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## **Improving delivery of programmes through administrative reforms<sup>1</sup>**

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### **Deteriorating governance & its impact on delivery**

While the new developmental state in India has steadily amassed functions – and vastly extended financial powers often in the name of the poor - capacity to deliver has declined over the years due to rising indiscipline and a growing belief widely shared among the political and bureaucratic elite that state is an arena where public office is to be used for private ends. In almost all states people perceive bureaucracy as wooden, disinterested in public welfare, and corrupt. Weak governance, manifesting itself in poor service delivery, excessive regulation, and uncoordinated and wasteful public expenditure, is one of the key factors impinging on growth and development.

In a well-functioning democracy, the political process would ideally find answers to governance problems, but this is not happening in India. The political system in many states is accountable not to the people but to those who are behind the individual MLAs; these are often contractors, mafia, corrupt bureaucrats, and manipulators who have made money through using 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 leads 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 the rules (show me the person, and I will show you the rule), dependence upon corrupt civil servants, plundering of public treasury, and decay of governance. When 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!

To set the balance right, it must be admitted that except for honesty, neutrality towards party politics, and provision of minimal administrative services in times of emergency, the senior 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. A high degree of professionalism ought to be the dominant characteristic of a modern bureaucracy. The fatal failing of the

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<sup>1</sup> This article has been greatly influenced by the writing of Jaiprakash Narain, Ravi Srivastava, and several academics whose papers can be seen on [worldbank.org/governance](http://worldbank.org/governance). Usual disclaimers apply.

Indian bureaucracy has been its low level of professional competence. In the present day administrative climate there is no incentive for a young civil servant to acquire knowledge or improve 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 on the move, a film magazine because that is the only book he reads, and of course, the civil list - that describes how many in the system are above him. 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 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 government.

The IAS serves the state but the state structure is itself getting increasingly dysfunctional and diminished. 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 civil services 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 will continue to be casteist, corrupt and will harbour criminals, whereas civil servants would be efficient, responsive to public needs and change-agents cannot be sustained indefinitely. In the long run administrative and political values have to coincide.

There has emerged a new culture which can be best summarised as 'lick up and kick below', and 'rules are for fools'. Authority is delinked from accountability at most levels, and in respect of most functions. As a result most state functionaries have realistic and plausible alibis for non-performance. The harm caused by indecision cannot be attributed to any particular individual or political party, and hence has no political costs. Thus the goal of 'development' does not appear attractive to the rulers, nor is the road map very clear.

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% 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.

If power is abused, or exercised in weak or improper ways, those with the least power—the poor—are most likely to suffer. For instance, teachers need to be present and effective at their jobs, just as doctors and nurses need to provide the care that patients need. But they are often mired in a system where the incentives for effective service delivery are weak, and political patronage is a way of life. Highly trained doctors seldom wish to serve in remote rural areas. Since those who do serve are rarely monitored, the penalties for not being at work are low. Even when present, they treat poor people badly.

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.

All organs of state are affected by the malaise of governance. The political executive, legislators, bureaucracy and judiciary – no class of functionaries can escape responsibility. For instance, 20-25 million cases are pending in courts, and justice is inaccessible, painfully slow and costly. Police reforms will remain ineffective if criminal cases are not disposed off expeditiously.

The vicious cycle of distortions in politics leading to bureaucratic apathy (and vice versa), and both resulting in poor governance can be set right through taking a large number of simultaneous measures. A discussion on political and electoral reforms (restriction on the number of ministers through law is a good beginning), though absolutely vital, is outside the scope of this paper. However many states in India, especially the poorer ones, have lost the dynamism and capacity to undertake reforms on their own without any external pressure. These states are ruled by people who understand power, patronage, transfers, money, coercion and crime. The language of professionalism, goal orientation, transparency, building up of institutions, and peoples' empowerment is totally alien to them. In these states neither politics nor administration has the capacity for self-correction, and therefore only external pressure can coerce them 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 action.

However, the states argue that the GoI does not have any moral authority to lecture to them on good governance, as it has done little to take similar steps to reform its own administration. Whether it is downsizing or reduction of subsidies on fertilisers, food, gas and higher education, or passing a Freedom to Information Act (which is languishing for want of Rules!), or reducing the number of centrally sponsored schemes, or providing long tenure to its senior civil servants (the average stay of a Secretary to central Ministry was only 11 months in 2000, with only six out of 82 non-technical Secretaries having completed two years on the same post), GoI's record is almost as dismal as that of the many recalcitrant states. Therefore GoI must first of all improve governance in central government departments, especially those with public interface, before sermonizing on this to the states.

### **Fiscal transfers**

GoI transfers roughly Rs 1,50,000 crores (even if half of this amount could be sent by moneyorder to the 5 crore poor families, they would each get 45 Rupees per day, enough to wipe off their poverty. This amount does not include subsidies, such as on food, kerosene, and fertilizers) annually to the states, but very little of it is linked with performance and good delivery. Often incentives work in the other direction. For instance, Finance Commission (FC) gives gap filling grants so that revenue deficit of the states at the end of the period of five years becomes zero. Thus, if a State has been irresponsible and has ended up with a huge

revenue deficit, it is likely to get a larger gap-filling grant. In other words, FC rewards profligacy.

The concept of good governance needs to be translated into a quantifiable annual index on the basis of certain agreed indicators such as infant mortality rate, extent of immunisation, literacy rate for women, sex ratio, feeding programmes for children, availability of safe drinking water supply, electrification of rural households, rural and urban unemployment, percentage of girls married below 18 years, percentage of villages not connected by all weather roads, number of class I government officials prosecuted and convicted for corruption, and so on. Some universally accepted criteria for good budgetary practices may also be included in the index. Once these figures are publicized states may get into a competitive mode towards improving their score. Central transfers should be linked to such an index.

States should be divided in three categories, those whose per capita income is below the national average, those where it is above the national average, and the special category states (such as the north-east and hill states). The advantage of this categorisation, which already exists in the Planning Commission, is that poorer states like Orissa will not be competing with better off states like Tamil Nadu.

### **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 today, 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 Revenue, which have more dealings with the people, should be assessed once in three years by an independent Commission, 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 systems of inspection are elaborate but often preclude 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.

### **Shift from input controls to monitoring of outcomes**

Most Secretaries, both at the GoI and State level, are not prepared to accept the reality of poor service delivery in their files, lest they and their Ministers would be taken to task in the Parliament/Assemblies. Thus vested interest develops from top to bottom in hiding the reality and resorting to bogus reporting. In UP the number of fully immunized children that is being

reported by the state government is almost cent percent, but independent surveys put the figure of fully immunized children as between 16 and 20 percent only, and this figure seem to be falling every year. Machines are being used in employment generation programmes in flagrant violation of the guidelines. For example in one of the study in Krishna district – out of 54 works, excavators were employed in 40 cases.

The CAG audit focuses mainly on financial irregularities and while systems or performance appraisals are carried out, these fall short of management audits and do not indicate how management can be strengthened. Also, physical inspection is rarely undertaken. CAG should involve social scientists and professional experts in auditing programmes. All Departments and Ministries should publish in their Annual Reports action taken on CAG's findings in the last two years.

Governments should introduce social audit by assessing the experience of the people service providers are intended to serve. With community participation, the evidence should be collected from stakeholders, so as to promote accountability, equity, effectiveness, and value for money. Such an audit will supplement conventional audit and will often provide leads to it.

### **Transparency**

The term public interest is most abused today, as it is used to cover hidden and malafide motives knowing fully well that the public is not in a position to challenge the bonafides of decision-makers. Transparency builds external demand for reform and makes administration more responsive and performance oriented. As an experiment, all muster rolls in employment schemes should be put on the internet in at least one block of a district where internet facilities exist. The Official Secrets Act should be repealed and replaced with a less restrictive law. Property and tax returns of all senior officers and politicians should be available for scrutiny by the public. These could be put on a 'home page' of the government on the internet, so that anyone having access to internet could inform government if the stated facts are contrary to his knowledge.

Many states have tried to computerize land records, but feeding incorrect and out-of-date entries in the computer without field verification has not added to consumer satisfaction, and for most states it is 'garbage in, garbage out'. Only in Karnataka, the 'mutation' process is made online as a result of which the data base of land records is updated as soon as a mutation was approved. Even here its ultimate success would depend whether it is able to reduce the dependence of the landowners on petty bureaucracy, by making records available on-line through a web-site. The farmers still have to come to the tahsil for a copy of land records.

### **Curbing transfer industry**

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 U.P., the average tenure of an IAS officer in the last five years is said to be as low as six months. In the IPS it is even lower, leading to a

wisecrack that 'if we are posted for weeks (Haftas) all we can do is to collect our weekly bribes (Haftas).

Several reforms are needed here. Powers of transfers of all class II officers should be with Head of the Department, and not with government. At least for higher ranks of the civil services e.g. Chief Secretary and DGP, postings may be made contractual for a fixed period of at least two years, 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 Supdt 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. This would mean that for every short tenure some one else must have a sufficiently long tenure to maintain the average.

### **Respecting civil society's autonomy**

Despite the enormous burden posed by mal-governance, civil society action has been weak. This could be a reflection on the general state of civil society in the country and its priorities, but largely it is because government has unwittingly promoted bogus or pliable organisations, and has either ignored or has hostile relations with those NGOs that wish to speak for the poor and empower them.

Weak monitoring mechanisms in government has prompted social climbers and manipulators (that includes defeated politicians and civil servants' wives) who use their extra-professional 'resources' to obtain grants from several Ministries of Government and spend it fast, with no commitment to sustainable development or poverty alleviation. What used to be a sleepy office, the Registrar of Societies Office is now a prize posting for officials as they can extract rents from prospective NGOs for quick registration. Some well reputed NGOs notwithstanding; there are organisations that have sprung up in the last two decades for self-aggrandisement, and for the sake of easy money.

It must be recognized that improvement in governance would take place only when countervailing forces in society develop confidence and autonomy to oppose inefficiency and corruption in government. Therefore in addition to promoting genuine organizations, the Home Ministry should relax FCRA provisions so that NGOs have access to independent funding.

Since it is not possible to change the work culture of the Ministries and Departments dealing with the NGOs, GoI through the Planning Commission (which is the nodal agency for dealing with NGOs) should make a direct contribution of, say, 100 crores to the recognised trusts, such as NFI, Ratan Tata Trust, Development Alternatives, Actionaid, who should be dealing with grassroots NGOs, without the direct intervention of government officials in sanction of grants. The Trust could have government officials on its Board to safeguard the interest of the public money. If government wishes to continue funding NGOs, it must do so in a transparent manner. GoI and the state governments should establish a system of grading of the NGOs based on their commitment and performance.

### **Accountability through Panchayats**

Though providing a framework for decentralized development, trends so far suggest that the panchayati raj and the municipal system have not been able to enhance participation and empowerment. Despite the fact that some village level panchayat leaders have done commendable work, on the whole the PRIs have not benefited the people to the extent of funds provided by government.

The control which is exercised by the Block level officials over the village panchayats and gram sabhas (which rarely meet) has not only buttressed corruption and diluted accountability, but it has also led to pessimism that villagers at their own level cannot change and improve performance. Today PRIs are not yet 3<sup>d</sup> tier of the government, but an extension of the 2<sup>nd</sup> tier. They are not functioning as institutions of self-governance, but only as agencies for executing a few programs of the state government/GoI.

Secondly, the elected members of the PRIs at the block and district level behave more or less as contractors, with no institution of the gram sabhas at that level to put moral pressure on them. ZP and panchayat samiti members look upon devolved funds as equivalent to MP or MLA quota funds, and the Adhyaksha and the block President have been coerced to distribute these funds equally between all members. They in turn choose the contractor and the nature of schemes. Obviously schemes that offer maximum commission and least risk of verification (such as earth work, which of course is done by machines but shown to be performed by fake labourers) are preferred.

Panchayats are mostly busy implementing construction oriented schemes, which promote contractor - wage labour relationship. These do not require participation of the poor as equals, on the other hand these foster dependency of the poor on Sarpanch and block staff. In such a situation panchayat activities get reduced to collusion between Sarpanch and block engineers. Panchayats are not active in education, health, SHGs, watershed, nutrition, pastures and forestry programs, which require people to come together as equals and work through consensus.

PRIs are excessively dependent on the State and Central Governments for funds. Rather than receiving a share in taxes and Central grants the panchayats should have the right to levy and collect taxes on their own in order to reduce their dependence on state and central governments. Today the PRIs hesitate to levy and collect taxes, as they prefer the soft option of receiving grants from GoI or state governments. This must be discouraged and the local bodies be encouraged to raise local resources for development and then receive matching grants from the Centre/states. Therefore panchayats should not only collect taxes on land, irrigation, drinking water, power, and houses, but also be given the authority to levy taxes on politically unpopular subjects such as agricultural income tax on large holdings. Even if one percent panchayats start doing it, the fear that collecting such taxes is a political liability will disappear.

The more dependent a PRI is on the mass of its citizens for financial resources, the more likely it is to use scarce material resources to promote human development and reduce poverty. External funds with no commitment to raise internal funds make PRIs irresponsible and corrupt. Flow of funds from the State/GoI should be dependent on good work or mobilization done by them. For instance these could be linked to the efforts made by



panchayats in population and disease control, cleanliness, school attendance of females and their performance, and negatively with hunger deaths, crime, and civil and revenue suits.

It was a mistake to think that PRIs will emerge as caring institutions in an environment of rent-seeking politics and unresponsive and inefficient bureaucracy. If district level civil servants and politicians are indifferent to public welfare, it is too much to expect that village and block level politicians will be any different. To hold that the directly elected MLA is wily, corrupt, and irresponsible, while the indirectly elected Adhyaksha or Samiti President can be trusted with crores, is honest, and committed to public welfare is neither a good theoretical argument, nor has any empirical validity.

### **Summing up**

A good civil service is necessary but not sufficient for good governance; a bad civil service is sufficient but not necessary for bad governance. However, 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 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.