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GOVERNING WITH RESOURCES: REIMAGINING PUBLIC ADMINISTRATION AND PUBLIC FINANCE FOR RESPONSIVE AND INCLUSIVE GOVERNANCE

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ABSTRACT

One has rightly described public administration and public finance as "two central pillars of modern administration". If public administration represents the structural set of instruments through which public policy is prepared and implemented, public finance defines the avenues through which resources of the State are raised, collected and employed, along with their optimal use, management and monitoring for pursuing public good. Public administration and public finance interaction is growing more relevant than ever today in the wake of growing fiscal constraints, technological revolution, burgeoning public aspirations, social inequities and demand of citizens towards transparent and accountable government. The present paper tries to examine the interconnection between public administration and public finance particularly in the contemporary India.

It deals with the conceptual framework, Institutional context, fiscal challenges and future opportunities associated with effective use of public resources. The study takes up qualitative and analytical method. It relies on qualitative, secondary data that comes in form of secondary data such as reports, journals, books, constitutional and institutional publications etc. The analytical review clearly shows that the former cannot function well without fiscal good and latter cannot achieve desired ends of development without competent admin system. Budgetary accountability and transparency, fiscal decentralisation and participation, performance-based administration and budgeting, ICT based administration and financial information system, social accountability and evidence-based policy making. These are key instruments. Developing state like India requires integrated system of governance which comprises public finance system and public administration system as mutual Reinforcing mechanisms for public good, together ensuring fiscally sustainable, administratively effective, socially just, transparent and participatory development.

KEYWORDS: *Public Administration, Public Finance, Governance, Fiscal Management, Budgeting, Accountability, Digital Governance, etc..*

INTRODUCTION: WHERE GOVERNANCE MEETS THE PUBLIC PURSE:

Government is ultimately about delivering results for public value and not merely a process of announcing policies; a government can conceive of progressive programmes, institute reforms and evolve sophisticated institutions, but these aspirations will only be realised if supported by administration and sound public finance. Consequently, it could be argued that public administration and public finance have a reciprocal relationship.

Public administration broadly deals with the organization and functioning of state bodies, public policy, service delivery, citizens-state nexus and accountability. Public finance, on the other hand, discusses the acquisition, allocation, expenditure and management of public finance resources. "There are three identified main functions of public finance namely allocation, distribution and stabilization following Musgraves classic statement on them." (Musgrave and Musgrave).

The reciprocal relationship that these two fields share is made prominent especially in the context of countries developing such as India. State development expectations comprise stimulating growth, alleviating poverty and inequity, providing public goods, enhancing infrastructure, extending social safety nets, maintaining internal order and adapting to issues like global warming and digitization. This means requiring substantial financial inputs but more crucially sound and capable institutions that would ensure the effective deployment of these funds and finances. The context of modern-era governance only heightened this relation; the trend and demand for efficiency, value for money and the accountability of public institutions within them is pronounced and highlighted through public management, with Hood's position in particular being key in discussions concerning the application of private-sector paradigms in government and its emphasis on results in administration (Hood). However traditional forms of bureaucracy have been redefined in today's climate; alongside Webster's view of bureaucracy comprising a bureaucratic form being characterized by efficiency, specialisation, structure of authority and rules, the modern forms of governance integrate various networks like digital, public-private partnerships and civil society, de centralization and public participation. It is against this perspective that it explores and argues through the reciprocal relationship and roles of public administration and public finance.<b>Administration and public finance have been understood in terms of relationship with one another, such that capacity determined by the administration determines its effectiveness and efficiency in ensuring the conversion of public funds to public value, just as the scale and sustainability of administration action is contingent upon its capacity in terms of resources.

OBJECTIVES OF THE STUDY:

Specifically, this research seeks to achieve the following objectives:

1) investigate the conceptual and theoretical interlinkages between public administration and public finance;

2) explore the importance of public financial management to administration;

3) address salient issues and challenges that Indian public administration and public finance are encountering;

4) analyze the impacts of transparency, accountability, decentralization and digitization in facilitating efficient management of public resources, and

5) recommend policy interventions to improve the administrative-fiscal interface for equitable and sustainable governance.

RESEARCH METHODOLOGY:

This research has taken up descriptive, qualitative, and analytical research methodology, largely depending on secondary data. Classical as well as contemporary academic literature in public administration, public finance, public governance, public management and fiscal policy, constitutional provisions, government reports, policy documents and reports from institutions of public financial management were used extensively for the purpose. These works were analyzed thematically on the lines of: 1) conceptually framing public administration and public finance,

2) budget and resource allocation process,

3) accountability and transparency,

4) decentralization and service delivery, and

5) Digital Transformation and performance-based governance.

No original primary empirical work has been undertaken, instead available theoretical and institutional understanding have been aggregated and analyzed on this issue.

LITERATURE REVIEW:

Classical Foundations of Public Administration:

The intellectual foundations of public administration lie in the theory of bureaucracy, principles of administration, and the politics-administration dichotomy. Wilson stressed that systematic attention should be paid to administration. "The Study of Administration" by Wilson argued that there is a separate field of study of administration (Wilson). He also established the need to create such an academic field in public service and training.

Weber developed "bureaucracy theory as the ideal type of organizational structure which contains elements such as a clearly defined hierarchy of authority, strict set of formal rules, formal selection based on skills, specialized roles and impersonal execution of duties" (Weber). "The principles of administrative organization, most famously referred to with the abbreviation POSDCORB, were further expanded by Gulick and Urwick. Their concepts are strongly linked to four aspects of planning, staffing, directing, coordinating and controlling, operating procedures, public finance, research, standards etc." (Gulick and Urwick). Why we consider their theory of management relevant is that the concept of budgetary management itself was considered one of the key aspects of administrative principles.

Theoretical Perspectives on Public Finance:

Traditionally public finance is interested with public expenditure, revenue, borrowing, taxation, budgeting and fiscal policy. According to Musgrave and Musgrave, functions of public finance fall into three distinct categories; allocative, distributive and stabilization. A key concern of public finance according to Stiglitz and Rosengard is to explore the economic basis of government intervention when markets result in inefficient allocation (Stiglitz and Rosengard). Public finance, in the context outlined, is not therefore just an account exercise but a manifestation of public interest as manifested in budget. Through determining where, whom and what programs receive public money the government budget highlights its philosophy of development.

Governance and Institutional Capacity:

The World Bank's governance literature has highlighted the significance of institutions, accountability, government effectiveness, regulatory quality, and control of corruption. Effective institutions are necessary for converting policies into outcomes.

The literature consequently reveals a fundamental connection: public administration supplies institutional capacity, while public finance supplies the material capacity necessary for policy implementation. Neither can operate effectively in isolation.

Public Administration and Public Finance: An Interdependent Relationship:

Public administration and public finance are intertwined in almost all government activities: policy formulation creates a need for expenditure, budgeting allocates resources to policy preferences; administration delivers programmes; financial control measures the efficient expenditure of budget resources. So, the budget can serve not only as a fiscal instrument, but an administrative and a political one simultaneously. A specific case in which we can note the mutual implication of public finance and administration: government decided that the priority should be granted to health in rural areas. On the financial front, public finance defined the funding for health infrastructures, personnel, drugs, and equipments.

And administration managed not only the recruitment of staff in the different hospitals, but also the management of purchases, the evaluation of activities; and, moreover, the quality of the public services to all people in that rural area. A failure at one level can prevent policy achievements. This process can be diagrammed as follows: Public Need. Public Administration -Policy Formulation; Financial Authority - Budget Allocation; Public Administration-Program Implementation; Financial Authority-Expenditure control, Monitoring, Evaluation; Public Administration-Public Service Delivery;

Public Administration, Financial authority- policy re-elaboration. So, if the financial authority and administration do not co-operate, effective implementation of policies is likely to become impossible.

Budgeting as the Bridge between Administration and Finance:

However, arguably the most institutional connection between public administration and public finance is the area of budgeting. Historically, budgets focused exclusively on inputs; how much will be spent on salaries, infrastructure, equipment and services? Modern public administration relies more on outputs and outcomes. Performance budgeting attempts to link expenditure to results that can be measured; 'not "how much did it cost?", but "what did the spend buy us?".7 This is crucially important in a developmental context.

The heavy allocation of funding to education does not automatically result in better learning and the performance of the administration would reflect whether teachers actually turned up at school, resources did make it to the appropriate destinations, the facilities were kept in working condition and how progress was assessed.8 Therefore performance-oriented budgeting has the potential to build in accountabilities linking inputs, processes, outputs and outcomes. However, the limitations of performance measurement cannot be ignored, for instance, social justice, dignity, respect, inclusion and democratic participation remain challenging to integrate within these measures and therefore must act alongside, not instead of quantitative assessment.

Fiscal Discipline and Administrative Efficiency:

Fiscal discipline is indispensable to prudent and sustainable governance. All governments will endeavor to meet growing demands with limited means. Unsustainable loans, wasted expenditures, ineffective subsidies and ineffective revenue collection can constrain fiscal space for succeeding governments. On the level of administration, fiscal discipline involves adequate control mechanisms over spending, transparent procurement procedures, audit processes, accounting and reporting practices and appropriate monitoring frameworks.

One has to ensure the maintenance of fiscal discipline without creating an environment where productive government services could suffer. In any case, fiscal adjustment that significantly reduces spending over health, education, social security and infrastructure might achieve immediate savings but would have huge cost over time. An effective system of public finances should be able to differentiate productive spending from wasteful spending and not view expenditure contraction automatically as good.

Fiscal Decentralisation and Local Governance:

Secondly administration and finance find one important area in the name of decentralization. It is believed that local governments are nearest to the masses and thus can pinpoint out the local requirements better. However, transferring of administrative functions to local governments without proportionate powers of finance can result in the non-functioning of decentralization. Fiscal decentralization refers to the allocation of expenditure responsibilities, revenue authority and grants among the various levels of government. Indian Constitution clearly provides space for local bodies at the union level in the 73rd and 74th Constitutional Amendments. In any type of decentralisation these three forms of capacity are required:

(1) administrative capacity- ability to design and implement policy;

(2) financial capacity- ability to collect and manage revenues; and

(3) democratic capacity- ability to allow citizens to participate. If local government have responsibility but no financial authority then decentralisation might remain cosmetic. So, for efficient decentralized government local revenue generation, predictable intergovernmental grants, accounting and technical capacity must be developed.

Transparency, Accountability, and Public Trust:

At its core, public finance is the question of the public trust. The citizens entrust the resources with government through payment of taxes, in return for prudent use. Transparency means citizens, legislatures, civil society, academicians, accountability mechanisms are given access to how public money is mobilized and how it is spent. The citizens also expect a public official to justify decisions and accept responsibility.

The Indian Right to Information law have enhanced citizen capacity to access data pertaining to the public authorities. Similarly, parliamentary committees, audit institutions, legislative committees, social audits and digital disclosures could reinforce fiscal responsibility. The comptroller and audit general of India plays a special role in this setup. Audit not merely probes irregularities after expenditure, but it also stimulates development of good systems, procedures and practices. And yet, transparency cannot simply mean making huge chunk of data available to public. We must demand accessible, intelligible, opportune and intelligible data for citizen use. And yet without intelligible transparency is still another form of secrecy.

Digital Transformation of Public Financial Management:

Digitalisation is also impacting public administration as well as public finances. There can be better ways to collect taxes, track public spending, undertake purchasing, made payment, store public records, and also deliver public services through digital ways. Examples like India's experience with Digital public infrastructure shows how technology is helpful to lessen the transaction costs and also broadens the administrative reach through technology. Electronic payment and purchasing, online tax mechanism, DBT system, and Integrated public finance system all enhance both public finance and accountability, while on the one hand also cut the possibilities for leakages, at the other they give rise to new threats, namely cyber-threats, digital privacy issue, digital divides, and algorithm bias and also require sufficient digital literacy to citizens. Hence, the aim of digitization should not be solely digitizing the existing operations but digitizing them to enhance reach, efficiency, accountability, and also citizen experience.

Major Challenges:

Bureaucratic Complexity:

Bureaucratic Red Tape Procedural complexity could make decision making and innovative action cumbersome, although rule systems can be necessary to keep discretion within legitimate parameters. Overly proceduralist methods can achieve 'bureaucratic ossification'

Lack of Co-ordination:

The many ministries, agencies and levels of government that are typically involved in public programmes could operate with an absence of any mechanism for effective coordination, leading to expenditure duplication and fragmented priorities.

Leakages and Inefficient expenditure through inadequate monitoring, poor procurement systems, weak internal controls, corruption etc can cause much less impact of public spending to devolve.

Fiscal Constraints:

There is a multitude of competing claims on the purse including infrastructure, health, social spending, education, climate adaptation, defense and overall economic development so difficult choices will always have to be made about how resources should be allocated.

Lack of expertise:

There is a need for professionals in economics, statistics, information technology, data management, business and accounting to be trained in or be proficient in budgeting processes, procurement procedures and management of budgets.

Political and administrative pressure:

The need to demonstrate responsiveness to electoral cycles might also lead to less sound expenditure decisions not being taken on a long-term developmental outlook. Effective inter-governmental relationships and sustainable fiscal finances require institution systems to be set up that will help balance the democratic system of accountability with fiscal responsibility.

The Contemporary Environment:

Emerging prospects and reform priorities There are a variety of new opportunities in the contemporary context to reinforce the public administration - public finance interface.

Outcome Based Governance:

The emphasis of government spending should increasingly shift from measuring inputs or expenditure alone to programme outcomes

Evidence-based Government:

The role of data and impact assessments to drive administrative decisions should be expanded to ensure decisions based on evidence rather than assumption

Participatory Governance the meaningful involvement of citizens in public resource decision making should increase.

Professionalization of Public Administration:

There is need to introduce new skills and expertise in to public bodies especially in financial management, information technology, data analysis, management etc.

Green Public Finance:

The development of environmentally conscious budgets has become increasingly relevant in view of the challenges posed by Climate Change. Strengthening Intergovernmental Finance relations India needs a more effective institutional interface between the Union, the States, local governments for improved coordination and delivery of services with better fiscal discipline, clear roles and responsibilities, and strengthening of sub national capacities.

Analyses and Discussions:

The central argument of this report is that public administration and public finances must be regarded as a governance ecosystem functioning with dual complementary characteristics public finance defining what resources should be gathered and how they should be allocated, and public administration defined as the translation of resources into public services or outcomes.

“These dimensions can be understood more clearly through the concept of public value, introduced by Moore” (1993) who encourages public managers to think about delivering public value as a broader objective than following administrative processes.

Public administrations that focus on delivering 'value' would define the success of budgets by measuring the social value of outcomes achieved rather than just levels of expenditure. This implies moving from Input → Expenditure → Compliance towards

Input → Activity → Output → Outcome → Public Value.

Transformation also necessarily entails institutional restructuring. Financial departments cannot perform tasks separately from implementation bodies. Administrative departments need financial background to create feasible and sustainable programs. This study demonstrates that institutional capacity helps decentralization and digitalizing further reinforce this partnership. It is evident that digital financial services contribute to efficiency and transparency; however, they do not serve as solution to deficient policy and human resource skills.

It is important, similarly, that fiscal discipline must not be understood as an indiscriminate cutback of expenditure. Sustainable fiscal governance needs to focus on priorities, efficiency and inter-temporal justice. A sophisticated system of public administration and public finance has then to integrate four principles:

Efficiency –

maximizing public value from scarce resources.

Equity –

Fiscal policies and public services serving to mitigate social and regional disparities.

Accountability –

Holds administrators and institutions accountable for financial and administrative actions and decisions.

Sustainability –

Current decisions over public finance and development are not a burden on future generations

CONCLUSION:

Public administration and public finance can best be described as two sides of the same coin, that of governance. While administration provides the machinery, capacity and mechanisms by which public policies may be implemented; public finance provides the fuel that drives that machinery. Both are only capable of operation if both factors are considered in union rather than separately. This relationship is at its most pertinent today; facing as governments are global challenges ranging from fiscal constraint to inequality to climate change, from technological upheaval to an ageing population and rising civic aspirations.

They do not have the luxury simply of raising and taxing; citizens also want to see public finances translate into better, equitable outcomes for themselves. The trajectory of better Indian governance, moving forward rests, of necessity, in this synergy between the fiscal credentialism and the administrative strength of government. Performance-oriented budgeting, fiscal decentralisation, digital public financial management, citizen participation, procurement transparency, social audits, evidence-based policymaking, cadre management capacity building and green budgeting could all be contributing elements in this mix. However, the two things that this paper really wants to suggest at the end of the day, is that money alone will not engender development, while administration alone will not guarantee the fulfillment of the public services' responsibility.

Fiscal capacity may lend power to the state while public administration will dictate its institutional direction; when these two are brought together and work through principles of transparency, accountability, efficiency, equity and democratic participation then public monies can transform into public value. To sum it all up then, public administration and public finance ought neither to be the end in themselves of controlling the machine and calculating fiscal flows, but, instead, ought to aim at constituting governance systems where public money serves public ends.

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