

Delivering Governance and Reform of Bureaucracy*

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According to a recent survey¹ on 12 Asian economies done by the Hong Kong based Political and Economic Risk Consultancy, India's "suffocating bureaucracy" was ranked² the least-efficient, and working with the country's civil servants was described as a "slow and painful" process. 'They are a power centre in their own right at both the national and state levels, and are extremely resistant to reform that affects them or the way they go about their duties,' the report said. India's own Second Administrative Reforms Commission is no less scathing in its criticism:

"The state apparatus is generally perceived to be largely inefficient with most functionaries serving no useful purpose. The bureaucracy is generally seen to be tardy, inefficient and unresponsive. Corruption is all-pervasive, eating into the vitals of our system, undermining economic growth, distorting competition and disproportionately hurting the poor and marginalised citizens. Criminalisation of politics continues unchecked, with money and muscle power playing a large role in elections. In general there is a high degree of volatility in society on account of unfulfilled expectations and poor delivery. Abuse of authority at all levels in all organs of state has become the bane of our democracy."

The poor shape of India's bureaucracy has also resulted in indifferent progress on the marginal developing groups (MDGs). High growth notwithstanding, India seems to have failed on two fronts. First, social indicators on *health, nutrition, hygiene*, and quality of education are either stagnant or moving very slowly. And secondly, a large number of marginalised and disadvantaged

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people have either not gained from development, or in many cases have actually been harmed from the process. Weak governance, manifesting itself in poor service delivery, uncaring leadership, and uncoordinated and wasteful public expenditure, are the key factors impinging on development and social indicators.

Political Compulsions and Bureaucracy

In a well-functioning democracy, the political process would ideally find answers to governance problems. Political pressure can be healthy if it results in greater demand on administration for efficiency and better services to the people. Pressures properly regulated and wisely tempered, improve the spirit of administration and help to keep it on an even keel, but this is not happening in India.

There is a growing belief widely shared among the political and bureaucratic elite in the Government that the state is an arena where public office is to be used for private ends. Immediate political pressures for distribution of patronage are so intense that there is no time or inclination for the ministers and bureaucrats to do conceptual thinking, to design good programmes, weed out those that are not functioning well, and monitor the programmes with a view to improve the effectiveness of delivery. At the same time elections require funds which have to come through the largesse of the Government treasury.

The political system in many states is accountable not to the people but to those who are behind the individual Members of the state level Legislative Assemblies (MLAs); these are often contractors, mafia, corrupt bureaucrats, and manipulators who have made money through the political system, and are therefore interested in the continuation of chaos and patronage based administration. The fact that half of the politicians in some states are either criminals or have strong criminal links and thus have no faith in the 'Rule of Law' further compounds the problem.

The state resources are the most valued prize for both politicians and their constituencies, which lead to a client patron relationship between the holders of state power and those seeking favours. Patronage is controlled by individuals, not established institutions bound to follow set procedures. Where power is highly personalised and weakly institutionalised, the decision making

process is replaced by arbitrary and behind-the-scene transactions. In such an environment, exercise of power for its clients demands fudging of rules, dependence upon corrupt civil servants, pilfering of the public treasury, and decay in governance. When the fence starts eating the field, there is little chance of development reaching the poor.

Winston Churchill on the eve of India's Independence had said, "Power will go to the hands of rascals, rogues and freebooters. *All Indian leaders will be of low calibre and men of straw. They will have sweet tongues and silly hearts. They will fight among themselves for power and India will be lost in political squabbles*". What appeared as a scandalous outburst then, may be called an understatement now!

Impact on the Bureaucracy

In almost all states people see the bureaucracy as wooden, disinterested in public welfare, and corrupt. Bright men and women join the IAS, but adverse work environment, constant political interference, frequent and often meaningless transfers, and corruption below and above them, all leads to the death of idealism; and encourages them too to misuse their authority. Disillusionment and greed, and not need, is the driving force behind graft amongst civil servants. A young IAS officer from Bihar described³ the predicament of honest officers in the following terms:-

"As Project Director (PD), I was handling rural development funds and it was often a problem to release money to the sub-district Blocks and Panchayats (elected village councils). This was so because the Block Development Officer (BDO) or the Mukhia (elected panchayat president) would immediately take up 'n' number of schemes and distribute the total money as advance to either his own relatives who act as agents or Abhikartas (Junior Engineers) in employment schemes or the muscle men or petty contractors of the local MLA. If any action is proposed against the BDO or the Mukhia a report has to be sent to the Minister who often does not take any action. This further emboldens the BDO while the Collector/ PD gets demoralised. Upright officers

have been systematically marginalised by the indulgent political masters who expect a committed bureaucracy. Committed officers enjoy outstanding CRs (annual confidential reports) and foreign training, while upright officers are sidelined in useless departments like Rajbhasha (Official Language), Protocol etc. When they apply for GOI deputation, all kinds of hinderances are created. This is done to break the upright officer and make him submissive and more committed."

The IAS serves the state but the state structure is itself getting increasingly dysfunctional and divorced from public interest. In some North Indian states parallel authority structures and Mafia gangs have emerged. Tribal regions in central and north-east India are out of bounds for normal administration. In such a situation, it is no surprise, if the bureaucracy too is in a bad shape.

Over the years, whatever little virtues the IAS possessed - integrity, political neutrality, courage and high morale - are showing signs of decay. Many civil servants are deeply involved in partisan politics: they are preoccupied with it, penetrated by it, and now participate individually and collectively in it. This is understandable, though unfortunate, because between expression of the will of the State (represented by politicians) and the execution of that will (through the administrators) there cannot be any long term dichotomy. In other words, a model in which politicians would be casteist, corrupt and will harbour criminals, whereas civil servants will continue to be efficient, responsive to public needs and change-agents cannot be sustained indefinitely. In the long run administrative and political values have to coincide.

While defending the continuation of the all India Services, Sardar Patel had said, "they are as good as we are". At that time it was taken as a compliment that the civil service was being compared with statesmen who had won freedom for the country. One does not know how many civil servants will like to be told today that they are like politicians. But things have moved a full circle, and perhaps many of them behave like politicians- the English speaking politicians- corrupt, with short term targets, narrow horizons, feudal outlook, disrespect for norms, contributing nothing to the welfare of the nation, empty promises and no action.

Internal Problems of the Bureaucracy

Lack of Professionalism. A high degree of professionalism ought to be the dominant characteristic of a modern bureaucracy. The fatal failing of the Indian bureaucracy has been its low level of professional competence. An IAS officer spends more than half of his tenure on policy desks where domain knowledge is a vital prerequisite. However, in the present environment there is no incentive for a young civil servant to acquire knowledge or improve his skills. There is thus an exponential growth in both, his ignorance and arrogance. It is said that in the house of an IAS officer one would find only three books - the railway timetable, because he is always being shunted from one post to the other, a film magazine because that is his level of interest, and of course, the Civil List - that describes the service hierarchy! An important factor which contributes to the surrender of senior officers before political masters is the total lack of any market value and lack of alternative employment potential. Beyond the Government they have no future, because their talents are so few. Most IAS officers thus end up as dead wood within a few years of joining the service and their genius lies only in manipulation and jockeying for positions within the Government.

Creation of Redundant Posts. Due to the control that the IAS lobby exerts on the system, a large number of redundant posts in the super-time and superior scales have been created to ensure them quick promotions. Often a senior post has been split, thus diluting and diminishing the scale of responsibilities attached with the post. For instance, in some states against the post of one Chief Secretary, there are many officers now in equivalent but far less important posts drawing the same salary. In one state, previously where one officer used to be the Secretary of Medical and Health, now there are five officers doing the job of one; four are in-charge of health, family planning, medical, and medical education respectively, whereas the fifth one, as Principal Secretary oversees the work of these four Secretaries!

This has apparently been done to avoid demoralisation due to stagnation, but the net result has been just the opposite. First, it leads to cut throat competition within the service to grab the important slots. The old camaraderie has vanished. Instances are not lacking when IAS officers wanting plum jobs have gone to the

politicians denigrating their competitors. Second, this no-holds-barred competition is then exploited by politicians in playing up one against the other leading to officers becoming more pliable. Third, for IAS officers in the marginalised positions Government seems remote, heartless and more unjust now than ever before. Many have gone to the Tribunals and Courts for promotions and postings, a phenomenon that was unheard of two decades ago.

Perverse incentives are not the only factor undermining the effectiveness of the bureaucracy. Its composition is also skewed. For instance, in most states, about 70 per cent of all government employees are support staff unrelated to public service – drivers, peons and clerks. Key public services – education, healthcare, police and judiciary- are starved of people, whereas many wings are overstaffed.

Structure of Reward and Punishment. It may be recalled that even in the 1970's the officers exerted pressure on the system to move to what they thought were more glamorous positions. Some decades back, when "useless" posts were almost non-existent, an informal hierarchy of jobs had existed. The Secretary Industries, as also every one else, thought that he was holding a more important job than the Secretary Social Welfare although they drew the same salary. A Collector of a large district felt humiliated if he was transferred as Director of Tribal Development.

The difference between then and now is that previously civil servants had clear ideas about the type of behaviour that would be rewarded or punished; furthermore, control over that, and judgment about it, was in the hands of the Civil Service itself. Now, the structure of reward and punishment is decidedly and squarely in the hands of the politicians, who therefore cannot be displeased. Today, many Legislative Assemblies meet only for 20 to 30 days in a year. MLAs are not interested in legislative functions, they all want a share in the executive! Most of the time they interfere in the role of other wings of the Government with no sense of accountability, but they have nuisance value for back-door influencing in decision making. Such back seat driving means informal control over the bureaucracy, but it promotes irresponsible decision making and encourages corruption. The traditional separation between the executive and the legislature has disappeared in India. This has meant erosion of internal discipline

and emergence of the district MLAs as the real boss for the Collector.

Poor Service Delivery. To be fair to the modern brand of politicians, it must be admitted that except for high integrity, neutrality towards party politics, and provision of minimal administrative services in times of emergency, the Civil Service even in the past had little to commend for itself. Efficiency in the civil services was always very narrowly defined; it was in terms of contempt for politics and adherence to rules, but never in terms of increased public satisfaction. In such a scenario of low institutional capability it is unfair to expect that the political processes would be totally free from populism or sectarianism. Because of the inability of the system to deliver, politicians do not perceive good governance as feasible or even important for getting votes. No Chief Minister seems to be saying to his constituents: *'within three months all canals would run on time, you would get 10 hours of electricity, rations would be available for the poor, you apply for a license today and within a month it would reach your doors, your grievances will be promptly attended to, etc.'* One reason why he does not say so is the total lack of faith on the part of voters in such promises which need delivery through the administrative apparatus. Ministers too are conscious of the limitations of the system, and realise that such promises cannot be delivered.

It is here that the Civil Service has failed miserably. Politics is after all 'art of the possible', and if the Civil Service is no longer able to ensure service delivery, politicians are forced to resort to identity based politics in order to reach at least some sections to keep the faith of the voter alive in the political system.

Although many civil servants hold the view that it is the nature of politics which largely determines the nature of the Civil Service and the ends to which it would be put, and therefore Civil Service reforms cannot succeed in isolation, causation is also in the other direction. Non-performing administration leaves little choice to the politicians but to resort to populist rhetoric and sectarian strategies.

Rather than try to improve the delivery system, many IAS officers are compromising with the rot and accepting a diminished role for themselves by becoming agents of exploitation in a state structure which now resembles more like the one in the medieval

period - authoritarian, brutal, directionless, and callous to the needs of the poor. A few competent and ambitious civil servants would be able to rise above all this, by joining the UN and other such organisations. Their material success will further fuel the desire of the ordinary members of the Service to enrich themselves by hook or by crook. In the process they would become totally indistinguishable from other rent seeking parasites - politicians, inspectors and middlemen. Perhaps, they had not imagined that they would end up like this at the time of joining the Service. Stagnation in their intellectual capabilities and a decline in self-esteem will further demoralise them. Disillusionment and corruption are thus likely to coexist in the IAS for quite sometime to come.

How to Stem the Rot?

Government of India (GOI) transferred almost Rs 4 trillion in 2008-09 to the states. If even half of it was to be sent to the sixty million poor families (at 28 per cent as the cut-off line for poverty, 300 million poor would be equivalent to roughly 60 million households) directly by money order, they would receive more than Rs 90 a day! It proves that public expenditure needs to be effectively translated into public goods and services that reach the poor for it to have an impact on poverty and social outcomes. Unfortunately different kinds of distortions can come in the way of resource allocations reaching the intended beneficiaries.

Although there has been a growing realisation among some Chief Ministers on the need to improve governance, only a few have been able to translate this into concrete action. This would necessarily involve keeping the MLAs and Ministers under check, which is difficult when the state is under a coalition regime, or the ruling party is constrained by a thin margin in the Assembly, or is divided into factions. In many other states even Chief Ministers seem to be averse to professionalising administration.

When neither politics nor state administration has the capacity for self-correction, only external pressure can coerce states to take hard decisions that will hit at their money making tactics. In the Indian situation (where foreign donors provide very little aid to the states as compared with what is provided by the Centre) this can come only from the Centre, backed by strong civil society and media action.

Conditions under which the civil servants operate in the social sector Ministries in GOI are somewhat different from the work environment prevailing in the states. First, the Central Government Joint Secretary does not control field staff and is, therefore, free from the pressures of transfers and postings. Second, his/her tenure in GOI is for five years, which facilitates growth of professionalism. In the states, when officers fear that they would be transferred within six months there is hardly any incentive to perform. Third, central government officials are more in touch with experts, donors and specialists, and therefore are under peer group pressure to learn their subject and be able to converse with the specialists on equal terms. In some cases, where GOI Ministries (such as in Education and lately in Health) have started behaving like donors and make states to be answerable for results, results in the field are more satisfactory than in the Ministries, such as Tribal Affairs, Food & Civil Supplies, and Women & Child Development, where they are content with just release of funds or foodgrain with little monitoring of outcomes.

Therefore, the enhanced control by the Centre on social sector expenditure should provide a window of opportunity to put some pressure on the states to improve their administration and service delivery. Some of the ways it can be achieved are discussed in the succeeding paragraphs.

Focus on Outcomes. At present officials at all levels spend a great deal of time in collecting and submitting information, but these are not used for taking corrective and remedial action or for analysis, but only for forwarding it to a higher level, or for answering Parliament / Assembly Questions. Equally, state governments do not discourage reporting of inflated figures from the districts, which again renders monitoring ineffective. As data is often not verified or collected through independent sources, no action is taken against officers indulging in bogus reporting. The practice is so widely prevalent in all the states, that the overall percentage of malnourished children, in case of 0-3 years according to the data reaching GOI from the field is 8 per cent (with only one per cent children severely malnourished), as against 46 per cent (with 17 per cent children severely malnourished) reported by an independent survey sponsored by GOI. The field officials are thus able to escape from any sense of accountability in reducing malnutrition.

The situation can easily be corrected by asking the state governments to show greater transparency of the district and centre records by putting them on a website, and by frequent field inspections by an independent team of experts, nutritionists, and grassroot level workers. The Centre should also pull up the states for not recognising almost 90 per cent of the severely malnourished children.

Fiscal Transfers. Very little of the GOI transfer of roughly Rs 4 trillion (this amount does not include subsidies, such as on food, kerosene, and fertilizers) annually to the states is linked with performance and good delivery. The concept of good governance needs to be translated into a quantifiable annual index on the basis of certain agreed indicators, and central transfers should be linked to such an index⁴.

Accountability. As a consequence of its colonial heritage as well as the hierarchical social system administrative accountability in India was always internal and upwards, and the civil service's accountability to the public had been very limited. With politicisation and declining discipline, internal accountability stands seriously eroded, while accountability via legislative review and the legal system has not been sufficiently effective. Often too much interference by Judiciary (as in Bihar) in day to day administration further cripples administration. But strengthening internal administrative accountability is rarely sufficient, because internal controls are often ineffective—especially when the social ethos tolerates collusion between supervisors and subordinates.

'Outward accountability', therefore, is essential for greater responsiveness to the needs of the public and thus to improve service quality. Departments such as the Police and Rural Development, which have more dealings with the people, should be assessed annually by an independent team consisting of professionals such as journalists, retired judges, academicians, activists, NGOs, and even retired government servants. These should look at their policies and performance, and suggest constructive steps for their improvement. At present the system of inspections is elaborate but often precludes the possibility of a 'fresh look' as they are totally governmental and rigid. The system should be made more open so that the Civil Service can gain from the expertise of outsiders in the mode of donor agency evaluations

of projects. It is heartening to note that GOI has already started doing so for some of its flagship programmes, such as in education and health. Petitions under the Right to Information Act (RTI) have also empowered citizens, but its use is still dominated by civil servants on personnel issues of appointments and promotions.

Priorities for enhancing both internal and external Civil Service accountability should include: improved information systems and accountability for inputs; better audit; face-to-face meetings with consumers and user groups; publishing budget summaries in a form accessible to the public; a stronger performance evaluation system; scrutiny and active use of quarterly and annual reports; and selective use of contractual appointments.

One way to bring in accountability is to start the system of holding public hearings in matters pertaining to the works handled by each office. Prominent social workers and NGOs should be associated with this exercise for more productive results. The teams would undertake surveys of quality of service delivery in key areas; scrutinise policies, programmes and delivery mechanisms. Civil servant's views on work constraints and reporting fraud and corruption should be elicited. The reviews conducted should also form the basis of time bound changes and improvements which should be monitored.

Needless to say that such comprehensive reforms need for their sustenance strong political and administrative will from the top. In its absence, reforms remain only on paper. Accountability has to be induced; it cannot be decreed by fiat. Accountability is a result of a complex set of incentives, transparency in processes and decision making, and checks and balances at various levels of government. Thus, the Prime Minister and his senior colleagues IAS in GOI have to put their weight behind new accountability systems and review it from time to time.

Personnel Issues

Appointments and transfers are two well-known areas where the evolution of firm criteria can be easily circumvented in the name of administrative efficacy. Even if the fiscal climate does not allow large numbers of new appointments, a game of musical chairs through transfers can always bring in huge rentals to corrupt officials and politicians. As tenures shorten, both efficiency and

accountability suffer. In Uttar Pradesh, the average tenure of an IAS officer in the last five years is said to be as low as four months!

The topic of reducing political interference is a sensitive one, for the right to transfer government servants is clearly vested within the political leadership of the States under Article 310 of the Indian Constitution, which maintains that civil servants serve at the "pleasure" of the ruling authorities. Yet, few would disagree that this power is often abused by both government servants and politicians – the former in seeking plum postings, and the latter for making Civil Service pliable. The prime concern of the political executive now is not to make policies but to manage jobs and favourable postings for their constituents. This means a high degree of centralisation at the level of the state government and little accountability.

Several reforms are needed here. Powers of transfers of all Class II officers should be with Head of the Department, and not with the government. At least for higher ranks of the Civil Services e.g. Chief Secretary and the Police Chief, postings may be made contractual for a fixed period of at least two years (as is being done in GOI for Secretaries in the Ministries of Home, Defence, and Finance), and officers be monetarily compensated if removed before the period of the contract without their consent or explanation.

Stability index should be calculated for important posts, such as Secretaries, Deputy Commissioners, and District Superintendent of Police. An average of at least two years for each group be fixed, so that although government would be free to transfer an officer before two years without calling for his explanation, the average must be maintained above two years.⁵ This would mean that for every short tenure some one else must have a sufficiently long tenure to maintain the average.

At the same time it must be recognised that some posts would have more attraction for the employees than others. These may be due to better location where good schools or cheap government housing is available, more challenges, the pull of private practice for doctors, or simply more opportunities to make money. Except for the Indian Foreign Service, no other service categorises posts according to its demand so as to ensure that everyone gets

a fair chance to serve on both important and difficult (such as in remote and tribal areas) assignments. One should categorise posts in each department according to the nature of duties and geographical location into A, B and C posts, and chart out the kind of mix that should dictate the average officer's span of career. At least for IAS officers, one should be able to know through websites that total transparency is being observed and whether some 'well connected' officials have not been able to get 'plum' postings and avoid difficult areas.

Conclusion

A good Civil Service is necessary but not sufficient for good governance; a bad Civil Service is sufficient but not necessary for bad governance. Thus, a dilapidated Civil Service has been a key factor in Africa's economic decline. Conversely, a strong Civil Service is one of several reasons why in several East Asian economies, especially Japan, Singapore, and South Korea, authoritarianism has co-existed with excellent economic performance. It can be argued that the link between authoritarianism and economic decline, so evident in Africa, has been inoperative in these Asian countries largely because of their strong Civil Service. Greater responsiveness and openness can legitimately be demanded of public administrations in many East Asian countries. Clearly, Civil Service systems in most East Asian countries cannot be considered a problem; they are, rather, an important part of the solution to these countries' other problems.

The situation in many Indian states who are responsible for achieving the Millennium Development Goals is different. A vast gap exists between the stated and unstated objectives. On paper the avowed objective of the government is to give clean administration and work for the poor, but lucrative posts are auctioned to the highest bidder. Corruption is rampant. People have unfortunately accepted the position as fait accompli and resigned themselves to their fate. They too tend to seek short cuts and exploit the system by breaking rules or approaching mafia gangs and politicians for favours.

Governance reforms are intractable under a 'kleptocracy' that exploits national wealth for its own benefit and is, by definition, uninterested in transparency and accountability. A pliable and unskilled Civil Service is actually desirable from its point of view—

public employees dependent on the regime's discretionary largesse are forced to become corrupt, cannot quit their jobs, and reluctantly become the regime's accomplices. Providing financial assistance from GOI to such states without linking it with performance and reforms would be a waste of resources. In all other cases, reform is manageable, albeit difficult, complex, and slow. Therefore, considering that the states would need external pressure on them to improve outcomes, certain control by GOI over the IAS and policy domain in social sectors is necessary, till such time that the states show signs of improvement in governance.

End Notes

1. Times of India, 3 June 2009
2. Ranking by most efficient to least efficient economies: Singapore, Hong Kong, Thailand, South Korea, Japan, Malaysia, Taiwan, Vietnam, China, the Philippines, Indonesia and India.
3. Planning Commission, 2000, Mid Term appraisal of the 9th Plan, Govt. of India.
4. It is informally learnt that the 13th Finance Commission has recommended giving additional funds to states who do well on certain indicators, such as Infant Mortality Rate, forest cover, etc. This would be a good beginning, if the suggestion is accepted by GOI.
5. GOI has accepted this suggestion, and has made changes in the IAS Rules; however the choice of posts for which this would be applicable has been left to the states. Predictably, no state has declared any post under the new rules.