Vision 2047

Administrative Reforms for Viksit Bharat

INDIAN SCHOOL OF PUBLIC POLICY

Flagship Report by Indian School of Public Policy

Executive Summary

Introduction

India seeks to become a $30 trillion economy by 2047. Given that it is currently valued at around $3 trillion, it is looking for a tenfold growth in less than 25 years. This is indeed a very rapid and intense pace of growth, but not unprecedented. However, questions arise as to whether the current administrative system, which has not undergone drastic changes since Independence, can see it through such rapid growth. The current system has done a commendable job in dealing with several challenges the country has faced following its independence.. Are the skills needed to steer a ship safely through stormy waters the same as those needed to move it rapidly ahead in calmer waters? This is the primary question that occupies the first step in this long road ahead.

This report seeks to answer the above question. Given the time and resource constraints, this exercise has limited itself only to the administrative systems in the central government. However, given the critical importance of cities in realizing this growth, the report has also examined the systems of planning and management currently prevalent across cities in India.

To answer the question, it has obtained the views of over 40 experts over a series of panel discussions and fireside chats. These experts are drawn from a variety of stakeholder groups. They have highlighted their concerns with the current system and made suggestions regarding the reforms and improvements that will be necessary.

Concerns and suggestions for reform

The concerns expressed by the experts consulted fall into four clusters, as given below:

1. **Structure of the administrative system**

    1.1.   **There are far too many ministries and departments under the national government.** As a result, there is a high degree of fragmentation within and across sectors, thereby constraining integrated policy-making and planning across interlinked sectors. The central government has 53 ministries and 50 departments, whereas the US has only 15. The UK and China have only 25 and 26 departments, respectively. Canada has 20, Germany has 14, France has 15, Japan has 14, Australia has 15, and the Philippines has 22.

Even a large country like the US has a single Department of Transport and a single Department of Energy, whereas, in India, transport is split across five and energy across four ministries of the national government. Thus, integrated policies and plans, even for individual sectors, become difficult, let alone for interlinked sectors. Large ecosystems, such as food systems, require integrated action across many ministries. Among them would be agriculture, water resources, rural development, transport, food processing, power, and many others. Similarly, dealing with climate change requires coordinated action between power, new and renewable energy, transport, petroleum & natural gas, coal, urban development, and industries. Building sustainable and thriving cities, which are fundamental to our growth ambitions, requires many ministries to work together – urban development, power, education, health, finance, etc. This lack of ability to deal with problems in an integrated manner is often expressed as a challenge to India's administrative system.

1.2. **There is a high degree of overlap between policymaking and implementation.** These two important functions seem to converge in the Ministry, resulting in the minister and senior officials spending considerable time dealing with day-to-day implementation challenges rather than on strategic policy-making and planning.

2. Workflow and work culture

2.1. **A hierarchical decision-making system on a file hinders speedy decisions.** Even though it has the advantage of being safe and allows multiple opinions to be considered before making a decision, it ultimately delays the process and reduces responsiveness.

2.2. **There seems to be a strong sense of secrecy around everything the government does,** largely a legacy of the colonial era. The culture of involving external experts and collaborating with professional institutions is rare. Often, external institutions are treated with suspicion. In some cases where they get consulted, they are treated not as equals or partners contributing to the national development effort but as rent seekers in some form or other.

2.3. **Many decisions tend to be based on individual officers' perceptions rather than rigorous data analysis.** Perceptions can change from officer to officer. Hence, we often see an incoming officer rubbishing everything their predecessors did. The probability of this happening would be reduced if decision-making were more data-driven decision-making.

2.4. **There is a considerable degree of risk aversion in decision-making.** Risk aversion leads to multiple approvals being taken even for simple decisions, thereby delaying decision-making at the cost of rapid growth.

3. Competent Staffing

3.1. **The recruitment process, especially for the higher civil services, is extremely long,** taking nearly a year to complete. Also, over 1.1 million candidates apply, and only about 1000 are selected for all the group 1 services. The IAS and IFS, which are the most coveted, take only about 150 out of those selected. The unduly long selection process and the availability of many excellent opportunities elsewhere discourage many good candidates from applying, thereby denying the country the services of many of its best talent. This is a significant loss.

3.2. **Career progression in the services is primarily a function of seniority**, i.e., based on the number of years served, with merit having a limited role. This is particularly unfortunate at higher levels, where merit needs greater emphasis.

3.3. **The performance appraisal system discourages efforts to enhance performance and breeds mediocracy**. In many ways, non-performance becomes a virtue. Anyone trying to perform well also tends to make mistakes, which are punished. As a result, good performance is rarely recognized or rewarded.

3.4. **Placement of senior officers typically does not involve aligning their competencies with the role's requirements.** Instead, it is primarily done based on the senior officer's availability on the placement panel. There have been some cases where competencies have been matched well, but these are few and often accidental. Clearly, the belief is that an officer can perform in any domain. This is an outdated practice and a national loss.

3.5. **Many senior civil service members have lost touch with ground realities,** as they left their field postings more than 20 years ago. Many reconnect only after retirement, by which time they can be of little help in correcting things. As against this, political leaders are more aware of ground realities than the civil service, given their compulsion to return to the electorate every 5 years. As a result, civil servants often fail to perform as meaningful advisors to the political leadership, which is their primary role.

3.6. Over the last 75 years, political executives have taken on a more prominent role in decision-making than civil servants. Unfortunately, this change has not been accompanied by adequate **investments in build-**

ing capacity amongst the political leaders in their domains of interest during their time as Members of Parliament or Ministers.

3.7. **Investment in capacity building for the lower echelons of the civil service, which constitute the base of the administrative pyramid, has been weak.** This leaves the cutting edge of the civil service ill-equipped and demotivated, with no real incentive to perform well.

3.8. There has been a long and perhaps **inconclusive debate on the merits of lateral entrants vs. permanent civil servants**. The arguments have been that permanent civil servants are better placed to understand the ethos of public service and ensure policy continuity. In contrast, lateral entrants bring in new knowledge, especially in emerging areas. The general consensus seems to be that both are needed, though the relative proportions may differ.

4. Current systems of urban planning and management

4.1. **Local Governing Bodies (LGBs) are fragile in India**, unlike in most other parts of the world. Most state governments have not implemented the recommendations of the 74th Constitutional Amendment relating to the devolution of powers to local bodies. As a result, mayors are extremely weak in India compared to other parts of the world.

4.2. **Own Source Revenues (OSR) available to cities are very meagre, and they are heavily dependent on state and central government transfers**. Moreover, the uncertainty of the quantum of such transfers makes it very difficult for local bodies to plan towards their developmental goals. Often, such transfers are made against the objectives of specific schemes, which may or may not be very relevant for a particular city.

4.3. **There is a serious lack of capacity for efficient service management,** and systematic programmes for building essential capacities across the urban administration are absent.

4.4. **Current planning systems are over 70 years old and, therefore, outdated.** They are not appropriately suited to cities in a rapidly urbanising country like India. Urban master plans are primarily land use plans and do not consider a city's future economic growth ambitions and needs. Therefore, it is not surprising that there are frequent violations of the master plan to meet the growing infrastructure needs of the city.

Recommendations

Based on these concerns, the suggestions for improvement have been the following:

1. **Improve internal collaboration:** Given the high degree of fragmentation, processes for better internal collaboration within the administrative system need strengthening to enable better policy implementation and achieve greater coherence.

    1.1. Reduce the number of ministries to 15 – 20 to improve policymaking and planning cohesion. Annex 3 of the report provides a suggested list of 15 ministries. Create legislation that lists ministries and defines their responsibilities to prevent changes caused by coalition governments' compulsions.

    1.2. Establish high-level, outcome-based standing committees to integrate policymaking toward desired outcomes. Examples include standing committees for food systems, economic development, climate change, etc. These committees should bring together the relevant ministries and include several well-recognized external experts to ensure the availability of sound advice for the committee.

    1.3. Separate policymaking from implementation and limit ministries' role to undertaking policy-making and planning. Multiple implementation arms can be created under the ministries, at an arm's length, to implement the policies and plans developed by the ministries. Policymaking needs greater integration across subsectors, whereas execution needs a deeper knowledge of technical issues related to the subsector. Such separation will permit quality time to be available for policy making. While senior cabinet ministers and senior-level secretaries can head the ministries, relatively junior ministers and secretaries could head the implementation agencies.

2. **Strengthen collaboration with external players:** Systems and processes for effective collaboration with external stakeholders or non-state actors, including the private sector, academia, and civil society organisations, are weak and must be strengthened to leverage diverse expertise and resources.

    2.1. Establish professional exchange programmes for civil servants and experts from academia, industry and think tanks. By going on deputation for a few years to industry, academia, and think tanks, officers will gain knowledge and skills that would be difficult to acquire within the government. Likewise, drawing in industry experts for a period of time

can help align policy-making with emerging market trends and governance with innovation and new technologies.

2.2. Engage more external experts in high-level committees and cross-sectoral platforms. Leverage NITI Aayog to coordinate and maintain a talent pool of external experts for collaboration.

2.3. Scale up Public-Private Partnerships (PPPs) in education, healthcare, and several other public services would enhance efficiency.

2.4. Boost Social Impact Partnerships by encouraging initiatives in underserved regions and collaborating with NGOs and private sector resources to achieve education and healthcare outcomes.

2.5. Form platforms for multi-stakeholder collaboration involving government agencies, environmental NGOs, academic researchers, and local communities to address issues connected to the environment, public health, and urban planning.

3. **Strengthen risk-taking ability in the government:** Fear of adverse consequences discourages decision-making and risk-taking. Encouraging a culture of innovation and greater risk-taking within the government system is essential for driving large-scale reforms and achieving breakthrough results.

3.1. Establish Policy Innovation Hubs that become sites for prototyping and testing policy solutions, leveraging technology for governance, and deepening community engagement. These could also become ideal sites for government-industry-wide joint research initiatives and skill development.

3.2. Scale up the "challenge" methodology to encourage finding innovative solutions from all sections of society to tackle public issues.

3.3. Reform legal frameworks to encourage experimentation and pilot programmes within the public sector. This should also protect from hasty action against officials so that there is greater confidence in bold decision-making.

3.4. By law, investigating agencies should not be allowed to start an investigation against any government official without specific approval to proceed. Such approval should be given only after quick enquiries about an officer's reputation. Once taken up, investigations should be completed within no more than 6 months. Moreover, frivolous complaints against government officials should be deterred by taking visible action against such complainants.

3.5. Promotions and career progression should not be held up merely because of the prevalence of investigations. Promotions may be given

on a provisional basis and withdrawn if the investigation reveals mala-fide intent.

3.6. All the rules and procedures relating to the procurement of goods and services or allocation of public resources should contain a specific provision allowing deviations from the procedure laid down, but the reasons for the deviations should be recorded clearly.

3.7. Establish specialized units in the government to either undertake procurement or oversee the entire procurement process and provide guidance on the procedure, similar to similar systems in the World Bank and most UN organizations.

4. **Ensure competent staffing:** Many of the central government's key functionaries at the higher policy-making levels lack adequate domain knowledge. Improving their competence and creating an environment that attracts and retains the best talent in the country is critical. This will require greater attention to the current recruitment systems, career progression, compensation, and capacity building.

4.1. The recruitment cycle for higher civil services should be drastically shortened to no more than 3 months. A shortlist of three times the number can be initially selected, based on an objective type test and a quick interview round. Those short-listed can be required to undergo a 3-month training program. Performance during the training can be used as additional evaluation to make the final selection. This will reduce the recruitment cycle and enable a much better evaluation of the candidates.

4.2. A much higher level of domain knowledge should be ensured for senior-level positions in central government ministries by assigning officers to a specific domain at the time of their empanelment as Joint Secretaries. This can be done based on an officer's application justifying the allocation of a specific domain.

4.3. Establish a cascaded system of outcomes that flow from national goals and assess the officers' performance against achieving the established

outcome goals. This will make performance assessment more objective. Performance reviews should be used as a tool to improve performance rather than a tool to find faults. Good performance should be duly conveyed, not just adverse comments.

4.4. Empanelling officers as secretaries without waiting for previous batches to be fully placed at senior levels would enable a larger pool of empanelled officers to be available for selection to specific posts. This will allow officers to be appointed to such high level positions at a younger age and thereby give them longer tenures, especially at the level of a Secretary to Govt of India.

5. **Strengthen institutional mechanisms for integrated visioning, oversight, and implementation:** Since many issues involving public policymakers cut across sectors, planning for the future in siloed sectors is often inadequate. Many outcomes need an "all-government" vision and plan. An institutional mechanism is needed for ensuring integrated visioning, planning, and implementation coordination.

5.1. A dedicated agency should be established to enable integrated visioning, planning, and coordination of implementation. Ideally, it should function under the President/Prime Minister's office, as in Malaysia, Indonesia, and the US, or under the Cabinet, like in China.

5.2. NITI Aayog could be designated as the institution responsible for this as it is a relatively new institution with an evolving work culture and accomplished senior leadership. However, it should be positioned above ministries but below the Prime Minister to perform this function at full capacity. It must also be strengthened with adequate staff, resources, and field offices.

6. **Strengthen economic development focus in the current urban planning systems:** Since cities will be the jurisdictions that will lead the desired growth, there has to be strong economic visioning in the urban planning process, which has to move away from being primarily a land use plan.

6.1. Identify potential growth drivers and develop a 20-year or longer regional economic development plan for clusters of city regions. This should form the basis for infrastructure investment planning in the region and for master planning of the cities in that region. For this purpose, states will have to set up specific departments, or regional

authorities, to take responsibility for regional economic planning and, thereafter, coordinate and oversee implementation.

6.2. Appropriate budgets should be allocated to region-specific departments or authorities rather than sector departments to avoid conflicting expectations and priorities.

6.3. Current laws relating to urban planning should be reviewed and modified to enable planning that emphasizes economic development.

6.4. Implement a systematic and scientifically designed training and capacity-building programme across all 7000-plus urban areas in India. The emphasis should be on building capacity for planning with an economic development focus and more professional delivery of basic services in cities.

6.5. The capacity-building effort should include establishing a robust database of indicators related to urban development, implementing a contextualresearch program, and organizing an annual conference to facilitate peer-to-peer learning.

6.6. Modernise the educational curriculum for urban planners to create a qualified workforce capable of moving from mere land use planning to planning with an economic development focus. This will also have to be accompanied by appropriate faculty development programmes to replace old mindsets with more modern needs.

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