for all)?

How would a society break out of the ‘cage of norms’?

Sometimes the changes happen due to exogenous shocks (such as a war) or fortuitous events (such as the emergence of a transformational leader).

But sometimes changes also occur endogenously due to internally generated pressures in a society, and it would be useful to see what such enabling factors for the changes might be.

Underlying all social changes – be it in individual beliefs, or social norms or mental models – is a principal actor: the individual. As an individual, she has to be the first mover; ultimately, it is her agency – often defined as her control over the life she wishes to pursue – that will make the difference.

Education and health are the two basic constituents of a person’s agency, and thus in its journey from Here to Denmark, a society cannot but consider providing these two public goods as a critical starting point or building blocks.

It is important to note that education has multigenerational effects as well. Education begets education. It is striking that countries which ‘had achieved mass education by 1870 had less corruption in 2010’.

iii) The Three Fellow Travellers: The State, the Markets and the Community

Our social order and well-being are influenced by three principal institutions that comprise our society: the State, the Markets, and the Community. Call them fellow travelers.

The State:

As was said at the beginning, a recurring refrain heard around the world, particularly in poorly governed countries, is ‘fear’: people living in fear of violence, fear of the neighborhood goons, fear of the

knock on the door at the dead of night.

Sen says: the fundamental promise of a decent, fulfilling life must be freedom from such fear.

But that freedom from fear must be more than just assurances (say, by being written into law or even the constitution), it must be so in practice.

Hobbes (1651) argued that this can only be assured if there is a viable central authority; the Leviathan, that would be powerful enough to keep people in line, through fear of severe consequences, if they don't.

The central authority is the State which would legally monopolize the use of violence, ensure law and order, and assure justice so that ordinary citizens could go about their life without fear.

But what if the Leviathan itself becomes the despot? Do too much, the State becomes the feared despot. Do too little, the State falters and chaos ensues.

The State must be constrained to become a 'Shackled Leviathan', operating in a narrow corridor but constrained by the other two fellow travellers (the market and the community).

The Markets:

Markets generate economic growth, expand economic opportunities for the citizens and enhance prosperity.

But just as the State has to be shackled, the 'behemoth of the markets' fueled by the spirit of laissez-faire has to be tamed as well.

Too weak the markets, society becomes unproductive; too strong, society becomes inequitable.

However, there are limits to how well and how much the markets and the State can balance each other. The answer to an expanding market cannot be an expanding State. Enter the third traveler,

The Community:

The Community is us, the people. It is at the heart of the development process. But getting a community involved is not easy.

One major constraint in the process is the unequal power structure in most societies where the voices of the poor and the marginalized get drowned out and is not heard in the corridors of power.

Too weak the community, society turns towards crony capitalism; too strong the community, the society becomes static.

Once again, a balance is necessary. Politics comes into play to reflect the asymmetry of power in society.

The essence of this balance is inclusive localism /decentralization – to encourage active participation by the citizens at the community level (for example, the Panchayati Raj).

And, how does this happen? Again, through encouraging human agency (education and health) of individual citizens and empowering them to participate.

But note that it is not a matter of how well (or how poorly) the three are doing on their own. What matters is how well they are doing as a whole, working together.

Think of them as fellow travellers. In the journey to Denmark, the success of the journey will depend on how well these fellow travellers are travelling together, not as individual travellers but as fellow travellers supporting each other along the way and not leaving either of the other two behind.

Conclusion

There are three principal conclusions.

One, the overriding importance of human agency as a key builder of institution building.

Evidence around the world shows that higher stock of human capital (health and education) and enhanced civic engagement create greater social cohesion and higher levels of social capital. These are key ingredients that enable norm entrepreneurs to shift norms, influence beliefs and move societies to a better equilibrium.

Two, building strong, inclusive institutions takes patience and time

Historically, achieving sustainable improvements in governance

has taken much trial and error, patience, and time, even centuries, and yes, luck as well, as the experiences of many have shown.

Moving to an open-access society is a complex, and time-consuming process in the journey from Here to Denmark. Powerful vested interests who monopolize the levers of political and economic power under limited-access orders would naturally be unwilling to cede their powers too readily and would resist that for as long as possible.

In countries such as Denmark, the UK, and Japan, it took centuries to gradually create open-access societies. In some countries (such as France and the US), a revolution or a civil war was the trigger point. Even in their cases it took a long time before all their people (men and women, blacks, and whites) had equal rights under liberal democratic regimes.

Creating and nurturing formal inclusive institutions that fit local social conditions is challenging and takes time, as they require not only a close fit with local circumstances, but also much trial and error.

Three, the destination – Denmark – is our north star. In a sense, the destination for each society is the same: a life free of want, free of injustice and violence.

However, the contour of that Denmark will not be identical and nor will the path. Each country will have to find its own way.

There is no one-model-one-path, no silver bullet, one size fits all strategy. The culture, history, norms of societies differ and so will their journey. What works in Argentina will not work in Nigeria.

But history is evidence that the arc of each country's journey does bend towards Denmark. And I end with the fervent hope that may history repeat itself.

Improving Indian Government Efficiency

Comprehensive Reforms to Enhance Governance

Introduction

The Indian Government faces the dual challenge of increasing bureaucratic efficiency while fostering a service-oriented approach in Governance. The "Improving Indian Government Efficiency" (I2GE) initiative aims to address these challenges through a multi-faceted strategy to modernize processes, enhance policy frameworks, improve infrastructure, and uplift the attitude of officials towards the public.

The Key Focus Areas of this article are divided into twelve sections as follows:

Section 1: Revamping the Recruitment Process. The recruitment process for Government jobs in India is central to building an efficient and reliable workforce. However, modernization and strategic reforms are crucial to addressing challenges such as analytical assessments, lack of transparency, and evolving job market demands.

Section 2: Performance-Based Variable-Pay System. Lifetime job security sometimes leads to complacency, inefficiency, and lack of innovation among employees. A performance-driven, variable-pay system with transparent smart targets could create incentives for employees to continuously strive for excellence and improve efficiency and Governance. Consistent non-performance, on a measurable scale, can be considered as a clear indication that an under-performing employee needs to be transferred or even retrenched.

Section 3: Right-Sizing the Workforce. Right-sizing the workforce in the Indian Government is a complex and sensitive task that requires balancing efficiency, cost-effectiveness, and employee welfare.

Section 4: Policy and Process Modernization. The initiative seeks to identify obsolete policies and processes, redundancy, and complexity. It proposes to streamline policies focusing on simplification, transparency, clarity, and results-oriented outcome.

Section 5: Reducing Corruption and Increasing Transparency. Corruption is not only a measure of poor Governance but a cancer which drains the efficiency of any system. Several strategies have been explained later that can help create a more transparent and accountable system.

Section 6: Importance of Ethics. Implementing a proper Code of Ethics and promoting ethical leadership is fundamental to cultivating integrity, transparency, and trust within Governance structures; and thereby increasing efficiency and outcomes.

Section 7: Modernizing Infrastructure and Maintaining Cleanliness. Infrastructure modernization and Maintaining Cleanliness is a pivotal aspect of the I2GE initiative, designed to enhance the operational efficiency of Government systems and cater to the demands of a growing digital-first population.

Section 8: Data-Driven Decision Making. In today's fast-paced and interconnected world, data-driven decision-making has become indispensable for improving Governance efficiency and outcomes. By utilizing data analytics, artificial intelligence, and innovative technologies, the Government can make informed decisions, allocate resources effectively, and address challenges proactively. The I2GE initiative prioritizes embedding data-driven approaches into Governance structures to ensure transparency, adaptability, and evidence-based policymaking.

Section 9: Fostering Innovation, Research and Creativity. Innovation, research, and creativity are the driving forces behind efficient and effective Governance in a rapidly evolving world. By encouraging creative problem-solving, embracing new technologies, and fostering collaborative partnerships, the Government can develop forward-thinking policies and solutions to address modern challenges. The I2GE initiative recognizes the importance of these elements in ensuring dynamic, adaptive, and inclusive Governance.

Section 10: Improving the Attitude of Government Officials towards the Public. Attitudinal change is a pivotal area in the I2GE initiative. Measures such as value-based training, behavioural workshops, feedback loops from employees and citizens, and ethics/mindfulness trainings are proposed to instil politeness, humility, and public service dedication. Officials are encouraged to see their positions as opportunities to serve and improve the society rather than exercises of power and authority.

Section 11: Employee and Public Feedback Mechanisms. Feedback mechanisms are essential for encouraging transparency, accountability, and continuous improvement within Governance structures. By ensuring that both Government employees and citizens can voice their opinions, concerns, and suggestions, the Government can create an environment that values participation and collaboration. The I2GE initiative emphasizes robust feedback systems to enhance administrative efficiency and strengthen the Government-Public relationship.

Section 12: Environmental Sustainability in Governance. In the context of mounting global ecological challenges, environmental sustainability has become a central theme in Governance. Recognizing its critical importance, the I2GE initiative emphasizes the need for integrating sustainable practices into Governmental operations and policies. A focus on green Governance not only mitigates environmental risks but also sets an example for citizens and industries to embrace eco-friendly behaviours.

Detailed recommendations for each of the 12 sections are outlined subsequently to provide actionable steps for implementation. The overlap of some content among the sections is intentional such that each section is self-contained and can be taken up autonomously.

To ensure a comprehensive discussion, the concluding part of this article has additionally addressed seven more critical Governance domains where progress has been made. Despite advancements, these sectors still grapple with persistent inadequacies and challenges that hinder their full potential. In the concluding section, we therefore present possible solutions, drawing

from prevailing best practices and anticipated technological innovations. By integrating these insights, we aim to offer a forward-looking approach that fosters sustainable improvements and drives meaningful reforms.

Section 1: Revamping the Recruitment Process

Key Areas of Reform:

Embracing Technology: Leveraging digital platforms can simplify and accelerate recruitment. Online applications, automated eligibility checks, and Artificial Intelligence (AI)-powered shortlisting systems will reduce administrative delays and enhance efficiency.

Transparency and Fairness: Recruitment procedures must emphasize transparency, with clear communication of selection criteria, timelines, and results. Independent audits and centralized dashboards can bolster public trust and accountability.

Competency-Based Employment: Transitioning from mainly knowledge-based written exams to skills-based assessments, psychological interviews/assessment, interest/habit mapping and psychometric tests will help to identify candidates most suited for specific roles.

Encouraging Diversity: Initiatives should be adopted to ensure gender, regional, and socio-economic diversity in hiring, fostering equal opportunities for all segments of society.

Streamlining Timelines: Establishing strict deadlines for recruitment phases—from application screening to results declaration—will help address the challenge of prolonged timelines.

Training and Continuous Evaluation: New hires should undergo structured training programs and continuous evaluation to align their skills with job demands and foster ongoing professional growth.

Reservation Policy: This aspect has been elaborated in greater detail subsequently.

Additional Points for Consideration:

Flexible Age Limits: While age limits are essential for roles demanding physical endurance (e.g., defence), intellectual positions like policymaking can benefit from relaxed restrictions, allowing experienced professionals to bring their expertise.

Lateral Hiring from the Private/Academic Sector: Incorporating lateral entry policies to attract private/academic-sector talent brings innovative perspectives, domain expertise, and efficiency-driven practices to Governance. Tailored onboarding programs can ensure their seamless transition to public service.

Military Mentorship Programs: Assigning mentors from the Indian military to new recruits is a compelling strategy for instilling discipline, resilience, and ethical values. The mentorship model can emphasize integrity, teamwork, and strategic thinking.

Upholding Integrity: Recruitment methods must include psychological assessments and ethical simulations to evaluate candidates' decision-making abilities and commitment to public service. Additionally, robust performance tracking, whistleblower protection mechanisms, and rewards for exemplary service can build a culture of accountability while discouraging complacency and misconduct.

Limited Number of Attempts: Setting reasonable limits on the number of attempts a candidate can make at recruitment examinations will maintain a level playing field while ensuring efficiency in the selection process. This approach discourages multiple retakes, promoting fairness and allowing fresh talent to enter the system. It is recommended that a candidate should be allowed a maximum of two attempts.

These reforms aim to create a recruitment framework that is efficient, inclusive, and capable of adapting to India's dynamic Governance needs while upholding core values like integrity and public service dedication.

Reservation Policy for Recruitment:

The Reservation System in India was originally designed to

address historical injustices and provide equitable opportunities to marginalized communities such as Scheduled Castes (SC), Scheduled Tribes (ST), and Other Backward Classes (OBC). It has played a significant role in promoting social justice and inclusivity.

Over time, increasing awareness, social integration, and economic progress have led to a reduction in the stark inequalities that necessitated the original reservation framework. Hence, the continuation of the current system, in its unchanged form, risks perpetuating divisions and fostering counterproductive sentiments within society.

To align the reservation system with contemporary challenges, reforms are essential. The following principles could serve as the foundation of a revamped policy:

Economic-Based Reservation: Transitioning to a system based purely on economic status can ensure that support is directed toward individuals who genuinely face barriers to education, skill development, and societal acceptance due to poverty. This approach can make the system more inclusive and fairer.

Data-Driven Analysis: Leveraging advanced AI tools and data analytics can provide accurate insights into candidates' economic backgrounds, enabling transparent and evidence-based implementation of the reservation policy.

Balancing Merit and Inclusion: Ensuring a balance between meritocracy and affirmative action is vital. Introducing parallel initiatives such as scholarships, skill-development programs, and mentorship for disadvantaged individuals can complement reservations effectively.

Periodic Evaluation: Establishing mechanisms for a regular 5-year review of reservation policies will ensure their relevance and effectiveness. Criteria could evolve based on societal progress and the needs of deprived groups.

Section 2: Performance-Based Variable-Pay System

Given below is a proposed model of a Performance-Based Variable-Pay System:

1) **Salary Components:**

The salary shall comprise of two components:

-Fixed Pay (FP) and

-Performance Pay (PP)

Initially, as an introduction, the ratio of FP to PP can be 80:20 for all junior and middle level employees. For senior employees, the ratio can be 70:30 or even 60:40.

The PP is payable in accordance with the fulfilment of predefined targets, which are set at the beginning of the Financial Year (FY). While the FP component is paid monthly, the PP component is paid as a lump-sum at the end of the FY after evaluation of the achievement of targets.

The PP component comes as a variable incentive. If the target is met, it is paid 100%. If the target achievement falls below a predefined limit, it is zero. If the achievement exceeds a predefined upper limit, it is paid 200%. Intermediate values are computed in linear proportion.

2) **Targets:**

The targets must be SMART. This acronym stands for:

-Specific

-Measurable

-Achievable

-Realistic

-Time Bound

All the set targets must be SMART so that they can be evaluated objectively.

An employee should not get more than a total of 10 targets in a FY. The targets for each employee are set before the beginning of a FY and are evaluated at the end of the FY.

3) **Target Range:**

Each target is range bound with three distinct values:

- Lower Value i.e. Not Achieved.
- Normal Value i.e. Achieved
- Upper Value i.e. Over Achieved or Exceeded.

If the achievement of a target is at or below the lower value, the corresponding PP is zero. If it is achieved as per the set value, the PP is 100% and if the achievement is at the upper value or beyond, the PP is 200%. The PP for the fulfilment of a target between the Lower Value and Upper Value is calculated in linear proportion ($y = mx+c$).

4) **Target Setting:**

The targets are usually divided into three categories:

- Country specific (2-3 targets)
- State, Ministry or Department specific (3-4 targets)
- Individual (maximum 5 targets).

The above categories constitute a pyramid structure such that targets are cascaded from top to bottom.

Country-specific targets are the same for all Government employees. These targets are set by the President, in consultation with the Prime Minister and Chief Justice.

The weightage of the above categories varies with the seniority of the individual. For example, top-ranking bureaucrats, whose actions have significant impact on the country, will have a higher weightage for Country-Specific targets and a lower weightage for Individual targets. Accordingly, a secretary could have target weightages of 50%, 30% and 20% for the above 3 categories while a deputy secretary may have corresponding figures of 20%-40%-40%.

Within a category, the targets can also be weighted individually but should, as far as possible, carry equal weightage.

Once set, the targets cannot be changed during the FY.

The assigned targets for an employee may be modified only in case of a transfer.

5) Target Evaluation and Computation of Performance Pay (PP):

The target evaluation exercise is undertaken at the end of the FY. The fulfilment of each of the maximum ten targets is evaluated as mentioned above. After considering the weightages, the total PP is computed for every employee.

For employees who have been transferred during the course of a FY, the evaluation can be done on a pro-rata basis.

The coordination of the evaluation exercise for the first two target categories can be undertaken by Niti Aayog or any other central nodal agency. The Country-specific targets should be affirmed by the Supreme Court while the State/Ministry/Department specific targets should be affirmed by the corresponding High Courts.

Individual targets are evaluated by the respective Department Heads. These are affirmed by one level higher than the Department Head.

There should be no scope for any litigation.

6) Examples of Target settings:

(The targets and figures below are for illustration only and are neither authentic nor binding)

a) Country-specific

i) GDP growth:

Achieved (100%): 6%

Not Achieved (0%): 4%

Exceeded (200%): 8%

ii) Budget Deficit:

Achieved (100%): 4%

Not Achieved (0%): 6%

Exceeded (200%): 2%

b) Department-specific (example of Income Tax department)

- i) Tax collection increase (%) compared to previous year:
 - Achieved (100%): 10%
 - Not Achieved (0%): 5%
 - Exceeded (200%): 20%
- ii) Growth (%) in number of Income Tax payers compared to previous year:
 - Achieved (100%): 10%
 - Not Achieved (0%): 3%
 - Exceeded (200%): 15%

c) Individual (example of a sub-inspector at a local police station)

- i) Average Score of Police Performance Perception as per random satisfaction survey of 100 residents carried out by local Resident Welfare Association (RWA) on a score range of 1-10.
 - Achieved (100%): 6
 - Not Achieved (0%): 3
 - Exceeded (200%): 9
- ii) Ratio of Crimes Solved to Registered First Information Reports (FIRs) (in %).
 - Achieved (100%): 70%
 - Not Achieved (0%): 50%
 - Exceeded (200%): 90%

7) General:

- a) By automating the logistics and computation of Performance Pay, the entire model becomes simple, acceptable and an integral part of the salary process.
- b) All future pay increases should invariably be based upon enhancement of performance.
- c) This performance pay model can serve as a useful guide to

- identify the training needs of employees.
- d) The model increases transparency and objectivity in deciding promotions. Consistent achievement/exceeding of targets is a critical input.
 - e) Introduction of Presentation Pay is an important step in changing from "Procedure-Driven Governance" to "Performance-Oriented Governance".

Section 3: Right-Sizing the Workforce

Given below are certain practical steps and potential reforms which can help in handling this sensitive and complex issue.

- **Skill-Based Assessment:** Conduct a comprehensive skill audit to identify gaps and redundancies. Employees could be reassigned or upskilled to match the evolving needs of their departments.
- **Digital Transformation:** Invest in technology to automate repetitive tasks, reducing the need for excessive manpower while improving efficiency.
- **Performance-Based Incentives:** Introduce a robust performance evaluation system to reward high-performing employees and address underperformance constructively.
- **Voluntary Retirement Schemes (VRS):** Offer attractive VRS packages to employees nearing retirement age, creating opportunities for younger talent.
- **Flexible Work Models:** Implement flexible work arrangements, such as remote work or part-time roles, to optimize resource allocation.
- **Public-Private Partnerships (PPP):** Outsource non-core functions to private entities, allowing the government to focus on critical areas.
- **Periodic Workforce Reviews:** Establish a mechanism for regular reviews of workforce requirements to adapt to changing demands.
- **Training and Development:** Invest in continuous learning

programs to ensure employees remain relevant in a rapidly changing environment.

- **Streamlining Recruitment:** Align recruitment processes with long-term strategic goals to avoid overstaffing in certain areas.
- **AI-Driven Decision Making:** Use AI and analytics to forecast workforce needs and make informed decisions about hiring, training, and resource allocation.

These reforms aim to create a leaner, more efficient and agile Government workforce while ensuring fairness and transparency.

Section 4: Policy and Process Modernization

Modernizing outdated policies and processes is crucial to improving Governmental efficiency. Key areas of focus include:

- **Identifying and Eliminating Redundancies and Complexities:** Conducting comprehensive policy and process audits to identify outdated, overlapping, or irrelevant regulations. Simplifying these frameworks can improve clarity, transparency and reduce administrative delays.
- **Using Technology to Automate:** This is a powerful tool to achieve the desired outcome in a convenient, smooth, and seamless manner.
- **Result-Oriented Outcomes:** Shifting focus from process adherence to achieving measurable outcomes. Ensuring accountability through periodic evaluations of policy and process effectiveness.

In the following paragraphs, the implementation framework (The 4A method) for modernization is explained in a step-wise manner.

- 1) **Assess:** This involves the preparation of a flow chart of the existing process. The flow chart is a sequential block diagram of the various steps involved in the process. Each step is shown as a separate block. Apart from a brief description of the step, the approximate time taken and the manpower required for completion of the step are entered in each block.
- 2) **Analyse:** After the mapping has been completed, the existing

process is carefully examined and analysed. It is likely that the analysis reveals that certain steps can be modified, eliminated, optimized, combined, or replaced to achieve the results in a more efficient manner. It is also possible that a particular process can be completely revamped or even discarded. This analysis phase is also commonly referred to as “Reengineering”. This reengineering results in a modified flow chart of the process.

- 3) **Automate:** Once a thorough analysis has been done, the steps of the modified process (or even the whole of it) are identified for induction of technology or, in other words, the introduction of “Automation.” This means that the steps can be accomplished without human intervention in less time and in a more efficient manner. The blocks of the modified flow chart, which can be automated, are appropriately marked.

At the end of this stage, the advantages and disadvantages of reengineering and automation in terms of economics, infrastructure, training, productivity, quality, public convenience etc. are evaluated. If the results of this exercise are overall favourable, the stage is set for proceeding to the next phase.

- 4) **Act:** This is the final and most important phase of implementation. Apart from creating the infrastructure, procurement of capital equipment and installation/commissioning, several organizational changes become imperative. These may involve issues such as restructuring, recruitment, resizing, redeployment and retraining of the existing workforce.

In modern times, Governments rely heavily on the use of latest technologies to provide effective solutions for improving the quality of life of citizens. The 4A method is a useful tool to induct technologies into conventional processes which are outdated, cumbersome, inefficient and are largely dependent on human involvement.

By adopting these strategies, the Indian Government can build a robust, streamlined, and transparent Governance model that benefits all citizens.

Section 5: Reducing Corruption and Increasing Transparency

Reducing corruption requires a combination of systemic transformations, policy reforms, and cultural shifts. Several strategies are outlined below to achieve a more transparent and efficient Governance system.

1. Digital Transformation

- Accelerate **e-governance systems** to minimize human intervention in critical processes like approvals, payments, and documentation.
- Scrap financial transactions through **paper-based cheques** because such transactions are intrinsically prone to corrupt practices. Instead, digital transfers such as UPI, NEFT, RTGS, and IMPS should be used. Digital payments can be easily traced and do not bounce because of malintent, mismatching of signatures, etc.
- In order to reduce bribery, eliminate **high value currency notes** (such as Rs. 500/-) and use the Digital Rupee instead. As a starter, all Government salaries should be paid mostly in Digital Rupees only.
- Replace the obsolete, cumbersome, and time-consuming **Annual Budgeting** ritual and parliamentary presentation by using Artificial Intelligence.

A **Digital Twin**, which is a dynamic and intelligent simulation of the entire Indian economy can be created. Using large data analysis and quantum computing, it accesses and processes all past and present data and can predict the future far more accurately using iterative algorithms. Moreover, it can provide a comprehensive and transparent overview of the outcomes of the previous budget exercises.

- Promote **Online Grievance Redressal Systems** to allow citizens to report problems and misconduct anonymously. A specific response from the concerned authority/official would be mandatory. The grievance would remain open until the citizen is satisfied by the response.

- Expand **Blockchain Technology** for secure and tamper-proof record-keeping in areas like property registration, fund disbursement, and procurement.

2. Transparent Processes

- Enforce **Mandatory Disclosures** of assets and income for all public officials every financial year. These should be reviewed by an independent body.
- Develop **Real-time Automated Tracking Systems** for Government projects to ensure that funds are utilized effectively and leakages are reduced.
- Introduce **Online Open Data Initiatives**, where public expenditure and key decisions are made accessible to the public.
- To the maximum possible extent, networking, informal meetings, and private get-togethers with Government officials should be discouraged. All interactions with the public should be **Faceless**. If face to face interaction is necessary, it should be monitored.

3. Accountability Mechanisms

- Strengthen **Anti-Corruption Bodies** and empower them with greater autonomy to investigate and prosecute cases of corruption. Each anti-corruption body should also include independent persons of proven integrity such as retired judges, military personnel, professors, and CEOs from the corporate sector.
- Establish **Performance-based Evaluations** to reward efficiency and penalize inefficiency and misconduct.
- Create a system of **Whistleblower Protection** to encourage reporting without fear of retaliation.

4. Behavioural Change and Training

- Conduct regular **Ethics and Integrity Workshops** for Government officials to instil a sense of duty and morality.

- Emphasize **Citizen-Centric Training** that focuses on service orientation, empathy, and responsiveness.

5. Streamlining Procedures

- **Simplify and Standardize Bureaucratic Processes** to reduce unnecessary red tape, which often fosters opportunities for bribery.
- Promote and implement **Single-Window Clearances** within stipulated timelines for approvals, permits and applications to minimize delays and inefficiency.

6. Strengthen Ethics, Vigilance and Monitoring

- Increase the use of **Artificial Intelligence and Analytics** to detect unusual patterns in financial transactions and identify corrupt practices.
- Implement a **Code of Ethics** in every department and make the Departmental Head responsible for it.
- Deploy **Random Audits and Inspections** to ensure **Compliance** across departments and punish corrupt behaviour.

7. Civic Engagement

- Encourage **Citizen Oversight Committees** to monitor the implementation of Government schemes and projects.
- Launch **Awareness Campaigns** to educate citizens about their rights and methods to report corruption.

By integrating these measures into the functioning of the bureaucracy, it is possible to create a more transparent, efficient, and people-centred Governance system that minimizes corruption. Every step towards reducing corruption builds trust between the Government and the Public, fostering a stronger democracy.

Section 6: Importance of Ethics

Government institutions play a pivotal role in shaping the fabric of our society. Beyond fulfilling their designated functions, these

institutions are expected to uphold and exemplify ethical behaviour.

Society places two key ethical responsibilities on these entities:

-Avoidance of Harm: Institutions must refrain from unethical practices such as corruption, deceit or causing harm. Upholding this principle safeguards public trust.

-Proactive Contribution to Society: Institutions are also called upon to actively contribute to societal and environmental well-being. Though not always a legal obligation, this responsibility is integral to enhancing an institution's public image, trustworthiness, and long-term effectiveness.

In recent decades, technological advancements have magnified the importance of institutional ethics. Every decision and action of an organization is now under constant public scrutiny, amplifying the necessity of a well-documented and sincerely implemented Code of Ethics. A strong ethical framework often mirrors sound Governance and visionary leadership, while its absence indicates inefficiencies and challenges in organizational integrity. Leadership, therefore, carries the responsibility to embed ethical practices within the organization and lead by example.

India's Government Institutions: Bridging the Ethical Gap

India is home to an expansive and diverse array of public institutions, from constitutional bodies to banks and municipal organizations. While many of these institutions have formal Codes of Ethics, their practical implementation remains inconsistent at best. The root causes include:

-Lack of Awareness: Many employees are unfamiliar with the existence or content of these ethical codes.

-Leadership Gaps: Insufficient efforts from leadership to foster a culture of ethics and integrity.

-Public Perception: Challenges such as inefficiency, corruption, and bureaucracy continue to tarnish the image of public institutions.

These factors highlight a crucial link between an institution's ethical practices and its operational performance. A robust ethical

framework is not merely a guiding document but a cornerstone of efficiency, public accountability, and economic sustainability.

Ethical Revitalization through Training

To address the above challenges, the **IC Centre for Governance (ICCG)** has initiated a comprehensive training modules focusing on ethics. These programs aim to:

- Increase awareness of ethical practices among employees and leadership.
- Enhance transparency, efficiency, and productivity across diverse Governmental entities.
- Foster a culture of integrity that transforms public perception and trust.

By aligning ethical values with organizational goals, this initiative aspires to create Government institutions that not only excel in performance but also embody the principles of fairness, accountability, and social responsibility. Such a transformation is essential for India's progress and prosperity.

Why Ethics Matters: Beyond Compliance

Ethics is more than compliance—it is the soul of an institution. Organizations that genuinely integrate ethical practices tend to build stronger relationships with the citizens, inspire their workforce, and drive innovation. Ethical leadership serves as the compass that guides institutions toward sustainable success, ensuring that they are not just entities of service but also harbingers of positive societal change.

Section 7: Modernizing Infrastructure and Maintaining Cleanliness

By upgrading both physical and technological infrastructure and maintaining cleanliness in its offices, the Government can create an environment that supports seamless administrative functions and fosters citizen-centric Governance.

Key Measures:

1. Revamping Office Spaces:

Modernizing Government offices to improve functionality, accessibility, and productivity is crucial. Incorporating paperless operations and communication, ergonomic designs, open workspaces, and advanced facilities can boost staff efficiency while creating a welcoming environment for citizens. Steps should also be taken to reduce support staff such as filing clerks, peons, tea boys, etc.

2. Adopting Technology-Driven Solutions:

Deploying state-of-the-art hardware and software across offices ensures seamless operations. Investments in secure networks and cloud-based systems further enhance the delivery of digital services.

3. Integrated Infrastructure Planning:

Developing coordinated plans across departments prevents redundancy and ensures optimal utilization of resources. By aligning infrastructure development with future demands, the Government can reduce costs and improve long-term sustainability.

4. Green Building Practices:

Sustainability is a key focus, with offices adopting eco-friendly designs. Initiatives such as energy-efficient lighting, water conservation systems, and renewable energy sources contribute to reducing the Government's ecological footprint.

5. Capacity Building for Effective Utilization:

Ensuring that Government employees are adequately trained to utilize modernized infrastructure is essential. Regular workshops and training sessions can bridge knowledge gaps and maximize the impact of these upgrades.

Benefits of Modernization:

Infrastructure modernization transforms the Government operations by:

- Streamlining administrative processes and reducing delays.
- Enhancing the efficiency and effectiveness of service delivery.
- Supporting innovative practices and fostering transparency.
- Reducing environmental impact through sustainable practices.

Maintaining Cleanliness:

The internal Layout of most Government offices is visibly cramped. A packed seating arrangement and clutter can lead to irritation, tension, reduced efficiency, and loss of confidentiality.

Ideally, at regular intervals of six months, every employee should be asked to spend half a day to clean his/her drawers, filing spaces and immediate surroundings. There should be no paper, catalogues, files, cartons, or equipment lying on the floors or on the window sills.

As far as possible and legally permissible, paper should be done away with and digital storage should be made mandatory. Printers and photocopying machines should be few and far apart.

By prioritizing modernization and cleaning efforts, the Government can lay the foundation for a more responsive, efficient, and citizen-friendly Governance model.

Section 8: Data-Driven Decision Making

Key Strategies for Data-Driven Governance

1. Establishing Centralized Data Repositories:

The Government can create secure, centralized databases to store and manage data collected from various departments, agencies, and public interactions. These repositories enable streamlined access to information, reducing duplication and fostering collaboration.

2. Real-Time Data Monitoring Systems:

Implementing technologies such as IoT sensors and cloud-based platforms allows the Government to monitor program implementation, resource utilization, and public service delivery in real time. These systems enhance responsiveness and efficiency.

3. Predictive Analytics:

Utilizing AI-driven predictive models enables the Government to anticipate challenges and opportunities. For instance, predictive analytics can be used to forecast healthcare demands, environmental risks, or economic trends, allowing proactive interventions.

4. Evidence-Based Policy Formulation:

Data analysis provides a factual foundation for developing policies that address real needs and deliver measurable results. The Government can assess past outcomes, identify gaps, and create policies tailored to specific objectives.

5. Inter-Departmental Data Sharing:

Breaking silos between departments through data-sharing protocols fosters collaboration and unified decision-making. This ensures that policies and programs benefit from a holistic understanding of interconnected issues.

6. Integration of AI and Machine Learning:

Advanced technologies like AI and machine learning can process vast datasets to identify patterns, optimize processes, and generate actionable insights. For example, AI can help optimize tax collection systems or improve traffic management.

7. Citizen Feedback Analytics:

The Government can analyse citizen feedback to gauge public sentiment, identify recurring issues, and prioritize areas for improvement. Such insights strengthen citizen-centric services and enhance accountability.

8. Performance Dashboards:

Visual dashboards presenting key metrics enable policymakers to track progress, identify inefficiencies, and make informed decisions. Publicly accessible dashboards also promote transparency and trust.

Advantages of Data-Driven Decision Making:

1. Increased Efficiency:

Data analytics minimizes guesswork and helps allocate resources more effectively, reducing wastage and enhancing operational efficiency.

2. Proactive Problem-Solving:

Predictive analytics enables the Government to anticipate and address potential challenges before they escalate, ensuring resilience and preparedness.

3. Enhanced Transparency:

Data-driven Governance fosters transparency by providing measurable, evidence-based outcomes to stakeholders and citizens.

4. Improved Accountability:

Decision-making, based upon data, can be tracked and evaluated; ensuring accountability among officials and departments.

5. Better Citizen Services:

By understanding citizen needs and sentiments through data, the Government can tailor services to ensure inclusivity and satisfaction.

Integrating data analytics into Governance is not just a technological advancement; it represents a transformative shift in approach. By embedding data-driven strategies into every aspect of administration, the Government can unlock its potential to deliver smarter, faster, and more impactful solutions and outcomes to public challenges.

Section 9: Fostering Research, Innovation, and Creativity

Key Areas:

1. Establishing Dedicated Research and Development (R&D) Centres:

The Government can create specialized R&D hubs focused on

Governance innovation. These centres can work on formulating solutions, specific to India, for emerging issues such as urbanization, healthcare, and climate change. Interdisciplinary research teams comprising policymakers, scientists, and technologists can bring diverse ideas and perspectives to these challenges.

2. Public-Private Partnerships (PPPs):

Collaborative efforts between Government agencies, academic institutions, private organizations, and non-governmental organizations (NGOs) can pool expertise, resources, and funding. For example, leveraging private sector expertise in AI and data analytics can enhance policymaking and service delivery.

3. Encouraging Experimentation in Governance:

The Government can encourage departments and local bodies the flexibility to pilot new ideas and innovative programs. This could include experimenting with smart city technologies, integrating blockchain for secure transactions, or deploying AI for predictive analytics in public health. Successful initiatives can then be scaled up nationally.

4. Innovation Challenges and Competitions:

By organizing competitions, the Government can engage citizens, startups, and researchers to propose innovative solutions to Governance challenges. Offering grants or funding for the best ideas encourages participation and fosters a culture of creativity.

5. Incentivizing Innovation Within Government:

Creating incentive structures for Government employees who propose and implement successful innovations can spark creativity within public institutions. Recognizing and rewarding such efforts motivates others to contribute their ideas.

6. Technology-Driven Research Initiatives:

Embracing cutting-edge technologies such as AI, machine learning, and the Internet of Things (IoT) allows the Government to analyse data effectively, predict trends, and tailor solutions to specific needs. For example, using satellite data to optimize urban planning

or deploying IoT for efficient water and energy management.

7. Knowledge Sharing Networks:

Establishing platforms for knowledge exchange between the Governments at local, national, and international levels can drive innovation. Sharing case studies and best practices across regions ensures faster adoption of proven solutions.

Benefits:

1. Enhanced Problem Solving:

Research-backed strategies lead to informed decision-making, reducing inefficiencies and improving outcomes.

2. Economic Growth:

Investments in innovation often yield significant returns through improved productivity, job creation, and resource optimization.

3. Citizen-Centric Services:

Innovative solutions help create services that are more responsive, accessible, and tailored to citizens' needs.

4. Resilience Against Emerging Challenges:

Continuous innovation equips the Government to adapt to changing global dynamics, from technological advancements to environmental crises.

Fostering a creative culture of innovation and research requires a shift in mindset—from routine Governance to dynamic exploration. By empowering officials, collaborating with external partners, and engaging citizens, the Government can unlock their full potential to address contemporary challenges and improve public welfare.

Section 10: Improving the Attitude of Government Officials towards the Public

To cultivate politeness, humility, and a genuine sense of public service among Indian Government officials, several innovative strategies could be introduced. These could reshape the organizational culture and nurture attitudes aligned with servant leadership:

- 1. Values-Based Training:** Incorporate regular workshops and modules focusing on empathy, emotional intelligence, and public service ethics during onboarding and career development phases.
- 2. Citizen Interaction Programs:** Organize initiatives where officials directly engage with communities, listening to their concerns and understanding grassroots challenges firsthand. This helps humanize the Governance process.
- 3. Feedback Loops:** Establish systems where citizens can provide constructive feedback on officials' conduct and service delivery. Recognition of positive behaviour could encourage humility and politeness.
- 4. Public Service Role Models:** Highlight and reward officials who exemplify servant leadership and dedication, creating aspirational figures within the government.
- 5. Cultural Integration:** Promote activities like storytelling sessions, where officials can share meaningful experiences of serving society, reinforcing a collective purpose.
- 6. Behavioural Incentives:** Design rewards for exemplary public behaviour, such as community appreciation days or recognition programs focused on service excellence rather than power.
- 7. Mindfulness and Self-Reflection Programs:** Facilitate regular mindfulness sessions and retreats to encourage self-awareness, humility, and an attitude of service.
- 8. Inclusive Policies:** Foster policies that emphasize collaborative decision-making and inclusion, ensuring officials approach their role as mentors and facilitators rather than authority figures.

Adopting these measures could instil a mindset where officials see their positions as opportunities to contribute to society, enhancing trust and respect between the Government and the Public.

Section 11: Employee and Citizen Feedback Mechanisms

Key Strategies for Employee Feedback Mechanisms

1. Internal Surveys and Evaluations:

Conduct regular surveys to understand employees' perspectives

on workplace challenges, job satisfaction, and opportunities for improvement. This helps identify gaps in productivity and morale.

2. Suggestion Platforms:

Provide digital platforms where employees can propose ideas for streamlining processes or improving service delivery. Anonymous submission options can encourage honest feedback.

3. Periodic Feedback Reviews:

Establish feedback cycles that include annual reviews, where employees can openly share their experiences. Managers and supervisors should use this information to implement changes and enhance team dynamics.

4. Recognition Programs:

Foster a culture of appreciation by acknowledging and rewarding innovative ideas, outstanding performance, and contributions to organizational improvement. This encourages employees to actively engage in feedback initiatives.

5. Support Systems and Open Communication:

Create support systems, such as mentoring programs and regular one-on-one conversations, where employees can raise concerns without fear of repercussions. Transparency in communication builds trust within teams.

Key Strategies for Citizen Feedback Mechanisms

1. Interactive Feedback Platforms:

Develop user-friendly digital portals and mobile applications for citizens to submit feedback, report grievances, and provide suggestions. These tools should be accessible in regional languages to ensure inclusivity.

2. Public Forums and Consultations:

Host regular meetings, community forums, and consultations to engage citizens in discussions about policies and programs. This fosters collaboration and collective problem-solving.

3. Recognition for Constructive Feedback:

Encourage citizens to participate by highlighting cases where their feedback led to impactful changes. This builds a sense of empowerment.

4. Data Analytics Integration:

Use analytics to process and categorize citizen feedback, identifying trends, recurring issues, and areas for improvement. These insights can inform policymaking and service optimization.

5. Multi-Channel Accessibility:

Feedback systems should be available across various channels, such as phone hotlines, email, physical feedback forms, and online platforms, ensuring equitable access for all demographics.

Benefits of Effective Feedback Mechanisms

1. Enhanced Transparency:

Open feedback systems demonstrate the Government's commitment to accountability and public engagement.

2. Continuous Improvement:

Regular feedback allows for real-time identification of issues, enabling immediate corrective actions and long-term improvements.

3. Strengthened Trust and Collaboration:

Involving employees and citizens in Governance processes fosters trust and cooperation, bridging the gap between Government and Public expectations.

4. Innovation and Creativity:

Feedback from diverse stakeholders often leads to innovative ideas and solutions that the Government may not have considered.

5. Empowered Participation:

By providing channels for input, the Government empowers

employees and citizens to actively contribute to Governance and policy development.

Developing a culture that values feedback is key to transformative Governance. The Government must view feedback as an opportunity to grow and adapt, rather than as a challenge to authority. By integrating structured and responsive mechanisms for employees and citizens, the Government can build a system that is inclusive, transparent, and truly collaborative.

Section 12: Environmental Sustainability in Governance

Integrating Green Principles for a Sustainable Future

Key Strategies for Sustainable Governance

1. Eco-Friendly Policies and Practices:

The Government must prioritize the development and implementation of policies that encourage the adoption of electric vehicles, green hydrogen instead of oil & gas, renewable energy sources, waste reduction, and sustainable resource management. These policies could include incentives for businesses transitioning to green practices, such as tax benefits for renewable energy projects or subsidies for eco-friendly technologies.

2. Green Office Initiatives:

Sustainable office environments can significantly reduce the environmental impact of Governmental operations. Actions such as adopting paperless workflows, transitioning to energy-efficient lighting and heat exchange systems, and implementing robust recycling programs can serve as practical steps. Offices can also introduce water-saving measures like low-flow fixtures and water recycling systems.

3. Sustainable Public Infrastructure Development:

As the Government plans and builds new public infrastructure, integrating green building designs is essential. Utilizing materials with low environmental impact, ensuring energy efficiency, and incorporating renewable energy solutions (like solar panels) into public buildings are critical measures. Furthermore, establishing

urban green spaces, such as parks and urban forests, contributes to air quality improvement and biodiversity conservation.

4. Climate Resilience and Adaptation Planning:

The Government must proactively develop strategies to address the impact of climate change. This includes creating comprehensive disaster management frameworks, promoting community-based conservation efforts, and investing in climate-resilient infrastructure such as flood barriers and drought-resistant agriculture systems. These measures help communities adapt to adverse environmental conditions while safeguarding livelihoods.

5. Public Awareness and Participation:

Educating citizens on sustainable living practices is crucial for the success of environmental initiatives. The Government can launch campaigns to promote the three Rs (Reduce, Reuse, Recycle) and host workshops to demonstrate ways to reduce carbon footprints. Encouraging public participation through community-driven green initiatives fosters a sense of collective responsibility towards the environment.

6. Sustainable Procurement Practices:

Introducing green procurement policies ensures that the Government leads by example when purchasing goods and services. Prioritizing suppliers and products that adhere to sustainability principles can catalyze market demand for environmentally friendly alternatives.

7. Monitoring and Evaluation Systems:

Sustainability in Governance requires robust systems to monitor the efficacy of green initiatives. Periodic evaluations and transparent reporting mechanisms can help identify gaps and opportunities for improvement. Data-driven approaches ensure accountability and enable informed decision-making for future sustainability projects.

Benefits of Environmental Sustainability in Governance:

Integrating environmental sustainability into Governance yields multiple benefits across ecological, social, and economic dimensions:

- **Ecological Impact:** Reducing greenhouse gas emissions, preserving biodiversity, and promoting resource conservation are direct outcomes of sustainable Governance practices.
- **Economic Efficiency:** Sustainable solutions, such as energy efficiency programs and waste reduction initiatives, often result in significant cost savings over the long term.
- **Public Health:** Green Governance contributes to cleaner air, safer water, and healthier living environments, enhancing overall public well-being.
- **Global Leadership:** By championing sustainability, the Government can position itself as a global leader, inspiring other nations and fostering international collaboration.

Environmental sustainability is not just a necessity—it is a responsibility that the Government must embrace. Through thoughtful policies, innovative practices, and public engagement, the Government can align its operations with the pressing need for ecological preservation. As the cradle of wisdom and culture on our planet, India can set a powerful example, paving the way for a sustainable future for generations to come.

Conclusion

While we have explored 12 key areas for improvement, primarily focusing on future-oriented strategies, it is equally important to acknowledge the domains where some progress has already been achieved. Despite these advancements, certain gaps and inadequacies persist, requiring targeted interventions. Below, we outline seven such critical areas, highlighting their existing challenges along with proposed solutions to address them effectively.

A. Weak Judicial System and Delayed Justice

Challenge:

Case backlogs, slow trials, and complex legal procedures contribute to delays in justice delivery.

Solution:

- **Judicial Reforms:** Increasing the number of judges, fast-track

courts, and modernizing court processes and procedures.

- **Alternative Dispute Resolution (ADR):** Encouraging arbitration and mediation to reduce the burden on courts.
- **Technology Integration:** Implementing AI-based justice tools and digital case management systems.

B. Inadequate Urban Planning and Infrastructure

Challenge:

Rapid urbanization has led to congestion, severe pollution, poor sanitation, and inadequate infrastructure in cities.

Solution:

- **Smart Cities Initiatives:** Expanding urban planning with integrated Electric Vehicle (EV) transport and charging facilities, renewable energy, clean potable water, efficient drainage systems, waste management, underground parking, smart electric crematoriums, all-round cleanliness and hygiene.
- **Affordable Housing Policies:** Promoting public-private partnerships to develop affordable pre-fabricated housing projects with integrated parking and EV charging facilities.
- **Public Transport Modernization:** Enhancing metro networks, electric buses/taxis, air taxis, drone-based deliveries and intelligent traffic management systems.

C. Education System Gaps

Challenge:

Quality disparities between urban and rural schools, outdated curricula, inadequate teaching facilities, and lack of industry-focused education.

Solution:

- **Curriculum Reform:** Incorporating skill-based and digital education in schools.
- **Teacher Training Programs:** Enhancing teacher qualifications and improving pedagogy techniques.

- **Increased Funding for Rural Education:** Expanding infrastructure and digital access in remote regions, remote teaching and monitoring.

D. Healthcare Accessibility and Quality Issues

Challenge:

Public healthcare facilities struggle with understaffing, inadequate funding, and lack of medical supplies.

Solution:

- **Universal Health Coverage:** Expanding Government-funded healthcare schemes.
- **Telemedicine and AI Diagnostics:** Leveraging technology to bridge gaps in rural healthcare.
- **Regulation of Private Hospitals:** Strengthening policies for pricing transparency and quality assurance.

E. Unemployment and Workforce Skill Mismatch

Challenge:

Many graduates lack employable skills, leading to an unemployment crisis despite job openings in emerging sectors.

Solution:

- **Skill Development Initiatives:** Expanding vocational training programs linked to industry needs.
- **Encouraging Entrepreneurship:** Simplifying business registration and offering financial incentives for startups of both young entrepreneurs and experienced/retired personnel (silver startups).
- **Employment-Oriented Education:** Collaborating with industries to align academic courses with job market demands.

F. Digital Inclusion and Cybersecurity

Challenge:

Unequal access to digital infrastructure and rising cyber threats hinder Governance progress.

Solution:

- **Expanding Internet Access:** Investing in rural broadband connectivity and secured public Wi-Fi hotspots.
- **Cybersecurity Frameworks:** Strengthening digital laws and cybersecurity training programs.
- **AI-Driven Threat Detection:** Deploying AI-based monitoring tools to prevent cyber fraud and attacks.

G. Poor Implementation of Welfare Schemes

Challenge:

Several Government welfare programs suffer from mismanagement, leakage of funds, and inefficiencies in service delivery.

Solution:

- **Direct Benefit Transfers (DBT):** Expanding DBT systems to eliminate intermediaries/brokerages completely and ensure funds reach intended beneficiaries in the shortest possible time.
- **Data-Driven Monitoring:** Using AI and big data analytics to track scheme effectiveness and detect irregularities.
- **Community Participation:** Encouraging local involvement in implementation to enhance accountability.

For the I2GE initiatives to have a transformative and lasting impact, it requires collaborative efforts from politicians, judiciary, bureaucracy, and the broader public. The successful execution of these measures is anticipated to bridge the gap between public expectations and Government delivery.

Anurag Goel

AI-Powered Future-Ready Governance: A Journey

What does Future-Ready Governance (FRG) mean in the context of the technological storms sweeping the world today, providing the means to deal with humanity's grand challenges, as also creating the specter of existential and other threats Artificial Intelligence (AI) may pose? Some people think of FRG in terms of application of technologies like AI to solve current problems, and providing quality services to the citizens. Others tend to build further on the traditional paradigms/ concepts of rule of law, equity, ethics, inclusiveness, efficiency, transparency etc. This thought paper attempts to add the additional critical elements of visualizing/ anticipating the future, proactively dealing with technology-driven disruptions, and having inbuilt institutionalized systems, structures and processes for tapping the power of emerging exponential technologies, to ensure quality services and security. It views FRG as an evolving process, with clear direction determined by the people's aspirations, powered by technology, which is dynamically agile to deal with this fast-paced 'Era of Disruption', and respond effectively to emerging challenges and opportunities. The author shares part of his journey towards FRG, feels that the time has come to think of new paradigms for governance, and suggests adoption of the mantra "Reimagine, Redesign, Recreate", to explore/ experiment-with new ideas, including through pilot projects.

Introduction

Yuval Noah Harari, the famous historian, author and futurist, sees history of the universe as comprising basically two stops: first, 4 billion years ago when organic life (amoeba) emerged on earth, second now with beginning of the inorganic evolution. He talks of the tension between the organic entities (like humans) and the

inorganic digital systems (like AI, computers) which are shaping the world, and says we will have to adapt to them. He says that people like Bill Gates, Sam Altman are afraid of what they are doing; and views ChatGPT etc. as the mere amoeba of AI evolution, wondering what the dinosaurs of AI will look like. (Interview by Andrew Ross Sorkin on 1st November, 2024).

We are living in an exciting, challenging “Era of Disruption”, with technology as a key driver, and opportunities galore. The ever-accelerating pace of change is fast exceeding the limits of change humans and organizations can absorb, multiplying Alvin Toffler’s “Future Shock”. Governments will be required to deal with disruption of the existing institutional structures in industry, academia, healthcare, work/ jobs etc., and design new ones. The world/ society @2035 will be incredibly different from today. This **Thought Paper** seeks to present elements for visualization of the future, with a possible approach to governance for/ in future, and is meant to be a catalyst for beginning wide-spread deliberations/ discussions on multiple possible/ plausible futures.

Yuval Noah Harari ... sees history of the universe as comprising basically two stops: first, 4 billion years ago when organic life (amoeba) emerged on earth, second now with beginning of the inorganic evolution.... calls ChatGPT the ‘amoeba’ of AI evolution, wondering what the dinosaurs of AI will look like.

The Future: World@2035

Eminent futurists and scientists world over recognize exponential technologies as one of the major forces shaping the future. Artificial General Intelligence (AGI), equal to human intelligence is round the corner, and immeasurably more powerful Artificial Super-intelligence (ASI) will follow sometime in 2030s. Ray Kurzweil, Google’s AI Visionary, talks of reaching the Singularity, leading to radical changes in medicine, longevity, and human capability—possibly enabling humans to merge with AI through brain-computer interfaces. Dr. Michio Kaku, another leading futurist, foresees breakthroughs in quantum computing, teleportation, nanotechnology, and brain augmentation, enabling us to cure diseases, upload consciousness,

and expand human lifespan dramatically. Both believe the future holds immense promise, but also unprecedented risks, and urge the society to ensure that these advancements are developed ethically and inclusively.

Let's try to visualize World@2035, a world in transition—deeply reshaped by technology, yet grappling with its human consequences. Artificial Intelligence, biotech, and automation have transformed how we live and work. Many routine jobs are gone, replaced by AI agents and autonomous systems, forcing societies to rethink education, employment, and meaning. Healthcare is personalized and predictive, cities are smarter, and daily life is powered by intelligent systems. Yet this progress comes at a cost—surveillance is widespread, privacy is fragile, and millions face job insecurity or struggle to adapt to new skill demands. At the same time, people increasingly live in virtual worlds, often isolated, seeking connection in digital spaces while real-world communities fray. Mental health issues and loneliness are rising, even as lifespans increase. Climate change is a visible, urgent crisis—bringing more extreme weather, displacement, and resource conflicts. Social and economic divides persist, with access to technology and opportunity uneven across the globe. And yet, within this complexity, new forms of resilience emerge: local movements, renewed interest in purpose and wellbeing, and growing calls for ethical governance of powerful technologies.

World@2035 is not a utopia or dystopia, but a fragile balancing point—between abundance and exclusion, innovation and disruption, control and freedom. It is a world where the next chapter of human history will be shaped not just by what technology can do, but by our values, choices and the action we take now.

Artificial Intelligence, biotech, and automation have transformed how we live and work.... forcing societies to rethink education, employment, and meaning.... World@2035 is not a utopia or dystopia, but a fragile balancing point between abundance and exclusion, innovation and disruption.

Strategic Foresight: A Virtual Time Machine

Any attempt to put Future-Ready Governance structures/ systems

in place, has to obviously start with having a sense of the future. It would be best to use future research methods for anticipating the likely developments. Strategic Foresight is one such tool, and helps capture the likely scenarios with high degree of probability. In today's context of ever accelerating pace of technology-driven disruption, many of the future situations can be visualized in advance and suitable adaptive strategies formulated. Strategic Foresight can be thought of as a virtual AI/ Big Data based time machine, which equips us to visualize the multiple possible, plausible, probable futures, decide our own desired future, and design backward to create it. It is the survival kit for governments in an AI-dominated future.

“Strategic Foresight is a virtual AI-powered time machine that enables governments to design backward from the future they desire.”

Exponential Technologies

Exponential technologies—those that double in power or capabilities every 12 to 24 months while often dropping in cost—are thus transforming societies by tackling grand challenges and enabling governments to accelerate growth and prosperity. However, they could also lead to dystopian scenarios. Dario Amodei assessed chances of extinction of homo sapiens by AI as 10-25%. In words of Sam Altman “The bad case.... is.... lights out for all of us”. Elon Musk says “AI doesn't have to be evil to destroy humanity. If AI has a goal, and humanity just happens to be in the way, it will destroy humanity as a matter of course, without even thinking. No hard feelings”. The need for effective regulation, as also development of ethical and responsible AI, is self-evident.

“AI doesn't have to be evil to destroy humanity... If humanity is in the way, AI will destroy us without even thinking—no hard feelings.” – Elon Musk.

AI, Metaverse, Biotechnology

Let's look a little more at three of the critical exponential technologies, namely AI, Metaverse and Biotechnology and their likely impact on the world, life and governance, before looking for a possible FRG Framework:

- i) **AI:** At the global level, AI will transform economies, disrupt jobs, power global competition, and accelerate innovation. In our lives, apart from being a personal assistant, it will help in health diagnostics, smart homes, and decision support in daily life. In governance, it will enable data-driven policymaking, predictive services, and AI-powered public service delivery. It is evident that AI will have to be deeply woven into the fabric of future-ready governance, even as we contain and control its potential to harm humanity and governance.
- ii) **Metaverse:** It is a technology which is creating new virtual worlds in which we can live as an avatar of our choice, transact business which can even be linked to physical world, be educated and entertained, and take up a large number of other human activities. Its convergence with AI and quantum computing can be a source of huge data and immense power. It will create a parallel digital economy with new industries, markets, and global interactions, provide opportunities for immersive socializing, learning, working, and entertainment in virtual environments. It may give rise to significant governance challenges, including those relating to legal systems, identity management, digital rights, digital currencies, and cross-border regulations.
- iii) **Biotechnology:** Biotechnology is giving increasing power to manage disease/ decay and modify our bodies in a variety of ways, including through gene-editing and 3 D printing of organs. MIT Professor Cordeiro and Cambridge Professor Wood claim in their book “The Death of Death”, that death will be optional by 2045. Biotechnology will redefine healthcare and agriculture, with gene editing and bio-manufacturing. It will provide huge opportunities for governments to improve lives of the citizens, but also raise ethical, safety, and regulatory challenges in genetics, privacy, and equity.

The Metaverse will create a parallel digital economy and immersive environments for learning, working, and socializing—raising complex governance challenges.

Future-Ready Governance: Are We Ready?

Governance is facing unprecedented challenges, with the world and societies changing exponentially. Future-Ready Governance must, therefore, go beyond solving today's problems—it must visualize the future, anticipate disruptions, and institutionalize mechanisms to harness the power of exponential technologies. Also, circumstances and aspirations being different in different places and times, there cannot be a single one-size-fits-all model. Given the kind of legacy and environmental uncertainties governments face today, it is advisable to experiment through a series of pilot projects, and develop a bouquet of FRG options. This will give adequate choice to everyone for adopting, modifying and developing them, without being constrained by any half-baked model. Let better insights, even a few models, evolve over a period of time. Then only will we be ready to truly usher in Future-Ready Governance.

“Transitioning to Future-Ready Governance requires a futurist mindset—unhindered by past paradigms, anchored in learning and experimentation.”

Transitioning to Future-Ready Governance requires a Futurist Mindset—unhindered by past paradigms and deeply anchored in learning and experimentation. A key lesson from Strategic Foresight, that projecting past into future is a sure recipe to failure, has to be internalized. As observed by Eric Hoffer “In times of change, learners inherit the earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists”. Initial steps towards FRG may, therefore, be pilot projects designed as a quest to learn, as experiments of a civilization preparing for an AI-shaped tomorrow, to create new pathways.

“In times of change, learners inherit the earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists.” – Eric Hoffer

Dhruv Tara (North Star)

This quest must start with a North Star that leads to highly motivated alignment of personal and organizational goals, by individual dreams of people within an organization/ society coalescing

into a shared collective dream for the organization/ society. In his book “Ignited Minds - Unleashing the Power within India”, former President Hon’ble APJ Abdul Kalam says “I always tell the young to dream. Dreams transform into thoughts. Thoughts result in actions. If there are no dreams, there are no revolutionary thoughts; if there are no thoughts, no actions will emanate. This comes from the understanding that each one of us has within ourselves, the ability to create the circumstances for success – to attract, so to say, to ourselves what we desire”.

IC Centre for Governance has launched an initiative called “Making Dreams Come True”, to guide the journey for turning dreams into reality, with this as North Star. It combines latest developments in Future Literacy/ Foresight, AI/ exponential technologies and organizational innovations, with the traditional Indian value system and ethics (termed “inner governance “), to provide a “Future-Builder’s Kit to Dream Achievers”. Partnerships are being forged with like-minded people and organizations to develop, replicate and scale this initiative.

Principles of Future-Ready Governance

Future-Ready Governance (FRG) Framework may be developed around the principles of being “Future-Driven, Technology-Powered, Human-Centric, Sustainability-Conscious”:

i) Future-Driven (Proactive, Anticipatory, and Adaptable)

Visualize future scenarios and emerging challenges/ opportunities. Set up future-sensitive, agile, rapid response systems.

ii) Technology-Powered (AI-Driven, Data-Centric, Decentralized)

Harness the power of technology for quantum jump in institutional and process efficiency. For example, AI systems/ agents support policy formulation, implementation and public services; Blockchain based systems help transparent, decentralized functioning and tamper-proof records etc.

iii) Human-Centric (Inclusive, Ethical, People-First)

Governance to be human-centric for people, as also internally for governmental functionaries. People-first mindset, supported by technology-assisted policies/ programs, will help ensure ease of access and fair play, across all socioeconomic groups.

iv) Sustainability-Conscious (Resilient, Green, Long-Term)

Environmental, social, and economic sustainability to be at the core of all decision-making. Real-time monitoring of natural resources, pollution, and climate risks, will help ensure that development today does not compromise needs of future generations.

Managing Change/ Transformation: Reimagine, Redesign, Recreate

The FRG initiative will need to be led by people with a futuristic and moonshot mindset, knowledge of exponential technologies, and excellent inter-personal skills. They would need to understand the anatomy of disruption, and Reimagine every institution and sector. The existing institutions and systems will then need to be Redesigned to cater to the future Reimagined scenarios, followed by effective strategies and pragmatic action plans to Recreate them. A series of skilfully designed pilot projects, within this framework, will help develop prototypes and Proof of Concept (PoCs), which may be replicated and scaled to evolve a holistic, flexible strategic architecture. The change strategy would need to specifically address challenges arising from sabotage by vested interests and resistance due to insecurity/ ignorance, as also AI introduction related issues like bias in data labelling/ training as also manipulation, algorithms generating fake content, and legal issues about responsibility and liability.

The mantra for transformation: Reimagine. Redesign. Recreate..... Governance of the future needs to be Future-Driven, Technology-Powered, Human-Centric, and Sustainability-Conscious.

Exponential SDGs: Quality, Speed, Savings

The United Nations (UN) Sustainable Development Goals (SDGs) initiative, for the period 2016-2030, is now fully embedded in governance systems, and has been implemented in many places

with whole-of-the-government approach. A quantum upgrade into what may be termed Exponential SDGs, by tapping the power of technology, can be a good beginning for the FRG initiative. This will significantly improve the quality and speed of SDGs implementation, at lower costs, through high-tech integration, reinventing internal systems and processes, and empowering/ enabling functionaries to deliver more with less effort, also leading to higher motivation and job-satisfaction.

Good Governance Dimension of FRG

Good governance, with emphasis on efficient institutional processes and ongoing application of exponential technologies, has to be the beginning of any initiative to usher in Future-Ready Governance. A series of AI-Assisted/ Powered Governance initiatives could be taken up, e.g. i) introduce AI-powered systems to help automate and verify various citizen-centric services for issuing caste/ income/ birth/ age/ academic credentials certificates immediately, ii) set up systems to control corruption, eg by analyzing patterns of wilful delays, deviations from rules, and procedural inconsistencies, and checking human bias, and iii) fast-track grievance redressal through integrated, blockchain based records and automated follow up systems.

Experience Sharing: Path To Future-Ready Governance

Collective dreams will require collective experience-sharing and thinking-together. This Paper invites thoughts and partnerships for the path-finding journey. The author's experiences over the last decade, are being touched upon in this context, as they have helped shape the evolution of ideas in this Paper:

- i) **World's First SDG Model:** The author developed in end 2015, the first Vision and Strategic Architecture in the world for SDG implementation, using futurism, technology, organizational development, and whole-of-the-government approach. This was adopted by Government of Assam, appreciated by the UN Secretary General himself, and drawn upon by NITI Aayog,

United Nations Development Programme (UNDP), and other States for their own SDG policy/ strategy development.

- ii) **Formal Documents for Government of India (GoI):** The author developed a Strategy Paper on the National Centre for Good Governance (NCGG) in 2018, at the behest of the then Cabinet Secretary, PK Sinha. This was followed by another document in July, 2019, again at the suggestion of Cabinet Secretary Sinha, titled “Futurism/ Foresight & Disruptive Technologies for Future-Ready Governance”.
- iii) **FRG model for Govt of Jammu & Kashmir:** In June, 2023, the author was invited by Sri Manoj Sinha, Lt Governor, Jammu & Kashmir to advise his Government for becoming Future-Ready. Four months of intensive work (pro bono), in close consultation at all levels, led to an FRG Model for J&K with the following key recommendations being approved by the Lt. Governor in October, 2023:
 - a) *Reimagine, Redesign, Recreate* Government by making it Future-Driven, Technology-Powered, Human-Centric, and Sustainability Conscious. Take up selected FRG Pilot Projects.
 - b) Set up a “*Centre for New Age Governance*”, for research, expertise and capacity building on Foresight and exponential technologies.
 - c) Adopt Kurt Lewis’s Change Management Model with “unfreeze, change, refreeze” as a three-stage process for effective management of change/ transformation.
- iv) **Web-Series 2025:** Author’s web-series titled “AI & Beyond: Humanity At Crossroads” for awareness-building about the potential and dangers of AI, helped underline the enormity of challenges in communicating on future, and mobilizing support for initiatives to shape the future.

“Future-Ready Governance must go beyond solving today’s problems—it must visualize the future, anticipate disruptions, and institutionalize mechanisms to harness exponential technologies.”

Next Steps on Future-Ready Governance Journey

The journey may begin with a series of pilot projects for experiential learning, hypothesis testing and proof-of-concept, using the principles and strategies for Future-Ready Governance suggested earlier. The outcomes can then be the building blocks for developing different FRG models. Following projects may be considered:

- i) **AI-Powered Viksit Bharat:** With Artificial General Intelligence expected to be available within this decade, and Artificial Super-Intelligence in the next, an AI boosted/ accelerated Viksit Bharat@2035 could be conceived and developed as a fast-tracked first phase step towards Viksit Bharat@2047. Strategic Foresight, and reimagined organizational structures and processes with embedded AI, may provide the foundation. A few Ministries and State Governments may take this up first on a pilot basis.
- ii) **Data-Driven Nation:** Reposition the current data-initiatives strategically as part of a “Data-Driven Nation” Mission, having people at the heart of governance, with data serving as the circulatory system, and artificial intelligence as the brain to support citizen-centric policy formulation and implementation. Further, in the AI era, data is not just an economic asset — it's a weapon of sovereignty, a lever of geopolitical power, and the new currency of governance. Those who command data will shape nations and lead civilizations. As Harari says, those who control the data, will control the future, humanity and life itself.
- iii) **Exponential SDGs:** GoI and State Governments may select a few SDGs as per their priorities, and revamp their implementation mechanisms for technology -powered, exponential SDGs. AI isn't just a tool — it's the force that will converge with other technologies, to redefine healthcare, education, administration and human well-being in the next decade.
- iv) **Reimagining District Administration:** District Administration occupies a pivotal position in India's governmental architecture. Districts, including Aspirational Districts, may be selected across States, for being reengineered as AI-Powered Districts, by further developing the concept initiated during Jammu & Kashmir FRG experiment.

AI will have to be deeply woven into the fabric of governance—even as we contain and control its potential to harm... AI isn't just a tool—it's the force that will converge with other technologies to redefine healthcare, education, administration and well-being.

v) **Virtual Universities, Transformed Schools:** The purpose, processes, pedagogy of the present education system have to be imagined afresh, redesigned and recreated, for the AI world of future. The new paradigms may include operationalizing the concept of AI-Powered students, teachers and institutions, setting up of virtual universities with AI-driven metaverse platforms, etc. Action for this is already in hand world over, including by some educational institutions/ experts with whom the author is working. Real impact would, however, happen only if governments encourage/ facilitate pilot projects, to be replicated and scaled later.

vi) **Paradigm Shift in Healthcare:** Power of AI can help us shift the present “sick-care of patients” paradigm to genuine healthcare. A major part of the new “personalized, preventive, predictive care” can be at home, supported by nearby healthcare/ diagnostic centres, with hospitals largely meant for “critical care”. New ideas for reimagining healthcare with AI-Powered patients, doctors, hospitals, diagnostics, medical education, research and pharmaceuticals, may be explored for initiating the pilot project.

vii) **Indian Institute of Foresight & New Age Technology (IIFNAT):** The initiatives mentioned above would require world class knowledge/ expertise in the areas of Foresight/ Futures-Thinking and New Age Science/ Technologies. Leading edge research and knowledge management, as also large-scale awareness and capacity building, would also be absolutely essential to respond to the challenges and opportunities offered by technology. Providing top-grade institutional support systems is essential. Creating an institution, which may be called the “Indian Institute of Foresight & New Age Technology (IIFNAT)”, may be considered.

Data is not just an economic asset—it is a weapon of sovereignty and the new currency of governance.... those who command data will shape nations and lead civilizations.

Conclusion

Above ideas need to be discussed and deliberated on by policymakers, thinkers, influencers and people across all sections of the society, to arrive at a shared understanding of the current technology-triggered era-of-disruption, and multiple possible/plausible futures. A menu of options may then be developed for transforming today's governance to make it future-ready. The right AI Policy, Regulation and Development will obviously be of extreme importance, because AI will inevitably be interwoven into the very fabric of governance for/in the future, and there also seems to be a need to reimagine and redesign the regulators of the future.

This Paper touches on some of the AI related issues briefly, but a separate Paper would be required to deal with them holistically. The AI Paper would not only look at the current concerns about data privacy, identify thefts, deep fakes, cyber crimes, behavioural changes in users etc., but also on the danger of increasing reliance on AI in making decisions/ choices at the cost of individual /human intelligence, innovation and initiative, impact on social discourse/norms and society (including the apprehension that individuals may start preferring virtual interactions to in-person meetings, and families may be replaced by corporate herds), possibility of AI becoming sentient, etc. It will also need to analyse the stage at which AI is today in Gartner Hype Cycle. For instance, recent papers on General Artificial Intelligence (GAI: ChatGPT etc.) have started talking of limitations of complexity that current GAI models can handle, instances of their lying, deceiving, blackmailing etc., as also refusal to obey commands to shut down; demonstrating some typically human characteristics, including the instinct for self-preservation. Some analysts feel that with AI having moved beyond the "Innovation Trigger" stage on Gartner Hype Cycle, different AI models/ usages are at different stages today; for example i) GAI is at the stage of "Peak of Inflated Expectations" moving towards the "Trough of Disillusionment", while ii) AI in healthcare is between "Slope of Enlightenment" and "Plateau of Productivity", etc.

Governance is a highly complex system/ subject, with multiple dimensions and responsibilities, like an over-arching political

system, external/ geopolitical environment, immigration, internal security, vested interests, religious beliefs, uncontrolled urbanization, pollution, poverty, inequality etc. The scope of this Thought Paper is limited only to articulate some ideas on Future-Ready Governance, looked at with the lens of Foresight and exponential technologies, to support possible quests towards FRG in any part of Bharat. The journey will need to be led by government, through a collage of initiatives and pilot projects, within a Mission Mode Public-Private-Partnership Architecture. Every institution and citizen has to play an active role for this to work, hopefully coalescing into a “Community for Future-Ready Governance”.

Governance and Judiciary

Governance is a term which is bandied about a lot by all wings of a democracy, be it the Executive, Legislature or the Judiciary. Since all these three organs exercise power in trust for the betterment of the public or the citizens, it should not surprise anyone that governance by its very definition should mean good governance. As Barber Conable, former President of the World Bank said, good governance is a public service that is effective, an administration that is accountable and a judicial system that can be relied upon by its citizens.

Governance or the lack of it, is a subject which continues to be a matter of discussion, both among the governing class and the governed. Elections continue to be the oft preferred measure of audit of governance as far as the citizenry is concerned, but is that the real measure or the only way? This article seeks to explore the intersections of governance and the conflicts which arise from these intersections. It also seeks to understand whether there can be synergies between different organs of the republic without compromising on institutional independence.

In modern day governance, the executive and judiciary are exercising roles which are not normally associated with them in the traditional sense. The executive rather than the legislature is now the main source of legislation. Legislation is no longer solely made by the legislature, but delegated legislation has become the order of the day. This development is often attributed to modern day requirements since everything in the application of the law cannot be visualized by the legislature and so it must be left to the practical arm, i.e. the executive to tailor to the needs of the day as they go along, to detail

the working of the law or modify by way of subordinate legislation, commonly known as rules and regulations. While part of this is true as every possible facet of the working of a legislation is difficult to visualize and provide for, it is also a fact that our legislatures are no longer willing to put in the hours to legislate. That vacuum has been happily filled by the executive.

Secondly, the judiciary sometimes willingly, and on other occasions, reluctantly, steps in to fill in the gaps in legislation or to add to the body of the law. It is now well known that judge-made law is also part of law and thus that, too, is now an added component of law-making exercise. These are intersections of governance where some organ of the republic is acting beyond its ken but also there are areas where other organs, i.e. the executive and the legislature are being tasked with the actual performance of their responsibilities. This accountability of actions, now being performed by the judiciary for the last few decades, has also assumed a part of governance. Indeed, the actual execution of the government function is being closely monitored by the judiciary whereas earlier, it was content to ascertain the sphere of activity and thereafter deem it fit to leave to the discretion of the executive to discharge their duty. The imprimatur of a Court having adjudged the validity of an action and the fact of a Court having found negligence or overreach of action was thought to be sufficient, as the moral reproach was considered to be a sanction by itself. The public interest litigation era, which started in the 1980's from civil rights infringement, saw its peak in the last decade with the Supreme Court of India cancelling 2G mobile licenses and coal block allocations. This aspect of the judiciary's functioning has now assumed a very public role, almost relegating the traditional aspect of the Courts to the background, at least as far as the public gaze is concerned.

This brings us back to the original theme, governance. In order to understand governance, we must first understand as to what is that these institutions are meant to do or what exactly is the real purpose of the pillars of a democracy?

The legislature is tasked with the responsibility of framing laws as per the needs of the country. Framing of laws is a complex process

which involves open discussion amongst the legislators before arriving at a framework of law/laws which is acceptable to the majority of the legislating body. While building and achieving consensus is an ideal scenario, lack of consensus should not impede the functioning of the legislature. This is not to disregard the importance of consensus, for it only in the spirit of discussion and achieving common ground, that vital work of lawmaking takes place. The spirit of accommodation of a variety of viewpoints so as to achieve consensus, is more often evident in the end product of a law which is passed by a legislature. It is an open secret that our legislatures are working less in each passing year despite the lament of successive Speakers of the Lok Sabha (LS). One can easily recall the regret of Late Somnath Chatterjee, who was troubled by the lack of functioning of the Lok Sabha. PRS Legislative Research, India, has compiled interesting data which shows the decline of the Parliament and the legislatures. The sitting days in LS have declined from an annual average of 121 days during 1952-70 to 68 days since 2000. Fewer Bills are being passed by Parliament over the past few years. Of all Lok Sabhas that have had a five-year term, maximum number of Bills were passed during the 8th LS (355), the least during 15th LS (192)¹. Similarly, Parliamentary Standing Committees were created in 1993 to assist Parliament in its legislative and financial business. Since 2004, of the total Bills introduced in the Parliament, only 45% have been referred to Committees. The decline has been more in recent years where 16th and 17th LS have seen lesser Bills being sent to Committees. This is unlike other countries such as United Kingdom where all Bills (other than Money Bills) are sent to Committees for examination. The State assemblies fare no better on this score. In 2021, the state assemblies sat on an average only for 21 days in one calendar year. Between 2016 and 2021, 23 state legislatures sat for an average of 25 days in a year². This is when some of the legislatures provide for in their rules of procedures a minimum number of sessions and a minimum number of sitting days.

What is discernible from this trend is that our lawmakers are devoting less and less time to discuss the state of affairs of the country and provide a solution in terms of building framework of laws to remedy the problems faced by the country. The lack of social

and moral order in terms of a law has given rise to a different and sometimes a parallel social/administrative order, prevailing in certain parts of the country. While this is a separate topic for discussion, the aftereffects of lack of functioning of the Parliament, are evident nonetheless. The inability of the legislature to contribute in the governance process, troubling as it is, has also led to de-legitimization of the legislative process, which does not bode well for the health of a democracy.

This brings us to the Executive. The executive wing of a democracy is the source and repository of power in a democracy. The executive is tasked with the job of running the government on a day-to-day basis and thus the responsibility of performance rests with it. As Alexander Hamilton said in the Federalist papers that the executive branch needs no written document to exercise power as all powers inherently executive in nature are vested in the executive³. Thus, the very balance of power is tilted in favour of the executive even in a democracy. The executive is then answerable on two main points: execution of laws as enacted by the Parliament and accountability of its actions without encroaching upon the domain areas of other organs.

No authority or person exercising power wants to be accountable and the executive as an institution is no exception. Traditionally, the executive was charged with execution of policies and the laws. With increase of the digital sphere, the permanent establishment has only grown as newer forms of governance activity and regulation have all spurred the role and presence of the executive. Indeed, requirement of government agencies to have a presence online and provide for digital solutions to the citizens, has led to recruitment in these fields albeit so as to cater to these new jobs being created within the establishment. Whether creation of jobs for online presence has led to a corresponding decrease of permanent establishments, is doubtful. However, since the mechanism for seeking an audit of executive performance is hardly functional, the growth of executive continues unabated. While many within the executive will point out to massive population growth to justify the increase of the establishment, the real question is whether the parliament is discharging its duty of seeking accountability from the executive. The sequitur to this question is,

who is then seeking accountability from the executive, if not the legislatures?

The other aspect is the executive making laws in the name of governance and delegation of power. With the Parliament not functioning, it can easily step up its sphere of activity by including the lawmaking process. Even in the rule-making domain, we find the executive exceeding the range of powers with it in the guise of acting as a delegatee of power. It is no longer rare for the courts to find that the subordinate legislation due to bad drafting or leading to executive exercising more power, plain at odds with the parent provision in the statute or exceeding power i.e, exceeding the scope of the power given in the parent provision. Both these instances are indicative of the problem. Since, there is no active deliberation taking place at the time of enactment of the law, many provisions are loose ended, which are capable of being used to expand the power of the authority being granted a particular power for a certain purpose. Originally, the legislature would assume charge even over the subordinate legislation being made by directing for such rules to be placed before the concerned House within a limited time period for ratification, for example, one year from its enactment. Some statutes went to the extent of providing for an invalidating clause for the rules in the event of it not being placed for approval before the legislature. However, here also, it has been observed that the executive is taking advantage of the time constraints by either not placing the subordinate legislation before the legislature within time or bunching it with others so that they are merely ratified without satisfying the intent, i.e. scrutiny by the legislature. These are limited provisions which envision discussion by the Legislature. More often, the rules or regulations are simply notified in the gazette without them being placed before the legislature itself.

The third organ is the judiciary. Originally it was understood to have an adjudicatory role, that is, decide disputes between citizens or between citizens and government. While doing so, the Courts would explain the provision of law being adjudicated upon. With passage of time, it was understood and accepted that the exposition of law by courts while deciding cases was also part of law. Rather, it is now

widely acceptable across jurisdictions that judge-made law is also a component of lawmaking exercise which constitutes the definition of law. A very different aspect of functioning of the Courts known as the Public Interest Litigation jurisdiction is now under scrutiny as it is here that the Courts have taken over the role of the executive in the guise of protecting fundamental rights of citizens. So, there are two aspects of the courts' working which are at odds with the original role envisaged for it: firstly, making law while adjudicating cases and secondly, executing the law as understood by the Courts.

As far as the first role of courts is concerned, there is little room for criticism. Even the originalist theory, which has many takers today in the United States and its Supreme Court, now finds it difficult to shrug away the important role played by the courts in expounding the law while deciding cases. Time and again, the present United States Supreme Court is referring to its earlier judgments, rather than propounding a completely new definition of Constitutional provisions which would hark back to 1776. The common law system on which our courts function, accept as a matter of theory that judge made law is part of the common law. These major judicial systems accept the role of the judiciary in developing and contributing to the law and our courts have drawn great support from the caselaw of these two judicial systems. Since it is not feasible to turn back the clock from an original separation of powers perspective, I would argue that it is far more useful to leverage the institutional knowledge and experience of judiciary for better governance.

There is now a significant amount of work and caselaw by Indian courts themselves in terms of approaching interpretation of statutes, rules and regulations. We also have a definitive approach as use of phraseology such as when a provision would be understood as directory or mandatory. Does the use of the word 'shall' necessarily indicate that there is a positive direction on the authority to act in a certain manner or is there room for discretion to be applied in a given fact or situation? The legislature tasked with the responsibility of framing laws can make use of this body of work while discussing the enactment of laws. While the primary draftsman of a statute or legislation remains an employee of the concerned ministry, there

is little or no interaction between the executive and judicial wings in terms of understanding the approach and objective of a piece of legislation. The statement of objects and reason of a legislation is meant to be the primary introduction from where the object of a legislation is to be discerned. It is vital that the objective is not only clearly defined but that it also describes the framework of the legislation being drafted. It has been experienced that often courts are left groping in the dark as to the exact framework of the law being put up for scrutiny before them. The court is then left to go through the entire statute to discern the framework of the law, meaning that it has to examine each and every provision to cull out the framework. It is obvious that the Statement of Objects and Reasons should be the single point of reference to understand the objective of the law as well as its framework. Similarly, there is often use of phraseology which is either confusing, misdirected or plain wrong vis-à-vis the objective of the law.

One measure which can vastly improve the drafting of the law is regular interaction between the draftsmen, legislators and judges. Getting this cross section of professionals from the three wings at various levels to interact at regular intervals, would not only improve the quality of drafting of legislations but also help in avoiding the errors in the framework of the law, which leads to invalidation of the law or its provision. A simple example is the Domestic Violence (DV) Act, 2005. The Act was touted as pathbreaking for providing solutions within the personal sphere of couples who were not in a formal legal relationship. This legislation sought to recognise and protect live-in relationships in the country for the first time. However, curiously, the Act did not define what would be considered to be a live-in relationship. It was left to the Supreme Court of India provide the definition of live-in relationship⁴ in 2013. Thus, the DV Act continued to be in a limbo for more than 7 years until the foundation of the new measures as far as live-in relationships came to be supplied by the Supreme Court of India. The fact that the Supreme Court of India had to supply the definition clause with respect to the working of the legislation is just one part of the problem. During the 7 years of the working of the Act, different courts all over the country

supplied their understanding of the provision in absence of guidance either from the Parliament or the Supreme Court, which could have been at variance or in conformity with the Act, but there is no data available as to how many cases were decided or rejected on account of such lacuna in the legislation. It very well may have happened that different High Courts could have arrived at different interpretations of the DV Act during such time or may have decided cases one way or the other, and similar would be the case for district courts. One is also left wondering if supplying solutions to a defective legislation is the function of the Supreme Court of India.

One positive development seen in recent years is the publication of advertisements by Parliament Standing Committees, calling for inputs from the public on various legislations. This aspect of legislation framing can be further strengthened while institutionalising the interaction between Parliament, Judiciary and Executive. Hopefully, this should at least lead to improvement of the quality of legislation, leading to less and less statute or its provisions being struck down by Courts.

The other significant aspect which needs to be tackled on an urgent basis is the institutional capacity for new laws. The legislature while enacting new laws, provides for a parallel dispute resolution mechanism, taking away resources from the existing judicial infrastructure or withdrawing work from the existing framework. While the new dispute resolution mechanism has come into being technically, there is nothing on ground as no recruitment of manpower, judges, staff or establishment of building has happened. Take for example, the Goods and Services Tax (GST) law. The GST Act was enforced from 1.7.2017, which at the inception stage itself provided for a parallel adjudication mechanism for disputes pertaining to GST. However, without understanding the volume of disputes which could arise from enforcement of GST, a parallel mechanism was created which also did not exist. No buildings were taken on rent, no staff was hired for filing of cases, no software interface was developed for running and operating the registry of the Tribunal sought to be created. But the executive of the day thought it prudent that an additional workload of consolidating all existing laws, such as excise tax, sales tax, etc. could be clubbed together

but no litigation would arise from such an exercise and taxpayers would be expected to abide by all decisions taken administratively without any recourse to resolution of their problems⁵. Until April 2025, the GST appellate tribunal exists on paper with the Chairperson attending office in Samrat Hotel without any staff or courtrooms. The Chairperson also came to be appointed after a gap of 7 years in May 2024. As per the Ministry of Finance, the tribunal was expected to be functional by the end of March, 2025⁶. What happened as a result of the enactment of GST Act, is that High Courts were flooded with cases relating to GST as there did not simply exist any judicial infrastructure to deal with it. The High Courts which are already reeling under a severe manpower crunch were now saddled with an additional workload of dealing and understanding a new law with little or no guidance from the Parliament or the Executive. Just to delve a little bit more into the subject, new powers of search, seizure and arrest were provided for under the GST, which posed a separate set of challenges for the High Courts as personal liberty of citizens was at stake. Several of these issues were first raised before different High Courts but later on, given the propensity of officers to exercise these newly minted powers, many persons directly approached the Supreme Court of India. All this activity was a drain on resources of the State, citizens and the judiciary, not to exclude the duplication of efforts between the High Courts and the Supreme Court of India. This should serve as a good example for a case study where empirical evidence is analysed to understand the cost to the economy and State exchequer.

Circling back, we may discuss how things could have been better planned before rolling out the GST. The government had substantial information about the normal course of litigation which is raised in a particular financial year arising from taxes sought to be replaced by GST like excise, sales tax, etc. We have had experience with the Central Excise and Service Tax Appellate Tribunal which has been in existence from 1983. The average filing of new cases every financial year could have been used as a benchmark to anticipate the forthcoming workload of GST. Given that a completely new mechanism was being introduced, initial flurry of litigation dealing with new concepts of the legislation should have been factored in

before introducing the legislation.

The third main theme which should engage the attention of our Parliament and executive, is the audit of Legislation. Increasingly, it is noticed that there is duplication of law or increasing the number of laws to tackle a particular problem. All major countries are dealing with the issue of over regulation or resolving the conflicts between different laws as they seek to tackle the same problem but end up overlapping. An incidental issue is also whether our governing body is over regulating, i.e. prescribing laws to deal with situations which were best left to the citizens and the society to adopt as informal measures. Justice Gorsuch of the United States Supreme Court in his book *Over Ruled*⁷ examines this problem faced by Courts in the United States (US). His remarkable study has found that in 2018, the federal government statutes comprised of 54 volumes running into 60,000 pages. This does not include the law being enacted by the 44 states in the US. By 2021, the Code of Federal Regulations spanned about 200 volumes running into 188,000 pages. His book estimates that it would take 3 years to just read the entire 200 volumes without undertaking any analysis⁸ and this does not include the State laws. Courts in the US have also not been less busy. A law professor in the year 1997 calculated that the judgments of lower federal courts, if stacked from one end to another, would cover 1.5 football fields. In case you are wondering how many fields would now be needed, the same question occurred to Justice Gorsuch.

Closer home, our lawmakers also champion new laws whenever there is some incident which causes indignation to the common man. From assault of doctors to lawyers, everyone is quick to demand special laws. Little thought is given to understanding whether the existing law will tackle the situation. Over penalisation of offences has led to trivialisation of the social problem. We also suffer from over regulation like our colonial cousins. Take the laws related to women. There seems to be an imbedded mindset amongst our lawmakers and other stakeholders that as long as some law is being made in response to a situation, it must be good. Experience has shown to the contrary as Justice Gorsuch's book documents. For the purpose of claiming maintenance, a woman has the option of choosing the Criminal

Procedure Code, 1973 now replaced by Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023, the Hindu Maintenance Act, 1956 and the Domestic Violence Act. Other religions have their own personal laws which provide similar remedies. It is common now for a woman to have claimed maintenance under 3 different laws, all which are filed before different courts, depending on the hierarchy and jurisdiction under the particular law. More often than not, this is on account of being given wrong legal advice or just to harass the spouse. It is befuddling to calculate the time and resources which are being spent on tackling these issues, which are essentially duplicate in nature.

The legislature tasked with the responsibility of framing laws as well as that a civil society remains moored to the Rule of Law, has to engage in audit of the legislations it has enacted. Simply put, by framing laws, the legislature has empowered the executive to act on its behalf, so the society and its members conform to it. At the same time, it is also providing solutions by way of legislation to cater to various social problems. It is not enough to legislate but it is equally important to examine whether the so-called measure is meeting the needs of the society. In other words, the legislature should not just frame laws but it should engage in examining whether the law enacted is achieving its desired objective. If not, how should it be improved? Has the legislation outlived its utility? If yes, then it should be repealed⁹. Recently, the Supreme Court of India had this to say about audit of legislations while dealing with another equally pressing issue facing major state capitals, which was housing for the urban poor¹⁰:

“36 . Four aspects for achieving justice are well founded and articulated as, i) distribution of advantages and disadvantages of society, ii) curbing the abuse of power and liberty, iii) deciding disputes and, iv) adapting to change. Adapting to change is important for achieving justice, as failure to adapt produces injustice and is, in a sense, an abuse of power. Thus, failure to use power to adapt to change is in its own way an abuse of power. In fact, the issue is not one of change or not to change, but of the direction and the speed of change and such a change may come in various ways, and most effectively through legislation. Legal reform through legislative correction improves the legal system and it would require assessment of the working of the law, its accessibility,

utility and abuse as well. The Executive branch has a constitutional duty to ensure that the purpose and object of a statute is accomplished while implementing it. It has the additional duty to closely monitor the working of a statute and must have a continuous and a real time assessment of the impact that the statute is having. As stated above, reviewing and assessing the implementation of a statute is an integral part of Rule of Law. The purpose of such review is to ensure that a law is working out in practice as it was intended. If not, to understand the reason and address it quickly. It is in this perspective that this Court has, in a number of cases, directed the Executive to carry a performance/assessment audit of a statute or has suggested amendments to the provisions of a particular enactment so as to remove perceived infirmities in its working.

37. Constitutional courts are fully justified in giving such directions as they are in a unique position of perceiving the working of a statute while exercising judicial review, during which they could identify the fault-lines in the implementation of a statute. This extraordinary capacity to assess the working of a statute is available to the judicial institution because of its unique position where, i) disputes, based on the statutory provisions unfold before it, ii) claims of rights or allegations of dereliction of duties are raised with varied, and sometimes, contradictory interpretations of the same text of the statute, iii) submissions of lawyers opens up a debate and as officers of the Court experienced lawyers would lay bare the fault-lines in the statutory scheme, iv) many a times court silently witnesses the play of statutory power relegating the deserving to the backseat, and the undeserving taking away all the benefits.

38. Laws that are made by Parliament or the legislative assemblies create rights, entitlements, duties or liabilities. Application of such empowerments or disabilities gives rise to competing claims or conflicting interests. For resolution of these disputes, constitutional courts provide public law remedies where claims and contestations are decided by High Courts on a case by case basis. Judicial review is generally episodic, and is intended to resolve the lis on a case-to-case basis. Though cases are decided on their own merit and the lis disposed of, what is left behind is the institutional memory of the Court about the working of the statute and its interpretation preserved as precedents. Over a period of time, a critical mass of adjudicatory determinations on the working of the statute

is built. This critical mass, coupled with the experiences gained by the Judges and the Court on the working of the statute, is of immense value for auditing the working of the legislation. It enables the court to assess whether the purpose and object of the Act is being achieved or not.

39. The traditional perception of the constitutional role of writ courts was confined to judicial review of executive and legislative action. In that role, the courts were to decide the vires of the legislative and executive actions based on constitutional parameters. Not only have the tools of judicial review been reinvented (the rise of the proportionality and arbitrariness doctrines) but also the breadth of the judicial power has substantially expanded to areas that were hitherto forbidden (review of policy decisions, constitutional amendments and continuing mandamus being prime examples). However, even this expansive reading of judicial review does not capture the essence of the judicial branch in its entirety.

40. There is yet another role which the judiciary can and ought to perform – that of facilitator of access to justice and effective functioning of constitutional bodies. In this role, the judiciary does not review executive and legislative actions, but only nudges and provides impetus to systemic reforms. The statute in question is one which was intended to benefit the marginalised and the impoverished. It is not easy for the intended beneficiaries of this legislation to carry their voice to legislative branch for effective reform. The exercise that this Court intends to direct presently is aimed at facilitating their access to legislative and executive reform, which this Court believes is an essential component of constitutional justice. That all justice is to be achieved only through courtroom debates is too myopic an understanding of constitutional justice. The facilitative role is not just inspired from the institutional role that the judiciary perceives for itself, but is also a directive of many of the fundamental rights in Part III and the cherished preambular vision of justice – social, economic and political.

41. A peculiar feature of how our legislative system works is that an overwhelming majority of legislations are introduced and carried through by the Government, with very few private member bills being introduced and debated. In such circumstances, the judicial role does encompass, in this Court's understanding, the power, nay the duty to direct the executive branch to review the working of statutes and audit the statutory impact. It is not possible to exhaustively enlist the circumstances and standards

that will trigger such a judicial direction. One can only state that this direction must be predicated on a finding that the statute has through demonstrable judicial data or other cogent material failed to ameliorate the conditions of the beneficiaries. The courts will also do well, to arrive the very least, at a prima facie finding that much statutory schemes and procedures are gridlocked in bureaucratic or judicial quagmires that impede or delay statutory objectives. This facilitative role the judiciary compels audit of the legislation, promote debate and discussion but does not and cannot compel legislative reforms.”

I cannot put it more succinctly than Justice PS Narsimha, who identifies the issue precisely. Every issue cannot await the result of an election result, with voting patterns to be analysed and dissected so that the ruling dispensation is able to gather the dissatisfaction of the public. Every issue should not languish in the recommendations of the law commission. Improvement in governance is not the ultimate goal, but it is also a continuous process. And this process cannot achieve its objective until the Parliament, Executive and judiciary fulfil their obligations.

Improvement in the law has to come to the forefront so that our people get what they voted for: good governance.

Governance, at its core, is not merely about the exercise of power. It is about responsible and responsive discharge of constitutional duties by each of the three branches of our democracy: the Legislature, the Executive, and the Judiciary. As this article has explored, the increasing institutional drift, by legislative abdication, executive overreach, or judicial activism, has led to both functional overlap and systemic inefficiencies. Yet, these intersections also offer opportunities for cooperative governance, provided each organ remains anchored in constitutional propriety.

Judicial intervention, once limited to interpreting laws, has evolved to include facilitating governance reforms, particularly in the face of legislative or executive inertia. The jurisprudence emerging from *Ashwani Kumar v. Union of India* and *Yash Developers v. Harihar Krupa Co-operative Housing Society Ltd.*, exemplifies this shift. The Supreme Court has articulated the judiciary's role not just as an adjudicator, but as a catalyst for statutory audit and

systemic accountability, especially where the intended beneficiaries of legislation lack political voice or access to reform processes.

The Executive, vested with implementation, often steps into the legislative vacuum through delegated legislation. This, as noted in the treatment of subordinate rulemaking under the GST framework, can lead to both legal and institutional overload. The delayed operationalization of the GST Appellate Tribunal, despite its statutory basis under Section 109 of the CGST Act, 2017, highlights the disconnect between legislative intent and administrative readiness. Until May 2024, the tribunal remained non-functional, compelling High Courts and the Supreme Court to bear the brunt of unresolved tax disputes, an unintended but foreseeable consequence of poor planning.

The Legislature, in turn, must reclaim its centrality by not merely enacting new laws in response to episodic outrage but by engaging in meaningful review and rationalization of existing statutes. As noted by the Supreme Court in *Rutu Mihir Panchal v. Union of India*, legal reform requires continuous assessment of a law's utility, accessibility, and performance. The absence of a robust legislative audit mechanism risks both redundancy and regulatory fatigue, as seen in overlapping statutory remedies available under the Domestic Violence Act, The Code of Criminal Procedure (CrPC), and various personal laws.

As Justice Neil Gorsuch observes in his book *Over Ruled*, overregulation and statutory inflation can burden citizens and courts alike, often defeating the purpose of legislative responsiveness. In our country, this tendency towards hyper-legislation without adequate institutional planning has led to fragmentation of justice delivery and inefficiencies across the board.

Ultimately, good governance is not an episodic achievement but a continuous process. It demands institutional humility, inter-branch dialogue and empirical self-assessment. Parliament must legislate with clarity and foresight, the Executive must implement with accountability, and the Judiciary must adjudicate with restraint and responsiveness.

We the people, for whom these institutions exist, deserve nothing less.

Endnotes:

1. <https://prsindia.org/parliamenttrack/vital-stats/70-years-of-parliament>.
2. Working of State legislatures by PRS Legislative Research.
3. Also see Article II, section 1 of the U.S Constitution.
4. Indra Sarma v. VKV Sarma (2013) 15 SCC 755.
5. Section 162 of the GST Act, 2017 bars a civil court from deciding anything or any action taken or purported to be taken under the GST Act.
6. https://www.business-standard.com/economy/news/gst-appellate-tribunal-to-start-operations-by-the-end-of-fy25-revenue-secy-124111801173_1.html.
7. Over Ruled by Neil Gorsuch & Janie Nitze, published by Harper, 2024.
8. Chapter One @ Page 18.
9. The Urban Land (Ceiling and Regulation) Act, 1976, in India, aimed to prevent land hoarding and promote equitable distribution of urban land by imposing ceilings on land ownership in urban areas. With the 1991 reforms, the Indian economy changed its direction and outlook towards private ownership of resources. It took prodding from the courts, for the government to examine the issue and repeal the Act in 1999. The Government of India acknowledged in the Lok Sabha that the Act had failed to achieve the desired objective.
See[<https://eparlib.nic.in/bitstream/123456789/613091/1/114970.pdf>]
10. Yash Developers v. Harihar Krupa Co-operative Housing Society Ltd. & Ors. (2024) 9 SCC 606/(2024) INSC 559. Also see Ashwani Kumar v. Union of India (2019) 2 SCC 636/(2018) INSC 1201 with respect to implementation and working of the Maintenance & Welfare of Parents & Citizens Act, 2007. Also see Rutu Mihir Panchal & Ors. v. UoI 2025 INSC 593 which comments on the capacity of consumer protection forums to deal with consumer disputes.

Ramanshi Dwivedi

Judicial Revitalisation and the Imperative of Reform

“Good governance is when justice is administered properly, adhering to Dharma, Artha, and Nyaya; it prospers in this world and the next.”

– Kautilya, *Arthashastra*

As a civilisation marked by deep pluralism, a rich constitutional heritage, and the ambitions of an emerging global power, India finds itself at a pivotal juncture. The judiciary stands as the bedrock of democracy, ensuring justice, safeguarding fundamental rights, along with maintaining the delicate balance of power. However, India’s judicial system, despite its constitutional rigour, has long grappled with procedural complexities. As we step into an era of rapid technological advancements and transformative governance, judicial reform should transcend conventional debates and walk towards future-oriented solutions. The question is not whether we need reform; it is how far we are willing to go to achieve a justice system that is expeditious and accessible.

India, under its ambitious *Viksit Bharat 2047* vision, has already incorporated E-Courts, Artificial Intelligence (AI)-assisted case management, and blockchain-driven record-keeping. However, we can reimagine the justice delivery process, leveraging technology, behavioural sciences, and citizen participation. Here are proposed judicial reforms poised to fundamentally recalibrate the legal landscape, harmonising it with the government’s digital transformation and objectives for enhanced administrative efficacy.

Justice-on-Wheels: Taking Courts to the People

In a nation as geographically vast and socially heterogeneous as India, a judiciary confined to conventional court infrastructure is inherently inadequate in ensuring equitable access to justice. The Justice-on-Wheels initiative proposes a transformative model of judicial outreach by deploying mobile, technologically advanced court units to underserved rural, tribal, and remote regions. These digital caravans, aligned with the government's broader agenda of administrative efficiency and digital transformation, are equipped with capabilities such as real-time live streaming of proceedings, digital testimony recording, and on-the-spot legal documentation. Designed to adjudicate minor civil disputes, such as small claims, land disagreements, and contractual issues, these units not only alleviate the burden on traditional courtrooms but also expedite the resolution of cases, significantly reducing pendency. By decentralising the judicial process and embedding legal access within local contexts, Justice-on-Wheels represents a paradigmatic shift towards a more inclusive, efficient, and tech-enabled justice delivery system.

Example – Structural Implementation:

- Each district could host at least 2–3 Justice-on-Wheels units, depending on population density and geographic size.
- These mobile courts can be scheduled rotationally, visiting rural blocks and panchayats on fixed days—similar to how mobile health vans function.
- Retired judges or judicial officers on contract could oversee proceedings, supported by trained paralegal staff, a technical assistant, and a security officer.
- States like Rajasthan, Uttar Pradesh, and Madhya Pradesh, with vast rural populations, could benefit from a higher allocation, for instance, 15–20 vans per state.
- Oversight can be maintained by the State Legal Services Authority (SLSA) in coordination with respective High Courts, ensuring accountability and consistency.

Bench to Bureaucracy: The Judiciary Cadre Blueprint

The institutionalisation of a dedicated Judiciary Cadre holds the potential to fundamentally restructure the Indian judicial apparatus through the creation of a nationally standardised framework for the recruitment, training, and progression of judicial officers. Such a system would enable merit-based appointments and facilitate specialised judicial placements in emerging and complex legal domains including cyber law, economic offences, and environmental adjudication. By establishing a coherent administrative architecture that ensures uniformity across state jurisdictions, the cadre would help mitigate regional imbalances and alleviate caseload disparities. Moreover, by embedding the judiciary more seamlessly within the machinery of public administration, while firmly safeguarding its constitutional autonomy, the initiative promises to cultivate a culture of professional accountability, institutional coherence, and long-term systemic resilience.

Example – Structural Implementation:

- National Judicial Service Commission (NJSC) to oversee the recruitment and placement process:
 - Structured career progression from entry-level judicial officers to high-ranking court officials.
 - Specialisation tracks: Judges in high-tech or complex fields (e.g., cyber law, white-collar crime, environmental law).
 - Central and State collaboration to ensure uniformity and reduce bottlenecks in workload.
- Career Mobility:
 - Judges could be posted across states based on merit and experience, helping balance caseloads.
 - Annual performance reviews to facilitate transfers or promotions, ensuring a dynamic system.
- Pilot Phase:
 - Initially rolled out in two states (e.g., Maharashtra and Tamil Nadu) to evaluate the impact on case efficiency and regional balance.

- o Technology-based performance tracking for real-time assessment of judges' workload and effectiveness.
- Outcome: A more professional, accountable judiciary, with reduced caseload pressure, balanced regional distribution, and clear career progression for judicial officers.

A Universal Legal ID: Integrating Legal Identity Across Jurisdictions

Jurisdictional complexities and bureaucratic inertia frequently culminate in protracted legal impasses, particularly affecting migrant populations and economically disadvantaged groups. The implementation of a blockchain-enabled Universal Legal ID would consolidate all legal records, including ongoing cases and historical rulings, into a secure and accessible digital identity for each citizen. This system would facilitate instantaneous verification, enable effortless case transfers across jurisdictions, and promote continuity of justice irrespective of geographic mobility. By mitigating procedural delays and enhancing transparency, the Universal Legal ID promises to streamline case management, reduce redundant paperwork and ensure equitable access to justice nationwide.

Example – Structural Implementation:

- A Universal Legal Identification Number (ULIN) system linked to:
 - o Aadhaar and Digital India stack for real-time identity verification;
 - o A national blockchain-based judicial database for legal history, pending matters, and judgments.
- Legal ID includes:
 - o Personal legal dashboard (via app or portal);
 - o Summary of active and disposed cases, linked documents, and court schedules;
 - o Access logs for who viewed or updated your records, ensuring transparency.

- Use Cases:
 - Migrant workers carrying their case details from Bihar to Maharashtra;
 - Victims of domestic violence moving between states;
 - Inter-state commercial disputes, where parties or evidence are located in multiple jurisdictions.
- Access:
 - Citizens, lawyers, and judges via Quick Response (QR)-coded secure logins;
 - Real-time integration with court cause lists, e-filing platforms, and legal aid services.
- Oversight and governance by:
 - Ministry of Law & Justice in partnership with Unique Identification Authority of India (UIDAI) and National Informatics Centre (NIC);
 - Data protection protocols aligned with the Digital Personal Data Protection Act.
- Pilot areas:
 - Rollout in interconnected High Court circuits (e.g. Delhi-Uttar Pradesh, Maharashtra-Gujarat);
 - Target groups include legal aid beneficiaries, inter-state prisoners, and urban slum clusters with pending civic litigation.
- Outcome: A portable, verifiable, and centralised legal identity that follows the citizen, not the court or jurisdiction.

Karma-Based Sentencing: Towards a Model of Restorative Proportionality

A one-size-fits-all approach to sentencing might be inadequate in capturing the complex realities of criminal conduct, thus necessitating a model that considers both the nature of the offence and the underlying intent. The Karma-Based Sentencing framework proposes a more nuanced system, one that evaluates the specific impact of

a crime on society and adjusts punitive measures accordingly. For instance, in cases of corporate fraud, it would be appropriate for an offender not only to undergo imprisonment but also to be required to financially recompense the victims and engage with relevant regulatory bodies to mitigate future transgressions. This approach prioritises restorative justice by focusing on rehabilitation and societal reparation rather than solely on retribution, thereby aligning legal outcomes with broader ethical and communal benefits.

Example – Structural Implementation:

- A person convicted of corporate fraud should not only serve jail time but also:
 - Personally compensate victims;
 - Be made to work with financial regulatory bodies to close legal loopholes;
 - Engage in community service or awareness programmes on financial ethics.
- For juvenile cyber offences, offenders could be sentenced to:
 - Tech ethics workshops;
 - Supervised work in digital literacy campaigns;
 - Assisting in building cybersecurity modules for schools.
- A centralised Sentencing Review Board, possibly within the Ministry of Law and Justice, can be set up to draft guidelines for tailored sentences.
- These guidelines should consider:
 - Nature of offence,
 - Intent,
 - Societal impact, and
 - Potential for reform.
- Judges may consult behavioural experts, psychologists, and community stakeholders while crafting sentences.
- Pilot programmes could be started in Metropolitan Sessions Courts and expanded gradually to district levels.

Public Jury Panels: Democratising Legal Deliberation

While India's judiciary operates within a judge-centric framework, certain categories of litigation, particularly those with profound social, environmental, or policy implications, would benefit from structured public involvement. Introducing Public Jury Panels through secure digital platforms could allow a representative segment of citizens to access evidence, engage in guided deliberations, and offer informed perspectives. Such participation would not only enhance the democratic character of judicial proceedings but also promote transparency and public trust. By embedding community insight into high-stakes adjudication, this model fosters broader accountability and helps align legal reasoning with evolving societal values.

Example – Structural Implementation:

- Public Jury Panels can be introduced for:
 - Major environmental litigation (e.g. industrial pollution cases),
 - Cases of corporate negligence (e.g. Ponzi schemes, infrastructure collapses),
 - Public policy disputes (e.g. privacy laws, surveillance, resource allocation).
- These juries can consist of 12–15 citizens, selected through:
 - Random selection from voter databases; or
 - Voluntary applications through a secure online portal managed by the Law Commission or High Courts.
- Jury members must:
 - Undergo a brief legal orientation programme;
 - Sign a confidentiality and impartiality agreement;
 - Access a dedicated platform to review non-sensitive evidence and video testimonies.
- Their role:
 - Participate in deliberative sessions moderated by a judicial officer;

- Submit a non-binding public report or recommendation to the judge.
- These recommendations would not override judicial decisions but offer valuable public feedback, particularly in verdict reasoning and sentencing.
- Pilot projects can begin in Delhi, Mumbai, and Bengaluru, especially in National Green Tribunal (NGT) or High Court benches hearing Public Interest Litigations (PILs).

AI-Driven Judgment Predictions: Time-Traveling Legal Decisions

In an era where judicial decisions can carry far-reaching socio-economic consequences, it is increasingly essential for courts to adopt tools that extend their foresight beyond immediate legal reasoning. AI-powered simulation models offer a valuable mechanism for anticipating the long-term implications of major rulings, particularly in cases with significant economic, technological or policy dimensions. By modelling projected outcomes over decades, these tools enable the judiciary to evaluate potential disruptions, mitigate legal uncertainties and avoid unintended societal or economic fallout. For instance, prior to issuing a ban on an emerging technology, courts could analyse decades of simulated data to assess downstream effects, thereby ensuring that rulings are not only legally sound but also strategically informed and socially responsible.

Example – Structural Implementation:

- Use AI simulation tools before delivering rulings in areas like:
 - Technology bans (e.g. crypto regulation),
 - Large-scale evictions or infrastructure clearances,
 - Major environmental rulings affecting industries.
- AI systems can:
 - Run simulations using past economic, legal, and social data;
 - Project likely outcomes over 10–50 years;
 - Flag possible risks, benefits, or conflicts with existing laws.
- For example, before banning a new digital currency, the court could:

- Simulate its effect on banking penetration, black money circulation, and taxation;
- Compare projected outcomes under different legal models (strict ban vs regulation);
- Understand how similar bans fared in other jurisdictions using global datasets.
- Collaboration needed with:
 - Law Commission, to frame the legal parameters;
 - National Institute for Transforming India (NITI) Aayog and AI research institutions, for technical modelling;
 - Judicial academies, to train judges on interpreting AI projections.
- These tools would not replace judicial discretion, but support it, especially when cases involve competing interests or long-term public welfare.

Beyond Court Hours: Rethinking Temporality in Legal Access

In a legal system burdened by delays and mounting caseloads, restricting judicial processes to conventional working hours hampers timely redressal, particularly in urgent matters. Establishing dedicated night courts for issues such as bail hearings, domestic violence complaints and cybercrime reports would ensure more immediate access to justice while easing the strain on daytime proceedings. Simultaneously, the integration of AI-assisted review panels for routine and low-complexity matters, including contract enforcement and minor infractions, would allow judicial resources to be more strategically allocated. This dual approach enhances operational efficiency, accelerates case disposal and upholds the principle that justice should remain accessible at all times.

Example – Structural Implementation:

- Night courts can be established in:
 - All metropolitan and tier-1 cities, initially;
 - Gradually rolled out to district headquarters.

- Operate from 8 PM to 2 AM, staffed by:
 - Retired judges or magistrates on rotation;
 - Dedicated night shift clerks, police liaison officers, and legal aid lawyers.
- Focus areas:
 - Bail hearings for non-violent offences;
 - Domestic violence protection orders;
 - Cybercrime First Information Report (FIR) validations and injunctions.
- AI-assisted panels to be piloted in:
 - E-Court systems and commercial benches of High Courts.
- AI can:
 - Review simple contract disputes using existing legal precedent;
 - Recommend standardised penalties in minor offences (e.g. traffic violations, cheque bounce cases);
 - Generate draft orders for judicial review and approval.
- Oversight by judicial officers ensures fairness and accountability.
- AI integration led by NIC, Ministry of Law & Justice, and Supreme Court E-Committee, with continuous training for judicial staff.

Time-Loop Sentencing: Virtual Reality as a Rehabilitation Tool

Conventional incarceration often falls short in addressing the behavioural and psychological roots of criminal conduct, particularly in cases where moral disengagement underpins the offence. A Virtual Reality (VR)-based sentencing framework offers an alternative, enabling offenders to confront the real-world consequences of their actions in an immersive, controlled environment. Through tailored simulations, such as a corrupt official witnessing the human toll of misallocated public funds, or a financial fraudster experiencing the hardships of a defrauded family, this model fosters empathy, accountability and cognitive realignment. By engaging offenders at a psychological level during their sentence, VR rehabilitation shifts the

focus from punitive confinement to meaningful behavioural reform, addressing not only what the offender did but why they did it.

Example – Structural Implementation:

- VR rehabilitation programmes can be developed for:
 - Corruption cases – simulate the breakdown in public service delivery due to graft;
 - Financial fraud – show the lived reality of victims losing homes, jobs, or savings;
 - Reckless driving or violence – recreate accident scenes, hospital trauma, and family aftermath.
- These VR modules can be installed in:
 - Open prisons, semi-open correctional centres, and juvenile homes;
 - Starting in pilot prisons in states like Maharashtra, Tamil Nadu, and Delhi.
- Duration: 30–60 minutes per module, repeated across rehabilitation cycles alongside counselling.
- Programmes designed by:
 - Behavioural psychologists and VR developers;
 - In consultation with legal experts and victims’ rights groups to ensure ethical accuracy.
- Supervised by prison reform boards and monitored by state correctional services.
- Outcomes measured through:
 - Pre- and post-sentencing psychological assessments;
 - Recidivism tracking to evaluate effectiveness.
- Could be scaled nationally under the Model Prison Manual with funding through Corporate Social Responsibility (CSR) and government innovation grants.

Blockchain-Based Evidence & Case Management

Judicial integrity fundamentally relies on the authenticity of

evidence and the transparency of legal processes. Implementing a national blockchain repository for case files, evidence and rulings, would create an immutable and tamper-resistant record, safeguarding against manipulation or loss. Such a system would enhance the security and traceability of judicial documents, while ensuring accessible and verifiable records for all relevant stakeholders. By reinforcing the reliability of court data, this innovation promises to bolster public confidence in the justice system and streamline procedural efficiency.

Example – Structural Implementation:

- A National Blockchain Legal Repository can store:
 - Case files, affidavits, digital evidence, and final judgments;
 - Timestamped logs for every document submission, review, or update.
- Access control can be role-based:
 - Judges, lawyers, court staff, and litigants get secure, tiered access;
 - All activity is traceable and immutable, creating full accountability.
- Use Cases:
 - Ensuring originality of evidence in criminal trials;
 - Tracking hearing histories in civil and commercial disputes;
 - Reducing tampering risks in politically sensitive or high-profile cases.
- Pilot deployment through:
 - Supreme Court's e-Committee, in collaboration with The Ministry of Electronics and Information Technology (MeitY) and NIC;
 - Start with Commercial Courts and High Court benches dealing with digital evidence-heavy litigation.
- Built-in features:
 - Smart contracts to trigger next steps in litigation (e.g. hearing notices, filing deadlines);

- o Audit trails for any file viewed, modified, or submitted;
- o QR-coded documentation for on-the-spot verification in physical courts.
- This system can plug into the existing e-Courts platform, ensuring a seamless upgrade rather than a complete overhaul.

The Legal Metaverse: Virtual Courtrooms for a Digital Era

As governance increasingly embraces digital transformation, it is imperative that judicial processes similarly evolve beyond traditional physical spaces. The Legal Metaverse envisions a secure, AI-enabled virtual environment where hearings, cross-examinations and deliberations can be conducted seamlessly, transcending geographical constraints and procedural bottlenecks. This innovation holds particular prospect for interstate disputes, corporate litigation and public interest matters by facilitating prompt and cost-effective access to justice. By reducing infrastructure and travel expenses, expediting case management and enhancing accessibility, the Legal Metaverse offers a forward-looking paradigm for delivering justice efficiently in the digital age.

Example – Structural Implementation:

- The Legal Metaverse would host:
 - o Live virtual courtrooms with avatars for judges, lawyers, and litigants;
 - o Real-time cross-examinations, document submissions, and verdict announcements;
 - o Secure AI support for case scheduling, transcription, and data retrieval.
- Target cases:
 - o Interstate commercial disputes;
 - o Multi-party corporate litigations;
 - o Virtual PIL hearings with participation from citizens across the country.
- Integration with:
 - o Existing E-Courts and Video Conferencing Infrastructure;

- Blockchain systems for file authenticity;
- AI for real-time language translation, summarisation, and sentiment tracking.
- Infrastructure led by:
 - Supreme Court's tech taskforce, with input from NITI Aayog's digital governance division;
 - Developed in partnership with Indian startups and tech institutes (Indian Institutes of Technology (IITs), Indian Institutes of Information Technology (IIITs)).
- Pilot courts can be set up in:
 - Mumbai, Delhi, Hyderabad, and Bengaluru, where commercial litigation volume is high.
- Accessibility measures:
 - VR-compatible systems for immersive experiences;
 - Low-bandwidth versions for remote areas;
 - Integration with Digital India platforms for authentication via Aadhaar and e-signature.
- Outcome: A truly borderless legal space, where justice is not limited by location or infrastructure.

Crowdsourced Lawmaking: A Digital Democracy Initiative

Traditionally, lawmaking remains the prerogative of legislators and legal specialists; however, the establishment of a government-regulated digital platform could democratise this process by empowering citizens to propose, deliberate and vote on prospective legal reforms. Proposals garnering substantial public support would be guaranteed formal discussion within Parliament, thereby fostering a more inclusive legislative environment. This approach not only amplifies civic engagement and legal literacy but also ensures that statutory developments resonate with contemporary societal concerns and public sentiment, bridging the divide between citizenry and policymakers.

Example – Structural Implementation:

- A government-backed platform, e.g. BharatLaw.gov.in, could host:
 - A proposal section where citizens suggest draft laws or amendments;
 - A discussion forum for debates moderated by legal scholars;
 - Voting and feedback tools to measure support for each idea.
- Criteria for parliamentary consideration:
 - Proposals crossing a threshold (e.g. 1 lakh verified votes) are sent to the Standing Committee on Law and Justice;
 - The committee must then respond publicly or forward it for debate in the Parliament.
- Platform oversight by:
 - Law Commission of India and Ministry of Parliamentary Affairs;
 - Assisted by Central Information Commission (CIC), Election Commission, and legal Non-Governmental Organisations (NGOs) for transparency and voter validation.
- Verification and security:
 - Linked with Aadhaar or Voter ID for authentication;
 - End-to-end encrypted voting and tamper-proof audit logs using blockchain.
- Content moderation by:
 - A mix of legal professionals, retired judges, and civil society experts;
 - Ensures proposals are constitutional, inclusive, and practical.
- Pilot cases:
 - Proposals on digital privacy, labour rights in the gig economy, or climate law could be early test subjects.
 - Outcome: A living, digital feedback loop between citizens and lawmakers, evolving the nature of modern democracy.

The Hyperloop Justice Initiative: Prioritising Case Backlogs

Confronted with an overwhelming backlog exceeding 4.7 crore cases, it is imperative to differentiate judicial responses according to case urgency. The Hyperloop Justice Initiative proposes an AI-driven framework to prioritise critical matters such as murder trials, constitutional questions and large-scale financial fraud, thereby expediting their adjudication. Through intelligent case classification, continuous progress monitoring and automated escalation protocols, the system aims to reduce procedural inertia and facilitate alternative dispute resolution pathways. By harnessing advanced technology, this initiative seeks to alleviate systemic congestion and ensure that cases of paramount importance receive timely and effective attention.

Example – Structural Implementation:

- The Hyperloop Justice Dashboard (HJ-D) would categorise cases into:
 - Category A (constitutional, murder, high-value financial fraud);
 - Category B (civil disputes with economic impact, environmental litigation);
 - Category C (routine and minor matters, eligible for ADR).
- Case filtration via:
 - AI-powered classification engines, trained on judicial urgency and constitutional relevance;
 - Regular flagging of dormant or unusually delayed cases;
 - Time-decay algorithms to push stagnant cases to the top of the system.
- Fast-track courts aligned with:
 - Special Benches in High Courts and Supreme Court, equipped for virtual hearings and AI case mapping;
 - 24/7 e-Hearing Rooms for urgent interventions, in line with the 24/7 Justice model.
- Alternative Dispute Resolution (ADR) Integration:
 - Cases in Category C automatically redirected to Lok Adalats,

- mediation cells, or online grievance redressal;
- o AI suggests custom settlement frameworks and connects parties with pre-approved mediators.
- Monitoring and governance:
 - o Led by the Department of Justice, in partnership with Supreme Court’s E-Committee and judicial data science cells;
 - o Quarterly reviews to measure case velocity, time-to-verdict, and category shift ratios.
- Pilot phase:
 - o Rollout in five high-backlog zones: Uttar Pradesh, Maharashtra, Bihar, West Bengal, and Rajasthan;
 - o Targeted clearing of 1 lakh high-priority cases per state in the first year.
 - o Outcome: A dynamic, tech-driven judicial ecosystem that prioritises impact over sequence, and restores public trust in timely justice.

AI-Assisted Crime Prevention and Judicial Profiling

Traditionally reactive in nature, the legal system stands to gain significantly from a proactive approach facilitated by AI-driven predictive analytics. Such technology can identify legal vulnerabilities, pinpoint high-risk areas and propose timely policy interventions, effectively preventing issues from escalating into full-scale legal disputes. By detecting early signs of financial fraud, mapping corruption networks and forecasting social unrest through sentiment analysis, this framework allows for pre-emptive governmental action. Consequently, it conserves judicial resources by reducing the incidence of preventable cases and enhancing the overall efficacy of the justice system.

Example – Structural Implementation:

- National Judicial Analytics Grid (NJAG) linked with:
 - o Crime databases (National Crime Records Bureau or NCRB);
 - o Tax and financial records (Central Board of Direct Taxes or CBDT, Enforcement Directorate or ED);

- Public digital behaviour data (social media, search trends, online complaints).
- Functions:
 - Use machine learning to identify fraud triggers in financial transactions;
 - Apply sentiment analysis to detect rising social tensions in specific districts;
 - Predict zones of land disputes or civic unrest by analysing property registrations, protests, and police complaints.
- Judicial Profiling:
 - Create case heat maps across regions;
 - Show patterns of case types and average trial durations;
 - Help policymakers tweak laws that are causing excessive litigation or slowdowns.
- Target outcomes:
 - Preemptive arrest of Ponzi schemes or shell companies;
 - Early flagging of corruption in tender processes;
 - Deployment of mediation teams in areas showing early signs of legal conflict.
- Governance structure:
 - Led by a central AI-Judicial Command Unit under the Ministry of Law & Justice;
 - In collaboration with Home Ministry, NITI Aayog, and data science units at IITs;
 - Legal safeguards enforced via oversight by the Law Commission and judiciary ethics board.
- Pilot phase:
 - Urban clusters (e.g. Delhi-NCR, Bengaluru, Mumbai) for white-collar crime monitoring;
 - Rural clusters in land dispute-prone belts (Eastern UP, Odisha, Chhattisgarh) for dispute heat-mapping.
 - Outcome: A judicial model that is not just about delivering justice, but preventing the need for it.

Supreme Court Nominee Public Debates: Increasing Judicial Transparency

Judicial appointments have long been characterised by opacity, engendering concerns regarding potential bias, political interference and ideological partiality. Instituting a public debate platform for Supreme Court nominees, wherein candidates address public questions, articulate their legal philosophies and defend prior judgments, would significantly enhance transparency and accountability. Such a process, ideally overseen by a Judicial Review Commission, would foster greater public trust and ensure that judicial elevation is based on merit, competence and forward-looking vision rather than opaque negotiations or partisan influence.

Example – Structural Implementation:

- Institutionalised under a Judicial Review Commission (JRC) comprising:
 - Retired judges, legal scholars, senior advocates, and public policy experts;
 - A rotating citizen panel drawn from various sectors (education, media, civil society).
- Process Flow:
 - Nominees shortlisted by the Collegium;
 - Appear for a nationally broadcasted public hearing;
 - Address:
 - Their judicial philosophy (libertarian, originalist, constitutionalist, etc.);
 - Major past judgments and dissent notes;
 - Hypothetical legal dilemmas;
 - Pre-submitted public questions, moderated by the JRC.
- Legal Safeguards:
 - The debates would not violate independence, but enhance judicial openness;
 - Questions vetted to remain non-partisan and constitutionally grounded;

- No political party or media house permitted to dominate or sponsor sessions.
- Accessibility:
 - Translated in regional languages;
 - Broadcast on Doordarshan (DD News), government portals, and legal news channels;
 - Full transcripts stored in National Legal Archives for public record.
- Pilot phase:
 - Implemented for two upcoming SC vacancies as a model;
 - Feedback collected from Bar Councils, legal aid networks, and civil society.
- Outcome: A visible, democratic merit filter that ensures only the most competent and constitutionally aligned jurists reach the Supreme Court bench.

Judge Rating and Review Mechanisms: Ensuring Judicial Accountability

While the independence of the judiciary remains a cornerstone of democratic governance, it must be balanced with mechanisms that ensure accountability and continual improvement. Implementing a review system based on confidential feedback from lawyers and litigants, alongside quantitative measures such as case disposal rates, would provide a comprehensive evaluation of judicial performance. Such oversight would help identify instances of undue delay, partiality or inefficiency, facilitating appropriate interventions including training or reassignment. Ultimately, this approach promotes a culture of responsibility within the judiciary, enhances the quality and timeliness of judgments, and strengthens public confidence in judicial fairness and professionalism.

Example – Structural Implementation:

- Central system called the Judicial Performance Index (JPI), monitored by a Judicial Ethics & Performance Board (JEPB) – comprising:

- Senior retired judges, behavioural scientists, statisticians, and lawyer representatives;
- No executive interference, preserving judicial autonomy.
- Feedback Collection:
 - Anonymous digital forms filled by litigants, advocates, and court staff after hearings;
 - Focus areas: judicial conduct, bias, procedural fairness, clarity of reasoning, punctuality, and openness to argument;
 - AI text analysis tools used to flag common issues in narrative responses.
- Metrics in the Index:
 - Case disposal rate vs pendency ratio;
 - Appeal rate and reversal rate of judgments;
 - Peer reviews and disciplinary history (if any);
 - Public trust rating, based on verified stakeholder input.
- Use Cases:
 - Judges with repeated low scores may undergo:
 - Ethics counselling;
 - Subject-matter refresher courses;
 - Voluntary reassignment to lower caseload circuits;
 - Temporary suspension from constitutional benches.
- Legal and Ethical Safeguards:
 - Scores not published publicly to avoid reputational bias;
 - Review panels have no punitive authority, only recommendatory;
 - Ensures constructive, not punitive oversight.
- Pilot Phase:
 - Launched in three High Courts (e.g. Delhi, Karnataka, Kerala) with digital infrastructure and strong bar associations;
 - Annual report generated with anonymised trends and suggestions for institutional improvements.

- Outcome: A performance-aware, self-correcting judiciary that values its independence, but earns its accountability through structured, transparent review.

Conclusion:

Judicial reform is not merely about reducing case backlogs or digitising legal records, it is about reimagining justice as a seamless, efficient, and people-centric institution. With India leading the global charge in digital transformation and blockchain governance, it is time to apply the same forward-thinking approach to judicial review. A few unconventional reforms would not only align India's judiciary with the 21st century but also set a precedent for justice systems worldwide.

While technology comes with its set of ethical dilemmas and potential risks, its circumspect application in judicial processes can enhance efficiency without compromising legal integrity. The law is rarely black and white, it thrives in the grey areas of interpretation, context, and human judgment. However, there exist certain procedural inefficiencies that do not require complex deliberation and can be streamlined with technology-assisted decision-making, predictive analytics, and automated case management. The key lies not in replacing human discretion, but in augmenting judicial capabilities allowing judges, lawyers, and administrators to focus on nuanced, high-impact cases while delegating routine tasks to technology. If balanced with oversight, transparency, and human intervention, such a model could elevate India's judicial system to new levels of accessibility and efficiency, making justice both swifter and smarter.

Justice isn't just about scales and gavels, it's about keeping up with the times. A judicial system equipped for the future is not a distant ideal but an urgent imperative.

**Chandra Shekhar Kumar, Manoj Sharma,
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Fiscal Devolution and Finances of Rural Local Bodies in India

Abstract

The enactment of the 73rd Constitutional Amendment Act in 1993 conferred constitutional recognition on Panchayats, establishing them as the third tier of governance in India. Panchayats, encompassing more than 6 lakh villages accounting for around 70 percent of India's population, are elected rural local bodies (RLBs) entrusted with the responsibility of planning and implementing development activities at the grassroots level. As institutions of local self-government, they play a pivotal role in addressing the everyday needs of rural communities and are instrumental in driving inclusive and participatory development. As a committed signatory to the United Nations' 2030 Agenda for Sustainable Development, strengthening Panchayats is critical for India to realize the Sustainable Development Goals (SDGs), as they plan and implement the scheme relating to key sectors such as poverty alleviation, health, education, water and sanitation, gender equality, and sustainable livelihoods.

For Panchayats to fulfill this mandate effectively, financial autonomy is indispensable. While Urban Local Bodies (ULBs) in Organisation for Economic Co-operation and Development (OECD) countries financed 47 percent of their expenditure through Own Source Revenue (OSR) in 2010—and Indian ULBs reached 52 percent in 2012–13—RLBs in India have lagged significantly, generating only about 7 percent of their expenditure through OSR (around ₹5,000 crore annually) over the past three years. Enhancing OSR is vital, as it ensures a predictable and flexible revenue stream that supports local development, reduces dependency on grants

and schemes, promotes local accountability, encourages citizen participation, and enables financing of area-specific priorities such as employment, public health, and local governance. This article proposes a ten-year roadmap comprising structural reforms, targeted government support, and adequate human resource provisioning to increase the OSR share to 25–30 percent of total Panchayat expenditure, thereby empowering them to serve as effective engines for sustainable rural transformation.

Introduction to Fiscal Devolution and Panchayat Finances and Constitutional Provision

A transformative shift in Indian governance began with the 73rd Constitutional Amendment Act in 1993, which institutionalized fiscal devolution and strengthened the role of Panchayats in decentralization. The concept of "Panchayati Raj," symbolizing rural self-governance, gained prominence. This amendment introduced a three-tier structure comprising Village, Intermediate, and District levels, addressing the need for grassroots empowerment. Panchayats were granted autonomy over local matters, including finance, justice, and development initiatives. This constitutional backing significantly reshaped local governance, recognizing Panchayati Raj as a cornerstone of participatory democracy and rural development. Strengthening OSR mobilization is key to enabling Panchayats to evolve as dynamic economic entities, improving service delivery and enhancing the quality of life for rural population.

Empowering Panchayats through the Constitutional Framework – A Closer Look at 73rd Constitutional Amendment and Its Financial Implications

Article 243H of the 73rd Constitutional Amendment Act grants Panchayats the authority to impose and collect taxes, duties, tolls, and fees, thereby establishing a foundational framework for their financial autonomy and effective functioning as institutions of local self-governance. Complementing this, Article 280 mandates the constitution of Finance Commissions, which are tasked with recommending fiscal transfers and resource allocations to augment

the financial resources of Panchayats. Together, these provisions are central to building fiscal self-reliance, enabling Panchayats to manage local affairs more efficiently while aligning with constitutional principles of decentralization and participatory governance. This legal foundation promotes sound financial management and facilitates long-term, sustainable rural development.

Additionally, the Eleventh Schedule of the Constitution—introduced through the same Amendment—assigns 29 subjects to the domain of Panchayats. These encompass key sectors such as agriculture, education, health, sanitation, rural infrastructure, and social justice. By entrusting Panchayats with responsibilities in these critical areas, the constitutional framework reinforces their central role in local self-governance and positions them as vital agents for inclusive socio-economic progress.

Box 1

29 Subjects Listed in Eleventh Schedule of the Constitution	
1.	Agriculture, including agricultural extension
2.	Land improvement, implementation of land reforms, land consolidation and soil conservation
3.	Minor irrigation, water management and watershed development
4.	Animal Husbandry, Dairying and poultry
5.	Fisheries
6.	Social forestry and farm forestry
7.	Minor forest produce
8.	Small scale industries, including food processing industries
9.	Khadi, village and cottage industries
10.	Rural housing
11.	Drinking Water
12.	Fuel and fodder
13.	Road, culverts, bridges, ferries, waterways and other means of communication
14.	Rural electrification, including distribution of electricity

15.	Non-conventional sources of energy
16.	Poverty alleviation programme.
17.	Education including primary and secondary schools
18.	Technical training and vocational education
19.	Adult and non-formal education
20.	Libraries
21.	Cultural activities
22.	Markets and fairs
23.	Health and sanitation including hospitals, primary health centres and dispensaries
24.	Family welfare
25.	Women and Child Development
26.	Social welfare, including welfare of the handicapped and mentally retarded
27.	Welfare of the weaker sections, and in particular of schedule caste and schedule tribes
28.	Public distribution system
29.	Maintenance of community assets

Different Sources of Revenue of RLBs

Presently, almost 90% of the activities of Gram Panchayats are funded through grants from the Central and State Finance Commissions, while the remaining share is financed through the Panchayats' own revenue mobilization from various sources such as taxes, user charges for services, licence fees, a share in local body taxes (especially stamp duties), donations, and contributions. Details are provided in *table 1*.

Table 1: Different Sources of Revenue of RLBs

Revenue Type	Description
Central Grants:	Funds allocated by the central government to support local development initiatives
State Grants:	Funds provided by the state government for local development

Taxes:	Property Tax, Professional Tax, Advertisement Tax, Vehicle Tax, Entertainment Tax etc.
User Charges:	Fees collected for specific services provided by the Gram Panchayat.
Licence Fees:	Fees charged for granting licenses for various activities within the Gram Panchayat area.
Share in Local Body Taxes:	Share on Stamp duties, levied on registration/leasing of properties in its jurisdiction.
Donations and Contributions:	Funds received from voluntary contributions by individuals or organizations for specific community development projects.
Other Sources:	Funds allocated by the central government to support local development initiatives. Like Finance Commission Grants, grants under different central schemes.

Central Finance Commission: Shaping Fiscal Decentralization in India

The recommendations of successive Union Finance Commissions have played a pivotal role in improving the functioning of the Panchayats on a large number of parameters such as:

- a. Transparency in planning in Gram Panchayat Development Plan (GPDP)
- b. Public Financial Management System (PFMS) based payment system.
- c. Preparing online audit report.

These recommendations are moulding the landscape of fiscal decentralization in India. As enshrined in Article 280 of the Constitution, the Finance Commission is tasked with distributing net tax proceeds between the union and the States, alongside providing principles for grants-in-aid to the States from the Consolidated Fund of India. Some of the important recommendations and OSR centric recommendations are given in *table 2*.

Table 2: Finance Commission, their recommendations, and recommendations specific to OSR

FC	Recommendations Specific to OSR
11th FC (2000-2005)	<ul style="list-style-type: none"> • Property tax/house tax identified as the most significant local tax. • Recommended states to determine property tax methods and timely revise rates. • Emphasized the collection of user charges.
12th FC (2005-2010)	<ul style="list-style-type: none"> • Own revenues of Panchayats (all tiers) estimated at 6.40% of total revenues for 1998-99 to 2002-03. • Highlighted inefficiencies in revenue mobilization, including reluctance to charge fees, low rates, and non-revision. • Recommended Panchayats recover at least 50% of the cost of Operation and Maintenance (O&M) as user charges. • Encouraged states to establish accurate accounting systems for local bodies.
13th FC (2010-2015)	<ul style="list-style-type: none"> • Recognized the importance of local bodies raising their own tax and non-tax revenues. • Encouraged full exploitation of taxation powers assigned to local bodies. • Encouraged recovery of at least maintenance costs for services like water supply, solid waste management, and sewerage. • Suggested incentivizing own source revenue augmentation, though database limitations hindered parameter use for devolution.
14th FC (2015-2020)	<ul style="list-style-type: none"> • Recommended that books of accounts distinctly capture income from own taxes and non-taxes. • Suggested performance grants based on reliable data and improvement in own revenues. • Required Gram Panchayats to show an increase in own revenues to receive performance grants. • Recommended the review of rules and facilitation of property tax levy. • Suggested empowerment of local bodies to impose advertisement tax.

FC	Recommendations Specific to OSR
15th FC (2021-2026)	• Highlighted the low collection from property taxes in India compared to OECD countries.
	• Estimated the potential for house tax collection in rural areas at Rs. 42,160 crores annually.
	• Emphasized the need to augment property tax collection.
	• Noted factors leading to low property tax revenue: undervaluation, incomplete registers, policy inadequacy, and ineffective administration.

State Finance Commissions (SFCs) and their Crucial Role in Shaping Fiscal Decentralization in India

Article 243-I of the Indian Constitution mandates State Finance Commissions (SFCs) to assess the financial position of Rural Local Bodies (RLBs) and recommend measures to strengthen their fiscal capacity. SFCs are tasked with proposing strategies to enhance the State Consolidated Fund in order to support the financial resources of Panchayati Raj Institutions (PRIs). The current status of SFCs is presented in *table 3*.

Table 3: Status of Predecessor and Latest SFCs

Sl. No	State	Latest SFC Status
1	Andhra Pradesh	5th SFC (2025-30) constituted in March 2023; report due by September 2024
2	Arunachal Pradesh	No information on next SFC
3	Assam	6th SFC (2020-25) constituted in November 2018; report submitted February 2020
4	Bihar	6th SFC (2021-25) constituted in February 2019; report submitted April 2021
5	Chhattisgarh	4th SFC (2025-30) constituted in July 2021; report yet to be submitted
6	Goa	3rd SFC (2024-29) reconstituted in January 2022; report submitted in January 2024
7	Gujarat	Details on next SFC not informed

8	Haryana	6th SFC (2021-26) constituted in September 2020; report submitted December 2021
9	Himachal Pradesh	6th SFC constituted in August 2020; report yet to be submitted
10	Jharkhand	No information on next SFC
11	Karnataka	5th SFC constituted in October 2023; report yet to be submitted
12	Kerala	6th SFC (2021-26) constituted in November 2019; report being implemented
13	Madhya Pradesh	Award period of 5th SFC extended up to 2025-26
14	Maharashtra	Details on next SFC not informed
15	Manipur	4th SFC (2021-26) constituted in October 2019; report submitted July 2021
16	Odisha	5th SFC (2020-25) constituted in May 2018; report submitted August 2019; ATR February 2020
17	Punjab	6th SFC (2021-22 to 2025-26) constituted in July 2018; report submitted March 2022; ATR June 2023
18	Rajasthan	6th SFC (2021-25) constituted in April 2021; final report September 2023
19	Sikkim	6th SFC constituted in June 2022; report due October 2023
20	Tamil Nadu	6th SFC (2022-27) constituted in March 2020; report submitted in March 2022
21	Telangana	Details on next SFC not informed
22	Tripura	5th SFC (2020-25) constituted in June 2020; report yet to be submitted
23	Uttar Pradesh	Details on next SFC not informed
24	Uttarakhand	5th SFC (2021-26) constituted in November 2019; report submitted July 2021; ATR March 2022
25	West Bengal	5th SFC constituted in May 2022; interim report November 2022; final report due in September 2023

Source: *Compiled by MoPR*

Per Capita Grants by States

The per capita grants allocated to Panchayats by the State Finance

Commissions (SFCs) are presented in *table 4*. It can be observed from the data that devolution by SFCs remains a significant source of funding for Panchayats. The per capita grants recommended by the 15th Finance Commission are provided in the last row.

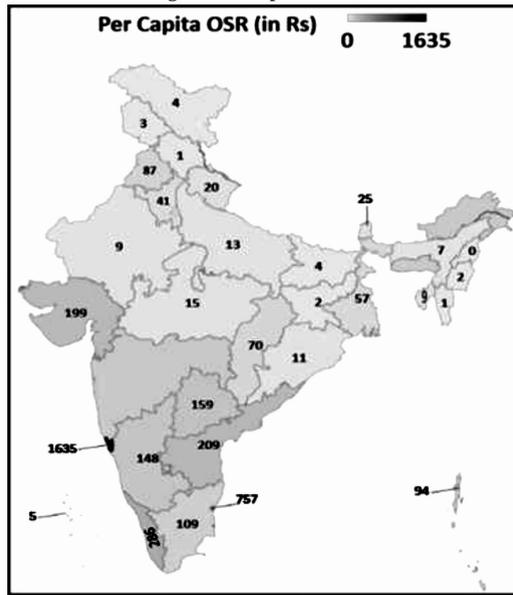
Table 4: Average per capita SFC devolution 2010-11 to 2014-15 and 2015-16 to 2019-20

Sl. No.	States	Average of	
		2010-11 to 2014-15	2015-16 to 2019-20
1	AP (3 rd)	250.19	-
2	Assam (3 rd -4 th -5 th)	167.56	434.89
3	Bihar (3 rd -4 th -5 th)	61.82	359.00
4	Chhattisgarh (1 st -2 nd)	309.77	504.32
5	Gujarat (2 nd)	433.50	-
6	Haryana (3 rd -4 th -5 th)	250.92	741.81
7	HP (3 rd -4 th -5 th)	182.54	368.04
8	Karnataka (3 rd -4 th)	3228.80	6101.04
9	Kerala (3 rd -4 th)	1407.86	3004.26
10	MP (4 th)		423.37
11	Maharashtra (3 rd)	1088.14	-
12	Manipur (3 rd)	700.76	1004.31
13	Mizoram (1 st)		149.65
14	Odisha (2 nd -3 rd -4 th)	209.41	146.75
15	Punjab (3 rd -4 th -5 th)	289.21	456.96
16	Rajasthan (3 rd -4 th)	293.04	472.08
17	Sikkim (2 nd -3 rd -4 th)	47.32	212.99
18	TN (3 rd -4 th -5 th)	904.60	1427.74
19	Tripura (2 nd -3 rd)	153.02	-
20	UP (3 rd -4 th)	317.52	449.53
21	Uttarakhand (2 nd -3 rd)	645.74	1367.70
22	WB (3 rd -4 th)	111.71	152.72
All State Average		597.62	1136.10

All State Average (without Karnataka)	405.12	635.12
Max	3228.80	6101.04
Min	47.32	146.75
FC Local Body Grants	144.68	442.33
Share: FC vis-a-vis SFC	24.15	37.5
15th FC Per Capita Grant for RLBs (2020-26)		Rs. 674

Source: Chakraborty, Gupta and Singh, 2018

Fig. 1: Per Capita OSR



Source: Expert Committee on OSR of RLBs, 2022.

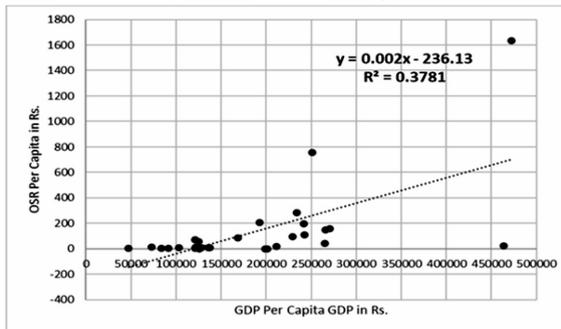
Table 4 highlights significant disparities in State Finance Commission (SFC) fund allocations across states, with Karnataka and Kerala receiving substantially higher per capita amounts. Excluding Karnataka, the average per capita SFC allocation between 2015–16 and 2019–20 stands at ₹662.74. Karnataka’s elevated fund inflow is largely due to the inclusion of electricity dues and bill payments. In contrast, states such as Odisha, West Bengal, and Bihar receive considerably lower allocations. Overall, the average per capita SFC

grant during this period was ₹442, compared to ₹674 per capita from the Central Finance Commission (CFC).

Per capita Own Source Revenue (OSR) also varies widely across states. Goa and Puducherry report the highest figures, at ₹1,635 and ₹757 respectively. However, most states report OSR in single digits, pointing to a clear need for enhanced local revenue generation. OSR currently accounts for only 6–7% of Panchayat finances, underscoring the necessity for targeted strategies to improve local revenue. In 2021–22, total OSR stood at ₹4,812 crore, emphasizing the importance of exploring new revenue streams, including those derived from Common Property Resources (CPRs), to strengthen Panchayat finances.

Drawing on per capita OSR data from the Expert Committee Report on OSR of RLBs (2022) and State GDP data from the *Handbook of Statistics on the Indian Economy, 2022–23* (Reserve Bank of India), table 5 shows that states such as Bihar (₹2), Jharkhand (₹4), Odisha (₹11), and Uttar Pradesh (₹13) record per capita OSR levels significantly below the national average of ₹59. A closer analysis reveals stark discrepancies in the ratio of per capita OSR to per capita GDP, indicating a substantial gap between actual and expected OSR levels. Specifically, these states fall short of the anticipated per capita OSR by factors of 9 (Bihar), 8 (Jharkhand), 5 (Odisha), and 2 (Uttar Pradesh), highlighting the urgent need for fiscal strengthening at the grassroots level.

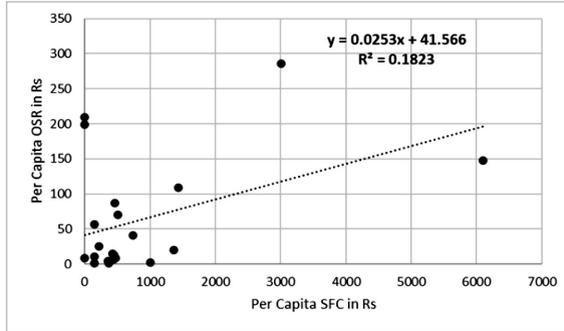
Fig.2 Per Capita OSR Vs Per Capita GDP in Rs.



Source: Data from Expert Committee on OSR of RLBs, 2022.

Figure 2 shows a mild but positive correlation between the growth in Own Source Revenue (OSR) and Gross Domestic Product (GDP). However, as highlighted in table 5, this relationship is not entirely consistent—OSR does not always increase in line with GDP growth or the state’s revenue-generating capacity.

Fig 3. Per Capita OSR Vs Per Capita SFC in Rs



Source: Data from Expert Committee on OSR of RLBs, 2022.

Figure 3 also suggests that there is a weak positive correlation between per capita OSR and per capita SFC grants.

Table 5: Sample Comparison of OSR and GDP Rs per Capita (Year 2021-22)

State	OSR per Capita (2021-22)	State’s GDP per Capita (2021-22)	National avg. OSR per Capita to State OSR per Capita	National Per Capita GDP to State avg. Per Capita	Expected Per Capita OSR
Bihar	2	47,498	29.50	3.13	18.87
Jharkhand	4	84,059	14.75	1.77	33.39
Odisha	11	128,181	5.36	1.16	50.92
Uttar Pradesh	13	73,048	4.54	2.03	29.02
National Average	59	148,524	1.00	1.00	59.00
Kerala	286	233,855	0.21	0.64	

Andhra Pradesh	209	192,587	0.28	0.77
Gujarat	199	241,930	0.30	0.61
Telangana	159	270,839	0.37	0.55

Sources: *OSR data from Expert Committee on OSR of RLBs, MoPR, 2022. State per Capita GDP/NSDP from Table 9, Handbook of Statistics on the Indian Economy, 2022-23, Reserve Bank of India.*

States such as Kerala, Andhra Pradesh, Gujarat, and Telangana report per capita Own Source Revenue (OSR) levels that exceed the national average, significantly outperforming in terms of their OSR-to-GDP ratios. These states generate OSR at rates approximately 3, 3, 2, and 1.5 times higher than their expected per capita OSR, respectively.

Conversely, Bihar's low per capita OSR cannot be attributed solely to limited paying capacity. Although Bihar's per capita GDP is only about three times lower than the national average, its per capita OSR is 29 times lower. This stark gap points to issues of inadequate planning and political commitment rather than purely economic constraints. Based on a proportional relationship with GDP, Bihar's expected per capita OSR should be ₹18.87.

This analysis calls into question the assumption that weak OSR performance in certain states stems from insufficient paying capacity. Instead, the wide disparity between per capita OSR and GDP ratios relative to the national average suggests that systemic and governance-related factors play a more significant role.

OSR and its importance in Panchayat Finance:

Panchayats across India encounter formidable challenges in generating revenue, impacting their financial sustainability and impeding local development initiatives. Some of the key obstacles are mentioned here:

- Gram Panchayats often deliver substandard infrastructure, reducing the community's willingness to pay taxes and fees.
- Many Panchayats hesitate to use their taxation powers, limiting revenue generation for constitutional obligations.

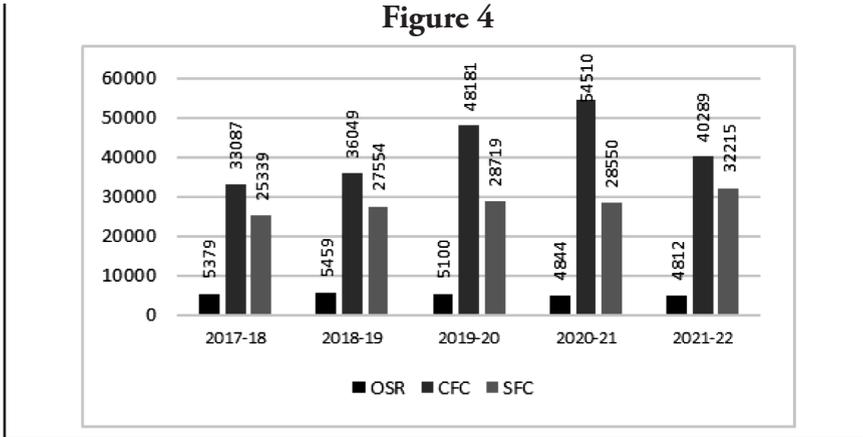
- Inadequate design leads to poor cost recovery, affecting operations and maintenance.
- Panchayats rarely use borrowing to fund long-term projects.
- Working-age population moving to cities shrinks the local tax base and skilled workforce.
- Poor natural resource management hinders sustainable development.
- Insufficient facilities impact health and productivity.
- Rural areas require investment in climate-resilient infrastructure.
- Rural communities are vulnerable to natural disasters.
- Poor roads and digital access restrict market opportunities for rural products.

Table 6 illustrates the OSR alongside the Grants from CFC and SFC during the period from 2017-18 to 2021-22. The data reveal fluctuations in OSR over the years, ranging from 5,379 Crore in 2017-18 to 4,812 Crore in 2021-22. Meanwhile, CFC and SFC Grants show an upward trend, with the total grants increasing from 63,805 Crore in 2017-18 to 77,316 Crore in 2021-22. OSR maintains a share of around 6-8% throughout the period. These findings underscore the importance and scope of OSR in bolstering Panchayat finances. In this period COVID19 Pandemic also impacted the revenue generation in the 2020-21 and 2021-22. Apparently, it seems that many states lack policy certainty and consistency, which affects the stability of OSR. Therefore, states need to focus on strengthening this aspect.

**Table 6: OSR and CFC and SFC Grants during
2017-18 to 2021-22**

(Rs. in Crore)

FY	OSR	CFC	SFC	Total	OSR%
2017-18	5379	33087	25339	63805	8.43%
2018-19	5459	36049	27554	69062	7.90%
2019-20	5100	48181	28719	82000	6.22%
2020-21	4844	54510	28550	87905	5.51%
2021-22	4812	40289*	32215	77316	6.22%



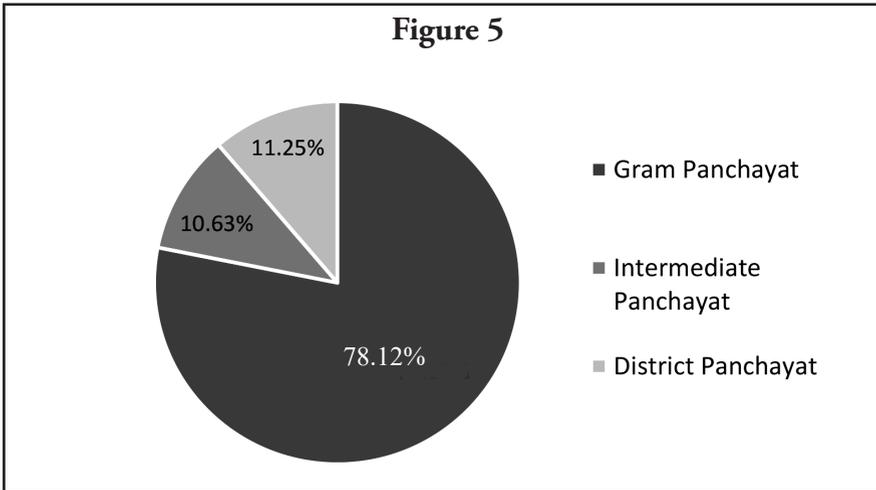
Note: Data received from 30 States/UTs. Expert Committee on OSR of RLBs, MoPR, 2022.

**The release of CFC funds for certain states was withheld because they failed to meet the eligibility criteria. This includes non-submission of Grant Transfer Certificates, insufficient online audit percentage, and failure to provide details about unspent balances of XIV FC Grants, with the state's claimed instalment being less than 10%.*

The distribution of OSR among Gram Panchayats (78.12%), Intermediate Panchayats (10.63%), and District Panchayats (11.25%) reflects disparities in revenue generation within the three tiers of the Panchayati Raj System as given in *table 7*. Comprehensive studies, such as the National Council of Applied Economic Research (NCAER) report, 2021 and the Expert Committee Report, 2022 offer detailed recommendations to enhance OSR. Projections indicate a potential increase from Rs. 5,000-6,000 Crore to over Rs.77.1 thousand Crore over 10 years.

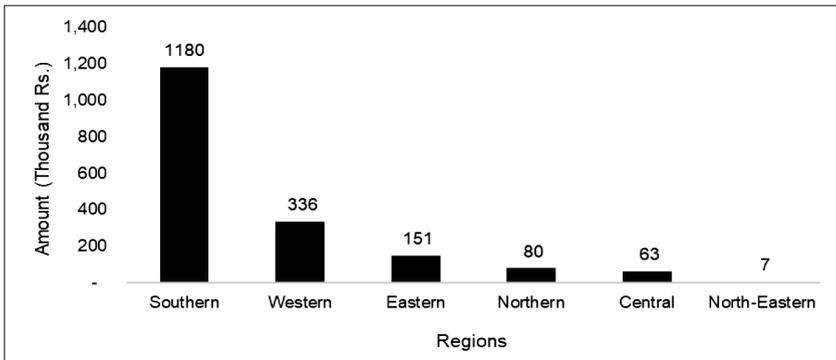
**Table 7: OSR by three tiers of Panchayats
(2017-18 to 2021-22)**

Panchayat	OSR (Rs. In Crore)	%age
Gram Panchayats (GP)	19994.61	78.12%
Intermediate Panchayats (IP)	2719.59	10.63%
District Panchayats (DP)	2880.70	11.25%
Total	25594.90	100.00%



Source: Data received from 30 States/UTs. Expert Committee on OSR of RLBs, MoPR.

Figure 6: Average OSR Collection in last 5 years



Source: NCAER Report 2021

The NCAER Report 2021 reveals that Southern States lead in OSR collection over the past five years, followed by Western States, as shown in *figure 6*. Together, these regions account for 83% of the country's average OSR collection, with Southern States contributing 63%. Maharashtra significantly enhances Western States' performance with an OSR collection more than double that of other states. In contrast, North-eastern, Central, and Northern States have underperformed in OSR collection during this period.

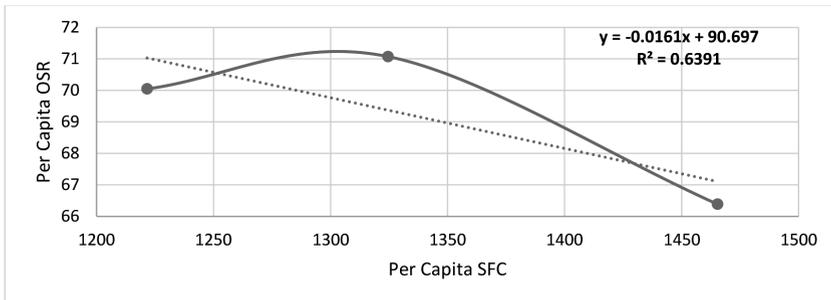
In the fiscal years 2017-18, 2018-19, and 2019-20, the per capita SFC and OSR data in *table 8* and represented in *figure 7* reflect key financial indicators. In 2017-18, the per capita SFC stood at Rs. 1221.59, accompanied by a per capita OSR of Rs.70.05. Subsequently, in 2018-19, both indicators increased, with the per capita SFC rising to Rs. 1324.49 and the per capita OSR to Rs.71.07. However, in 2019-20, while the per capita SFC experienced a further increase to Rs. 1465.27, the per capita OSR showed a slight decline, settling at Rs.66.39. These figures provide insights into the financial dynamics and resource generation capacity over the specified three-year period.

Table 8: Per capita OSR and SFC (2017-18 to 2019-20)

Year	Per Capita SFC	Per Capita OSR
2017-18	1221.59	70.05
2018-19	1324.49	71.07
2019-20	1465.27	66.39

Source: *NCAER Report 2021*

Figure 7: Relation between per capita OSR and SFC (2017-18 to 2019-20)



Note: *SFC and OSR Per Capita is calculated based on the census 2011 population*

Source: *NCAER Report 2021*

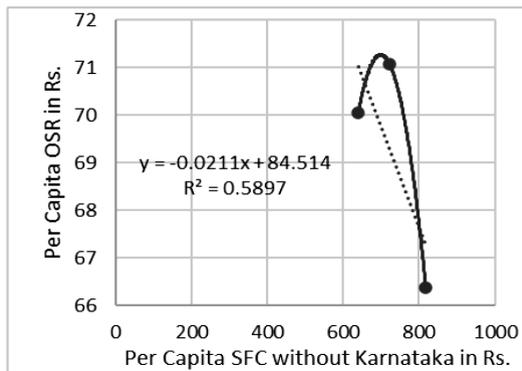
In the fiscal years 2017-18, 2018-19, and 2019-20, without Karnataka, the per capita SFC and OSR data in *table 9* and represented in *figure 8* reflect key financial indicators. In 2017-18, the per capita SFC stood at Rs. 639.12, accompanied by a per capita OSR of Rs.70.05. Subsequently, in 2018-19, both indicators increased, with the per capita SFC rising to Rs. 772.80 and the per capita OSR to Rs. 71.07. However, in 2019-20, while the per capita SFC experienced a further increase to Rs. 817.98, the per capita OSR showed a slight decline, settling at Rs.66.39. These figures provide insights into the financial dynamics and resource generation capacity over the specified three-year period. This is a time trend calculation—even the per capita SFC is increasing but the OSR is decreasing with years which is a matter of concern.

Table 9: Per capita OSR and SFC (2017-18 to 2019-20) without Karnataka

Year	Per Capita SFC without Karnataka	Per Capita OSR
2017-18	639.12	70.05
2018-19	772.8	71.07
2019-20	817.98	66.39

Source: NCAER Report 2021

Figure 8: Relation between per capita OSR and SFC (2017-18 to 2019-20) without Karnataka SFC.



Note: SFC and OSR Per Capita is calculated based on the census 2011 population.

Source: NCAER Report 2021

Analysis of Sources for Mobilisation for OSR

Panchayats rely on OSR, comprising taxes and non-taxes, crucial for local governance and development. Tax avenues include land revenue, supporting essential services and rural infrastructure, and property taxes. Non-tax sources include income from local commons and traditional economic activities, reflecting rural economy dynamics and the need for adapting revenue models to modern community needs. Tax and non-tax list is given in *table 10*.

Table 10: Revenue Sources of RLBs

Tax		Non-Tax	
i.	Property tax	i.	Licence Fee
ii.	Tax on lands (lands not subject to agricultural assessment)	ii.	Rent
iii.	Tax on building – House tax (inclusive of land appurtenant to such buildings)	iii.	Permit Fee
iv.	Profession tax	iv.	Registration Fee
v.	Water Tax	v.	Other Fees
vi.	Tax on entertainment	vi.	Penalties and Fines
vii.	Tax on vehicles	vii.	User charges
viii.	Advertisement Tax	viii.	Interest on Savings and Investments
ix.	Stamp Duty	ix.	Market Receipts
x.	Trade License Tax	x.	Royalties and Fees from Natural Resources
xi.	Animal Tax	xi.	Sale of Agricultural Produce
xii.	Other taxes	xii.	Grazing Fees
		xiii.	Charges for Services Provided
		xiv.	Rent from Mobile Towers
		xv.	Income from renewable energy

Table 11. Tentative list of States/UTs empowering Gram Panchayats with rules on OSR.

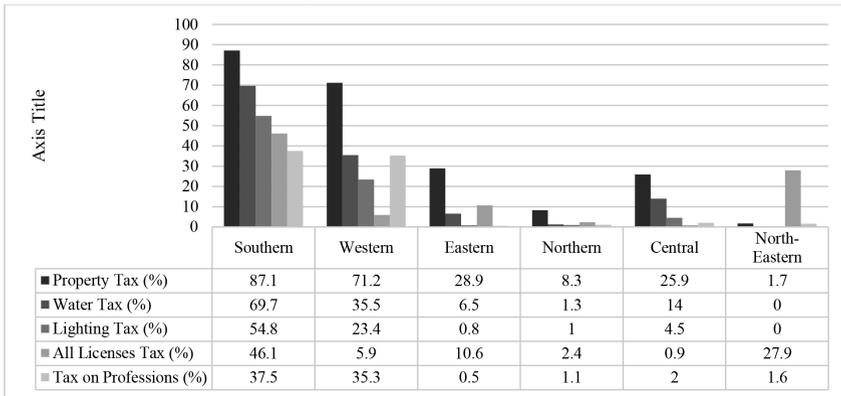
States With Rules on OSR		States Without Rules on OSR	
1.	Andhra Pradesh	1.	Arunachal Pradesh
2.	Assam	2.	Bihar
3.	Chhattisgarh	3.	Jharkhand
4.	Goa	4.	Manipur
5.	Gujarat	5.	Nagaland
6.	Haryana	6.	Sikkim
7.	Himachal Pradesh	7.	Uttar Pradesh
8.	Karnataka	8.	Andaman & Nicobar Islands
9.	Kerala	9.	Dadra And Nagar Haveli And Daman And Diu
10.	Madhya Pradesh	10.	Ladakh
11.	Maharashtra	11.	Lakshadweep
12.	Mizoram		
13.	Odisha		
14.	Punjab		
15.	Rajasthan		
16.	Tamil Nadu		
17.	Telangana		
18.	Tripura		
19.	Uttarakhand		
20.	West Bengal		
21.	Jammu & Kashmir		
22.	Puducherry		

Source: *Expert Committee on OSR of RLBs 2017-22*

Table 11 shows that States with established OSR regulations for Gram Panchayats (tax and non-tax revenue) generate more revenue, suggesting that clear guidelines lead to better financial sustainability and local development. The NCAER report (2021) reveals that the top five taxes from Gram Panchayats contribute 48% to overall OSR, with property tax and water tax making up 60% of this share. Geographical differences in tax rates highlight the role of Gram

Sabhas in Southern and Western States, underlining the importance of a community-centric approach to tax decisions.

Figure 9: Top 5 Tax Collection

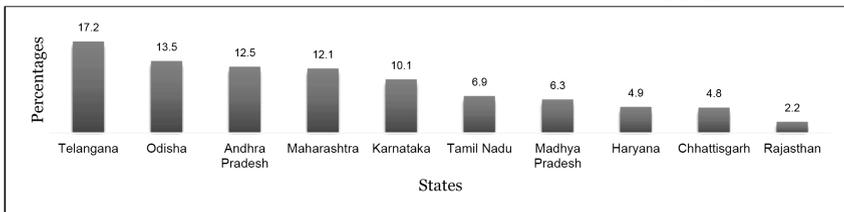


Source: *NCAER Report 2021*

Common Property Resources (CPRs) of Panchayats in India

CPRs in Panchayats, such as pasture lands, forests, and water bodies, are collectively owned assets crucial for the financial structure. Panchayats strategically monetize these resources, such as grazing lands and fisheries, to generate revenue for local governance, development initiatives, and community needs, reducing dependency on external funding and fostering self-sufficiency. Percentage of Distribution of CPR in Top 10 States is given in *figure 10*.

Figure 10. Percentage of Distribution of CPR in Top 10 States:



Source: *NCAER Report 2021*

Responsible use of CPRs is key to environmental sustainability. Engaging local communities and implementing regulations help prevent the "Tragedy of Commons," ensuring sustainable development for Panchayats.

OSR is critical for Panchayat finances, supporting financial independence and sustainability. Innovative strategies, technology, and collaboration are essential to overcome revenue generation challenges, boosting Panchayat finances and enabling sustainable local governance.

The NCAER report (2021) indicates that Gram Sabhas in Southern and Western States have more influence over tax rates, as shown in *table 10*. About 63% of Gram Panchayats in Southern States report some authority in setting tax rates, while other regions often lack such control. This is partly because many Gram Panchayats do not levy taxes. For instance, in Punjab's Chahal Kalan GP in Aur Block, efforts to levy vehicle taxes failed due to being outside municipal jurisdiction and lacking land ownership rights.

Table 12: Geographical Disparity in the Determination of Tax Rates by Gram Panchayats (%)

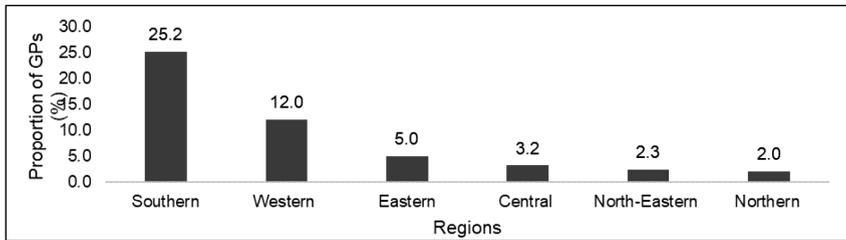
Region	Gram Sabha	State	District Headquarters
Southern	62.5	10.0	2.4
Western	12.0	2.4	0.3
Central	2.6	0.3	0.2
Eastern	1.6	0.0	0.3
Northern	1.2	2.4	1.7
North-Eastern	0.2	0.0	0.0
Total	80.1	15.1	4.9

Source: NCAER Report 2021

Table 12, sourced from the NCAER Report 2021, illustrates the geographical disparity in tax rate determination by Gram Panchayats across various regions. In the Southern region, Gram Sabha plays a dominant role, contributing 62.5%, while State and District Headquarters account for 10.0% and 2.4%, respectively. Contrastingly, the Western region sees a diminished Gram Sabha influence at 12.0%, with State and District Headquarters holding smaller shares at 2.4% and 0.3%. The Central region exhibits minimal Gram Sabha involvement (2.6%), with negligible contributions

from State and District Headquarters (0.3% and 0.2%). In the Northern region Gram Sabha (1.2%) and State (2.4%), and District Headquarters (1.7%) determines tax rates. The North-Eastern region shows minimal involvement across all entities.

Figure 11: Proportion of GPs Levying Taxes



Source: *NCAER Report 2021*

As depicted in *figure 11*, Gram Panchayats in Southern and Western regions are levying taxes whereas in Northern, North-eastern, central and Eastern region less than five percent Gram Panchayats are collecting taxes.

In totality, Gram Sabha maintains a substantial majority in tax determination at 80.1%, indicating a decentralized approach. State and District Headquarters contribute 15.1% and 4.9%, respectively, underscoring the regional diversity in governance structures. This data emphasizes the need for nuanced policy approaches considering the distinct roles each administrative level plays in tax determination across diverse geographic regions.

Initiatives taken by Ministry of Panchayati Raj (MoPR) for strengthening of Panchayat Finance

MoPR has taken significant steps to strengthen Panchayat finance and local self-governance. A key initiative is the five-fold increase in Central Finance Commission Grants, providing rural bodies with more resources for development. The Rashtriya Gram Swaraj Abhiyan focuses on capacity building, training, and infrastructure support for elected representatives, enhancing governance at the grassroots level.

To improve transparency and efficiency, the MoPR launched the

E-GramSwaraj portal, which streamlines administrative processes with tools like the PFMS-based payment system and AuditOnline. This approach aligns with the Ministry's broader goal of localizing the Sustainable Development Goals (SDGs), encouraging Panchayats to focus on nine thematic areas for inclusive rural growth.

Since 2014, the MoPR has prioritized increasing Own Source Revenue (OSR) for Rural Local Bodies (RLBs) through decentralized planning, Model Panchayats, revenue enhancement workshops, innovative financing models, digital platforms, and financial incentives via awards. These initiatives emphasize economic activities, livelihoods, and community involvement.

One notable success is the SVAMITVA Scheme, which grants legal property rights in rural areas, allowing residents to obtain property cards and leverage them for financial gains, thereby empowering local communities and promoting rural development.

A Comparative Analysis of Own Revenue of OECD Countries and ULBs and RLBs in India

Table 13 shows a significant disparity in OSR between urban and rural local bodies. Among OECD countries, Austria leads in OSR for ULBs at 68.7%, while the OECD average for taxes and user fees is 46.5%. India has strong OSR levels for ULBs at 51.6%, but RLBs lag far behind at 6.2%, highlighting a rural-urban divide despite similar revenue-generating powers conferred by the 74th and 73rd Constitutional Amendments. This suggests that the discrepancy is not solely due to low paying capacity but may reflect insufficient efforts and preparedness.

Table 13: Comparison of OSR as Percentage of Local Spending: International and Indian Perspectives

Country	OSR as % of Local Spending ULBs	OSR as % of Local Spending RLBs
Austria	68.7%	
Germany	51.3%	
Italy	45.3%	
Norway	50.1%	

Spain	47.5%	
UK	25.4%	
OECD Countries average	46.5% (2010)	
India	51.6% (2012-13)	6.2% (2021-22)

Source: *Dr. P K Mohanty's 'Financing Cities in India' has been referred for the details of OECD countries and status of Urban Local Bodies*

Table 14: Considerable Points for RLBs in India from International Models

Country	Considerable points for RLBs in India
Australia	<ul style="list-style-type: none"> • Focus on clear legal frameworks for local government creation. • Advocate for powers through state channels within a federal system. • Study the Australian federal tax revenue model (82%) and property taxation reliance.
Brazil	<ul style="list-style-type: none"> • Investigate the “marble cake” model for shared responsibilities. • Address clear divisions in key functional areas. • Explore fiscal transfer mechanisms considering regional imbalances. • Develop revenue sources like service tax and property tax.
Canada	<ul style="list-style-type: none"> • Examine the provincial jurisdiction structure for local governments. • Explore funding flows through state channels and reliance on property tax. • Establish close relations between municipal and state governments. • Consider voluntary tax collection agreements and equalization principles.

Germany	<ul style="list-style-type: none"> • Advocate for constitutional recognition of local government autonomy. • Consider grants as a substantial revenue source. • Explore tax-sharing models and revenue diversification. • Promote self-governance and contributions to infrastructure.
South Africa	<ul style="list-style-type: none"> • Seek constitutional recognition and three-tier federal structure. • Explore financial resource transfers and reliance on property tax. • Investigate municipal classification systems for equitable funding. • Promote local government autonomy, tax powers, and grant utilization efficiency.

Source: *Draft MoPR report of Task Force on CFC grants to RLBs*

Dr. P K Mohanty's 'Financing Cities in India' has been referred for the details of OECD countries and status of Urban Local Bodies for the comparison with Rural Local Bodies in India.

It was estimated by the 15th Finance Commission that there is annual potential of Rs. 42,160 crores from house tax in rural areas, underscoring the imperative to enhance property tax collection.

Advancing Fiscal Self-Reliance in Gram Panchayats through awards

Launched in 2025, the Atma Nirbhar Panchayat Special Award (ANPSA) is a pioneering initiative by the Government of India to foster fiscal self-reliance among GPs. Recognizing that effective local governance hinges on financial empowerment, ANPSA serves both as a recognition platform and a policy instrument to promote innovation in revenue generation. As rural bodies take on increasing responsibility for delivering essential services, ANPSA provides a performance benchmark for fiscal transparency, encourages competitive federalism and peer learning among GPs, and aligns with the 15th Finance Commission's emphasis on performance-based grants. It also holds the potential to shape future policies. Nine Gram Panchayats from across the country were recommended by nine States for ANPSA for exceptional OSR performance. *Table 15* captures key metrics:

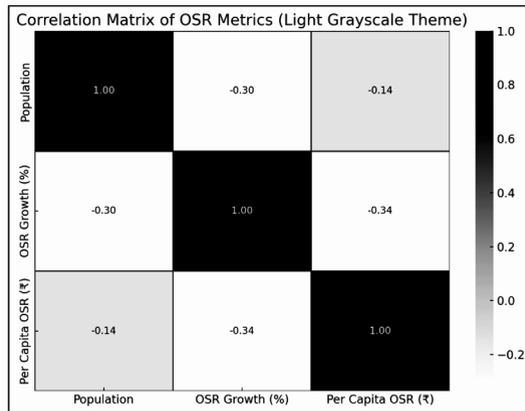
Table 15: OSR Performance of Top-Ranked Gram Panchayats (ANPSA 2025)

Sl. No.	Gram Panchayat	State	Population	OSR Growth (%)	Per Capita OSR (₹)
1	Mall	Telangana	3,211	44.81%	2,953.98
2	Hatbadra	Odisha	6,703	19.64%	1,407.28
3	Gollapudi	Andhra Pradesh	37,349	40.32%	1,100.30
4	Ujire	Karnataka	13,426	-13.12%	1,065.72
5	Pimpri Sayyad	Maharashtra	10,353	25.55%	901.77
6	Chunakkara	Kerala	22,730	-37.72%	314.30
7	Jahota	Rajasthan	6,993	977.18%	264.51
8	Barkhatal	Tripura	2,361	261.40%	213.76
9	Gova	Assam	10,856	94.79%	11.62

Source: MoPR records

Based on the data in *table 15* above, the correlation matrix and heatmap in *figure 12* and *table 16* shows the relationships among the key variables—Population, OSR Growth (%), and Per Capita OSR (₹):

Figure 12: Correlation matrix of OSR metrics



Source: MoPR records

Table 16: Correlation matrix of OSR metrics

Variable Pair	Correlation Coefficient	Interpretation
Population vs. OSR Growth (%)	-0.30	Mild negative correlation: larger GPs tend to show lower growth rates.
Population vs. Per Capita OSR (₹)	-0.14	Very weak negative correlation: scale doesn't ensure efficient revenue use.
OSR Growth (%) vs. Per Capita OSR	-0.34	Weak negative correlation: high growth often comes from low base collections.

Source: *MoPR records*

Key interpretations from the correlation in figure 12 above is as follows:

1. **Size Isn't Everything:** Larger Panchayats (e.g., Gollapudi) don't always outperform in per capita terms—underscoring the role of administrative efficiency and local engagement.
2. **Rapid Growth ≠ High Returns:** GPs with exceptionally high OSR growth rates (like Jahota and Barkhatal) started from low base values, resulting in weak correlation with per capita OSR.
3. **Efficiency Over Scale:** The moderate negative correlation suggests the need to focus on collection mechanisms, digital tools, and local resource utilization, especially in smaller GPs.

This analysis reinforces that policy support, local capacity, and administrative innovation are more important drivers of fiscal performance than population or scale alone.

Actions Suggested to meet and improve the potentials

As discussed previously, since property tax constitutes the major portion of the taxes collected by panchayats, it important to understand the components of a good tax base.

Suggestion 1: *Following principles should be adopted for a improved tax structure*

- i. The taxation base needs to be broadened and for that drone survey data of SVAMITVA may be used.
- ii. The rate of property tax should be based on the paying capacity of the inhabitants.

- iii. The whole process should be digitized.
- iv. The facility for self-assessment should also be available with households.
- v. The demand note should be generated much in advance.
- vi. The whole process should be discussed with the gram sabha for community-based decision making.

A good tax base should be based on the principles of Efficiency, Equity, Transparency, Economy, Local Autonomy, Adequacy, Revenue Stability.

It is essential to outline a systematic strategy to enhance OSR in RLBs of India, focusing on increasing the percentage of Gram Panchayats collecting property taxes and considering the increase in inflation and income growth. A projection has been illustrated in *table 17*.

Table 17: Projection for 10 years to increase the OSR

Roadmap to increase the OSR				
Year	%age GPs Collecting Taxes in India (With incremental targets for forthcoming years)	4% increase in rates every alternate year	Total OSR in Cr	Increase in OSR in Cr
2023-24*	9**	Considering increase in Inflation & Income Growth (2% & 2% respectively)	5119	-
2024-25	10		5830.54	711.54
2025-26	14		6646.82	816.28
2026-27	18		8109.12	1462.30
2027-28	23		9974.21	1865.10
2028-29	28		13165.96	3191.75
2029-30	35		17774.05	4608.09
2030-31	42		25950.11	8176.06
2031-32	50		38925.16	12975.05
2032-33	60		63837.27	24912.11

Note: *(Considering average of 5 years OSR as per Report of Expert Committee on OSR of RLBs 2017-22)

**based on the NCAER report 2021.

Table 17 outlines a 10-year plan for increasing OSR through taxes in India. From 2023-24 to 2032-33, it suggests a gradual rise

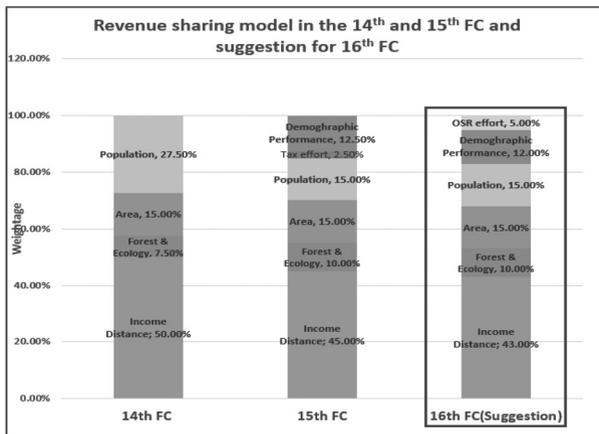
in the percentage of GPs collecting property taxes, with incremental targets. Tax rates are set to increase by 4% every alternate year, with OSR projected to grow significantly. By 2032-33, 60% of GPs are expected to collect taxes, boosting OSR to Rs. 63,837.27 crore. This plan assumes 2% growth in inflation and income to strengthen revenue streams.

While the roadmap is comprehensive, it must be continuously monitored and adjusted to changing economic conditions. The strategy's success relies on effective engagement with stakeholders, especially Gram Panchayats, and robust mechanisms to track progress and adapt as needed.

Suggestion 2: Apportioning 5% weightage for OSR efforts in 16th Finance Commission

It may be proposed that a strategic adjustment within the revenue-sharing model, specifically suggesting the allocation of a 5% weighting towards the generation of OSR shown in *figure 13*. This adjustment would encompass tax collection mechanisms and is intended to significantly enhance the financial autonomy and sustainability of Panchayats, the local governance bodies. By assigning this weightage, the 16th Finance Commission seeks to reinforce the importance of locally generated revenue streams in funding grassroots-level development initiatives.

Figure 13: 14th FC, 15th FC and 16th FC (Projected)



Source: PIB for 14th and 15th FC.

Suggestion 3: Manpower requirement to achieve the goal

The vital connection between Panchayats' OSR and SDGs drives grassroots sustainable development. OSR, sourced from local taxes and fees, funds SDG-aligned projects, empowering Panchayats to address community needs independently, promoting financial autonomy and resilience. Strengthening local revenue generation capacities emerges as essential in advancing progress towards SDG objectives.

MoPR aims to strengthen Panchayats by developing human resources and institutional capacities, as evidenced by a study conducted by the Kerala Institute of Local Administration (KILA), 2023. This study evaluates human resource distribution, duty allocation, and digital literacy in GPs, proposing recommendations for improvement and a comprehensive framework. It also assesses the role of standing committees and examines the use of digital tools, training adequacy, and collaboration between line departments and GPs in program implementation. Tentative staff requirement in GPs have been detailed in *table 18*.

Table 18: Tentative staff requirement in GPs

Group	Population of GP	No. of GPs	Minimum staff requirement
Group 1	Less than 2500	105855	Panchayat Development officer/ Secretary, Junior Clerk, Computer Operator/ Technical Assistant/ Clerk, Water pump operator, Tax Collector, Cleaning/Health Staff, Rojgar Sevak (Total:7)
Group 2	2500 to 5000	117612	Panchayat Development officer/ Secretary, Junior Clerk, Overseer, Computer Operator/Technical Assistant, Tax Collector, Water pump operator, Cleaning/ Health Staff, Rojgar Sevak (Total:8)

Group 3	5000 to 10,000	17193	Panchayat Development officer/ Secretary, Junior Clerk, Engineer, Computer Operator/Technical Assistant, Tax Collector (2), Water pump operator (2), Peon/ Office Assistant (2), Cleaning/ Health Staff (3), Rojgar Sevak (2) (Total:15)
Group 4	More than 10,000	14865	Panchayat Development officer/ Secretary, Assistant Secretary, Junior Clerk, Senior Clerk, Engineer, Overseer, Computer Operator/Technical Assistant, Tax Collector (3), Water pump operator (2), Peon/Office Assistant (3), Cleaning/Health Staff (4), Rojgar Sevak (3) (Total:22)

Note: *There is no link between subjects allocated to the Panchayat. The basis is population of Panchayats.*

Source: *Study Report on Human Resources in Panchayats (KILA)*

MoPR has calculated the financial implications of these manpower requirements, detailing the total annual human resource cost, expected Central Finance Commission (CFC) share per year, and projected CFC share over five years for each group. Details are given in *table 19*.

Table 19: Expected Share from CFC for manpower support:

Group	No. of GPs	Total HR cost per year in Crores Rupees	Expected CFC share per year Crores Rupees	Expected CFC share for five years Crores Rupees	Percentage share of CFC support vis-a-vis total HR cost
Group 1	105855	19371	6775		11.5
Group 2	117612	25639	5762		9.58
Group 3	17193	6430	1496		2.48
Group 4	14865	8651	1724		2.86
Total	255525	60091	15757	78785	26.42

Note: *It needs to be mentioned that the above calculation does not take into account the subjects allocated to the Panchayat. The basis is population of Panchayats. Taking into account subjects the number of posts would enhance in the range of 15-20%.*

Source: MoPR

Under the Rashtriya Gram Swaraj Abhiyan (RGSA), states receive support to establish Block Panchayat Resource Centres (BPRC) and District Panchayat Resource Centres (DPRC) for training coordination elaborated in *table 20*. However, many states are yet to establish these centres, and their functionality requires revamping. The study suggests assessing and reinforcing the functions, mandates, and operationalization of these centres, considering the challenges faced by Gram Panchayats in terms of insufficient human resources. The estimated financial implications for establishing and maintaining DPRCs and BPRCs are outlined, providing insights into the costs associated with these resource centres.

Table 20: Estimated Financial Implication of DPRC and BPRC

Estimated Financial Implication of DPRC and BPRC								
Sl. No.	Components	Cost Norms (Rs. in lakh per annum)	No. of District	No. of District Panchayat	DPRCs with Permanent Building	Remaining DPRCs	Financial Implication (Rs. in lakh per annum)	Financial Implication (Rs. in crore per annum)
	District Level (DPRC)							
1	Provision for establishment of DPRCs in rented building	6.00	785	665	188	477	2862.00	28.62
2	Recurring cost on additional Faculty and maintenance of DPRC	20.00	785	665	NA	NA	13300.00	133.00
	Total	26.00					16162.00	161.62
	Components	Cost Norms (Rs. in lakh per annum)	No of Blocks	No. of Block Panchayat	BPRCs with Permanent Building	Remaining BPRCs	Financial Implication (Rs. in lakh per annum)	Financial Implication (Rs. in crore per annum)
	Block Level							
3	Provision for establishment of BPRCs in rented building	3.60	7247	6707	0	6707	24145.20	241.45

4	Recurring cost on additional Faculty and maintenance of BPRC	4.20	7247	6707	NA	NA	28169.40	281.69
	Total						52314.60	523.15
	Grand Total						68476.60	684.77

Source: *MoPR*

The estimated financial implications for establishing DPRCs and BPRCs: For DPRCs at the district level, the provision for rented buildings, additional faculty, and maintenance incurs a total annual cost of Rs. 161.62 crore. At the block level, the estimated annual cost for rented buildings, faculty, and maintenance for BPRCs amounts to Rs. 523.15 crore. The grand total for both DPRCs and BPRCs is Rs. 684.77 crore, outlining the financial implications of establishing and maintaining these resource centres. Different Studies have made recommendations for States and MoPR, some of the are mentioned further.

Suggestion 4: Recommendations to State Government

- States should ensure policy consistency and stability to create a reliable environment for revenue generation.
- Implement a comprehensive strategy for augmenting OSR through system reviews and strategic planning.
- Adopt the Fifteenth Finance Commission's property tax rates and gradually introduce house taxes.
- Ensure equitable tax distribution among Gram Panchayats, Intermediate Panchayats, District Panchayats, and the State Government.
- Correct unfair tax systems and explore new taxes, setting clear rules for effective distribution.
- Increase OSR through license fees, minerals, auctions, market fees, and user charges.
- Introduce financial policies, including government-backed loans and Lead Bank involvement.
- Encourage cooperation between Panchayats and Cooperative Banks.

- Develop incentive schemes for high-performing Panchayats and conduct capacity-building programs.
- Create a database of local finances and prepare a district-wise tax compendium.
- Activate Finance Standing Committees for improved financial governance.
- Set higher property taxes in specific areas and involve Self Help Groups (SHGs) in OSR collection.

To address the challenges, Panchayats must explore innovative strategies, including diversifying revenue sources aligned with the local economy. Alternative taxes or levies can be considered, coupled with introducing incentives to boost tax compliance. Enhancing financial literacy among citizens regarding the role of taxes in local development is crucial. Technology can play a significant role in efficient tax collection and management, potentially boosting revenue generation. Collaborative efforts with State Governments and robust capacity-building programs present opportunities to overcome revenue challenges, enhancing financial stability and fortifying sustainable local governance.

Conclusion

Over the past three decades, constitutional provisions and successive recommendations from the Union and State Finance Commissions have progressively reshaped the financial architecture of Panchayati Raj Institutions (PRIs). The fiscal ecosystem supporting Panchayats is primarily composed of Finance Commission grants, funds from flagship development programmes, and revenues generated through Own Source Revenue (OSR). Together, these components are intended to empower Panchayats with the resources necessary to fulfill their mandate of decentralized governance.

Yet, despite these reforms, the aspiration of achieving true financial and fiscal autonomy for Panchayats remains largely unrealized. Thirty years since the 73rd Constitutional Amendment, structural and operational deficiencies continue to constrain their fiscal independence. Addressing these challenges requires a paradigm

shift—one that entails not only policy commitment but also strategic innovation at the grassroots level. Panchayats must embrace context-specific, technology-enabled solutions while simultaneously enhancing financial literacy and forging deeper collaboration with key stakeholders.

To this end, a set of integrated recommendations is proposed to strengthen OSR in Rural Local Bodies (RLBs). First, a comprehensive tax reform framework is necessary—one grounded in the principles of efficiency, equity, and transparency. This includes expanding the tax base using drone-assisted property mapping, calibrating tax rates to reflect local paying capacities, digitizing revenue collection processes, enabling household self-assessments, issuing advance demand notices, and institutionalizing gram sabha participation in fiscal decision-making. These measures aim not only to boost compliance but also to enhance local accountability.

Second, the formulation of a ten-year roadmap for enhancing OSR—especially via property taxation—offers a pragmatic path forward. By setting incremental annual targets, including a proposed 5 percent yearly increase in property tax rates, the roadmap projects substantial revenue gains. By 2032–33, it is estimated that 60 percent of Gram Panchayats will be actively collecting taxes, leading to an OSR of ₹64,000 crore—more than twelve times the average OSR of the past five years and exceeding the total grants received by Panchayats in 2021–22. This trajectory, if realized, would mark a transformative shift in rural fiscal autonomy.

Third, to incentivize improved OSR performance, it is recommended that the 16th Finance Commission allocate a dedicated 5 percent weightage to OSR performance. Such a measure would provide a fiscal reward mechanism, reinforcing the importance of self-reliance within Panchayat financing. Simultaneously, addressing human resource constraints is critical; adequate staffing—both in quantity and capacity—must be ensured, alongside clear financial provisioning for such support.

Finally, the strategic use of recognition and incentive schemes, such as the Aspirational Panchayat Development Programme (APDP) and the awards under ANPSA, can catalyze behavioural

and institutional change. These platforms not only acknowledge exemplary performance but also serve as policy instruments that encourage competitive federalism, peer learning, and alignment with national fiscal priorities. By embedding fiscal discipline and innovation into the Panchayat ecosystem, such initiatives strengthen the broader objective of deepening decentralized governance.

In entirety, the pathway to fiscal empowerment of Panchayats lies in a synergistic blend of policy reform, institutional support, and performance-based incentives. The momentum generated through these interventions must be sustained and scaled, ensuring that PRIs evolve into robust, self-reliant institutions capable of driving inclusive and accountable local development.

Key words: [Fiscal Devolution and Finances of Rural Local Bodies in India, Strengthening Rural Local Self Governance (Gram Panchayats), Fiscal Devolution, Own Sources of Revenue (OSR), Fiscal Autonomy, Grassroots Governance, Financial Sustainability in Rural Governance]

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