



Mains Practice Question

Q. “Efficient utilisation of public funds is fundamental to a sustainable society.” Examine the reasons for the lack of efficient utilisation of public funds. (150 words)

25 Jun, 2020 GS Paper 4 Theoretical Questions

Approach

- In the Introduction briefly explain how efficient utilisation of public funds is fundamental to a sustainable society.
- In the body discuss the various reasons like corruption, red tapism and policy paralysis etc. explaining their role in impeding efficient utilisation of public funds.
- Give a few suitable examples elaborating your arguments.
- Conclude by summarising your answer and suggesting some measures to overcome these challenges.

Introduction

Efficient utilisation of public funds is necessary for judicious use of financial resources to satisfy the needs of the present society in such a way that it doesn't compromise the capability of societies of future generations to meet their own needs.

Body

A number of sociopolitical and administrative factors are responsible for inefficiency in utilisation of public funds.

Political reasons

- **Political rivalry:** Sometimes political class indulges in acts of vendetta which erodes the cooperation and collective efforts required for development.
 - For example delay in allocation of developmental funds to opposition MLAs/MPs by Government in power.
- **Irrational freebies distribution:** Irrational distribution of freebies and signing off loans for electoral popularity puts pressure on budgetary balance.
- **Politicised protests:** Frequent ill intended protests and bandhs by any political faction increase the incurred costs due to delay in the public works undertaken.

Administrative reasons

- **Policy paralysis:** Delays, inaction and inability to take policy decisions by the government or its various departments and agencies is one the main causes of inefficiency in public fund utilisation.
- **Bureaucratic attitude:** Sometimes despotic attitude and obstructionist attitude of officials especially in higher echelons of bureaucracy acts as hindrance in carrying out developmental activities.
- **Inadequate political will:** Like recently due to inefficiency and underutilisation of funds, the

Members of Parliament Local Area Development Scheme (MPLADS) has been suspended for two financial years.

- **Red tapism:** Due to over regulation and practice of requiring excessive paperwork and tedious procedures before official action hinders implementation of schemes and projects, thereby it affects process of effective public fund utilisation
- **Lack of public participation:** With a high level of illiteracy and ignorance about government policies and schemes, many citizens (especially poor) could not demand their rightful financial liabilities from the Government.
- **Lack of autonomy of public watchdogs:** Like the Central Vigilance Commission lack powers to take decisions itself as it is treated as an advisory body only it has no power to register criminal cases against government officials.
 - Similarly limited jurisdiction of CAG and lack of autonomy of CIC further weakens the capability to whistleblow and check accountability for irregularities in public finance.
- **Non Implementation of citizen charter:** Many public institutions have still not adopted a citizen charter, a tool of good governance to deliver public services to citizens as rights in a time bound manner.
 - Non adoption of citizen charter is an impediment to efficient public fund utilisation.

Social Reasons

- **Social apathy towards corruption:** In India many people accept corruption as a norm due to which even the people with ill-gotten money enjoy the same status as the honest rich.
 - This is unlike some societies like that of Japan where instances of social boycott of the corrupted people have been observed.
- **Inefficient education system:** Failure of the education system to inculcate the moral values of honesty and integrity firmly in its people.
- **Inequality:** Social and economical equality in Indian society foment greed among people to amass as much resources as possible when they get an opportunity.
 - These cases of corruption are seen even in utilisation of public money at community level such as in Panchayats.
- **Lack of Institutional social accounting:** The process of communicating the social and environmental effects of actions and inactions of public authorities to particular interest groups within society like in the MNREGA scheme is not institutionalised.

Conclusion

Efficient utilisation of public funds requires a number of reforms for good governance such as **decentralisation of power, plugging legislative loopholes, strengthening the public Institutions** like CVC and RTI, **enhancing administrative accountability** and making society more democratic. These reforms could make society more sustainable in the long run.