GOVERNMENT OF INDIA

SECOND ADMINISTRATIVE REFORMS COMMISSION

TENTH REPORT

REFURBISHING OF PERSONNEL ADMINISTRATION
Scaling New Heights

NOVEMBER 2008
The roots of the civil service go back a long way in human history. The key to the survival of the ancient Egyptian civilisation that flourished as early as 3,000 BC, was the civil service – the historical model of all later bureaucracies. The waterways for the whole country needed central management, which required a body of scribes and officials. Once in place, the scribes and officials found their second realm of business in the extensive construction activities which were organised along military lines. It was only a matter of time before they took over the administration of the entire state.

In China where the civil service has lasted from at least 200 BC, it played a crucial role in the preservation of the Chinese Empire from the time of Shi Hwangti. In China, the civil servants were recruited on the basis of merit and enjoyed a well-defined career path and security of tenure. Serving the state was considered a great privilege bestowed only on a chosen few with demonstrated talents. In Japan, the civil service provided continuity of administration since the Taika reforms of 645 AD, and that too, in spite of change of systems and transfer of power from one regime to another. The numerous Negro empires existed only briefly because they lacked an apparatus of officials. The unity of the Carolingian empire was under serious strain once its organisation of officials disintegrated.

The nuclei of intensive modern states in the Middle Ages developed concomitantly with bureaucratic structures. Developing a civil service was an essential step in the process of nation-building in Europe. The modern bureaucratic state evolved in Europe, where the concept was considered such a breakthrough in administrative technology that it was transported to other countries. So the concept journeyed eastward in Europe to the German principalities and Russia. In Prussia, the bureaucracy introduced extensive regulations to modernise the economy and the educational system on the pattern of the French; the system worked well only because the civil society was sufficiently developed to moderate the process of bureaucratisation. When the concept travelled further east to Russia, the state became excessively bureaucratic in the absence of a developed civil society to restrain it. In spite of valiant efforts by Peter the great, and Mikhail Gorbachev in recent times, the civil society in Russia has not been able to develop itself on the Western European model and act as a check on the bureaucratic state.
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In India, the legends of the Aryans speak of the evolution of the administrative apparatus. The gods, at war with the demons, were on the verge of defeat. In desperation, they got together and elected a king to lead them. The origins of the early Aryan administrative system may perhaps be traced to these legends.

Kautilya’s Arthashastra stipulates seven basic elements of the administrative apparatus. These elements are embodied in the doctrine of the Prakrits. They are: Swamin (the ruler), Amatya (the bureaucracy), Janapada (territory), Durga (the fortified capital), Kosa (the treasury), Danda (the army), and Mitra (the ally). According to Arthashastra, the higher bureaucracy consisted of the mantrins and the amatyas. While the mantrins were the highest advisors to the King, the amatyas were the civil servants. There were three kinds of amatyas: the highest, the intermediate and the lowest, based on the qualifications possessed by the civil servants. The key civil servant was the samnidhatr, who kept records of the body of taxes realised and was in charge of the stores.

A new stage in the evolution of the administrative order came at the time of Delhi Sultanate. The Sultanate was initially a classical conquest state and it was necessary for the rulers to establish and consolidate their authority and control over the newly conquered territories. This was done by assigning land on a temporary basis to the followers, who became the civil servants, while, at the same time, by transferring the holders of these assignments as frequently as possible to establish control over them. Such a system – the system of simultaneously appropriating a sizeable part of the social surplus and distributing it to the members of the ruling elite – so successfully introduced by the Delhi Sultanate – was adopted by contemporary states outside the Sultanate such as in Orissa and Vijayanagara.

This system was responsible for bringing about a new conception of civil service which, through radically different from the Mauryan practice defined, in general, the structure and role of public bureaucracies in later years. The Mughal bureaucracy, for example, was based on the mansabdari system. Every mansabdar was invested with a mansab (a rank or a command) which determined his position in the Mughal bureaucracy. The mansabdari system was essentially a pool of civil servants available for civil or military deployment. The mansabdari system, as it finally evolved, became a combination of the higher civil service, the peergae and the army, all rolled into an omnibus civil service organisation.

The civil service system in India during the British times was based essentially on the Mughal system, albeit with certain refinements. But the big changes came with the implementation of Macaulay’s Report. The Macaulay Report recommended that only the best and brightest would do for the Indian Civil Service. The Report said, ‘It is undoubtedly desirable that the civil servants of the Company should have received the best, the most liberal, the most finished education that the native country affords’. The Report insisted that the civil servants of the Company should have taken their first degree in arts at Oxford or Cambridge.

The Macaulay Committee cannot be faulted for its enthusiasm to get the best and the brightest for the ICS. After all, the interests of the Empire itself demanded that the civil service of colonial India attract the best talents of the British universities. The Report suggested that the educational background of the colonial administrator should be even more comprehensive than that of the civil servant in England. In the words of the Committee, ‘Indeed, in the case of the civil servant of the Company, a good general education is even more desirable than in the case of the English professional man; for the duties even of a very young servant of the Company are more important than those which ordinarily fall to the lot of a professional man in England’. The advocacy for the best talents of England to look after the imperial interests in India could not have been done with greater sophistry.

In 1835, Lord Macaulay did admit before the British Parliament: “I have travelled across the length and breadth of India and I have not seen one person who is a beggar, who is a thief. Such wealth I have seen in this country, such high moral values, people of such calibre, the very backbone of this nation, which is her spiritual and cultural heritage”. But Macaulay’s Report was a product of the times. At the time that the Committee reported, British political supremacy in India had matured into a paramount sovereign power capable of imposing its will through its bureaucratic agency. From Wellesley through the Marques of Hastings to Dalhousie, the political authority of the British in India kept growing; and the scope of operations of the Empire had increased substantially. Clearly, the services of the best and brightest were called for to sustain the Empire, maintain its territorial integrity and impose order.

The ICS men were trusted agents of the British Government even though there were also many patriots among them. The ICS was the instrument of the imperial power, and the leaders of the Indian National Congress had made it clear during their struggle for independence that they wanted to abolish the ICS and all it stood for. Jawaharlal Nehru was ‘quite sure’ in 1934 that ‘no new order can be built in India so long as the spirit of the Indian Civil Service pervades our administration and our public services’, it being therefore ‘essential that the ICS and similar services must disappear completely’. Yet in the years afterwards the ICS tradition not only survived, it prospered. In the spring of 1964, Nehru was asked at a private meeting by some friends what he considered to be his greatest failure as India’s first Prime Minister. He reportedly replied, ‘I could not change the administration, it is still a colonial administration’. Nehru then went on to elaborate his belief that the continuation of that colonial administration ‘was one of the main causes of India’s inability to solve the problem of poverty’.
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Prime Minister Indira Gandhi was even more critical. Replying to the debate on the President's address in the Parliament in March 1966, she said, "what India needed today, was a 'revolution in the administrative system' without which no enduring change could be brought about in any field". In an interview she gave to a news agency on completing 100 days in office, she observed:

"The problem of administration has added to the difficulties of the country. All along the line, administration has deteriorated – at the Centre, in the States, and even in the lower rungs of the governmental set up. Toning up would have to be done, new procedures might have to be evolved, and even fresh recruitment at all levels would have to be considered".

In her convocation address to the University of Roorkee in November 1967, she noted that, "Administrators sometimes lag behind the situations they are supposed to administer. If a large proportion of the investment we have made under the plans remains unutilised, the cause is to be found in administrative shortcomings".

It is ironical that there has been no sincere attempt to restructure the civil service although more than six hundred committees and commissions have looked into different aspects of public administration in the country. Rather, the Indian reform effort has been unfaillingly conservative, with limited impact. While there has been some improvement in civil service recruitment and training procedures, other incremental reform measures such as O&M, vigilance committees and commissions, citizens' grievance organisations, Whitleyism, manpower planning, and the institutions of Lok Ayukta have achieved very little. Civil service reform in India has neither enhanced the efficiency nor the accountability of the civil service in any meaningful manner. As S.R. Maheshwari commented, India's efforts at reform have amounted to 'correction slips to the inherited administrative system'. Maheshwari was being charitable. The Indian civil service reform efforts were not even correction slips – they were more in the nature of endorsement slips.

Rapid and fundamental changes are taking place in the political, economic and technological fields. These call for major changes in the civil service. Far-reaching changes in the global economy have made it necessary to build a competent, well-functioning civil service. As a result of recent changes induced by globalisation, countries are competing internationally not only in the market place but also on the quality of their governance structures. The changed policy of deregulation, liberalisation and competition has suggested a new role for the civil service, emphasising the strategic management of the economy in less prescriptive and more market-driven approaches. The changes in the economic structure raise new demands related to control and accountability of the civil service as well as new definitions of professional obligations. In addition, the role and importance of civil society organisations and of the private sector in the Indian economy and the society in general have increased substantially over the years. As a result, it is important for the civil servants to see the private sector and civil society organisations as partners in the process of economic and social development of the country.

As instruments of public service, civil servants have to be ready for change. The common experience, however, is that they resist changes as they are wedded to their privileges and prospects and thereby, become ends in themselves. In the political field, the 73rd and 74th Amendments to the Constitution have brought about major changes. Rural and urban local governments have been enabled to become institutions of self-government. In order to make it meaningful, the existing system of administration of departments and the District Collectorate has to undergo fundamental changes. This has not happened to the extent envisioned. One of the principal reasons is the marked reluctance on the part of the civil service to accept the changes in control and accountability as well as the altered roles and responsibilities. This is because of the fact that most of the civil servants have been socialised to act in a manner that accentuates command and control methods rather than respond to people's needs and aspirations.

Despite these momentous changes, the attitude of civil servants does not seem to have changed at all. This is because the civil servants still believe in the Hegelian prescription that they represent the universal interest of the society. Hegel argued that the most important institution in the state was the bureaucracy which represented "the absolutely universal interests of the state proper". To Hegel, the bureaucracy was a transcendental entity, a mind above individual minds. He regarded the bureaucracy as the universal class, synthesizing the particularism of the civil society with the general interests of the state. For Hegel, the exercise of power by the bureaucracy was a mission sanctioned by God.

It will not be an exaggeration to say that the civil service in India has continued to be faithful to the Hegelian dictum. It believes that its authority and legitimacy is derived not from the mandate of the people but from an immutable corpus of rules that it has prescribed for itself, without any correspondence to the needs and aspirations of the people it serves and the democratic ethos. That is why the functioning of the civil service is characterised by a great deal of negativity, lack of responsiveness to what the people want and the dictates of democracy. It is sad but true that the civil service in India evokes the metaphors of what Michel Crozier calls 'bureaucratic behaviour'; the normal association that people have with the "vulgar and frequent use of the word 'bureaucracy'" which as Crozier explains, "evokes the slowness, the ponderousness, the routine, the complication of procedures, and the maladapted responses of 'bureaucratic' organisations to the needs which they should satisfy, and the frustrations which their members, clients, or subjects consequently endure".

That is why the civil service has to change. But not in the incrementalist manner that barely touches the basic structure. It has to be a total change, a thorough transformation, a metamorphosis. It has to be like Avatars in the Hindu Pantheon, in which a new Avata
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takes its form afresh without any correspondence to the persona of its predecessor. For such a transformation to take place, the old structure has to fall away and the new one created; as Pablo Picasso said, ‘unless you destroy, you cannot create’. It is like Rajiv Gandhi destroying the old shibboleths before ushering in modernity or like Manmohan Singh burying the old system before ringing in the new economic order. There was no continuity, not even the faint hint of a compromise. The change in the civil service has to be equally transformative: uncompromising and a clean rupture with the past.

I am encouraged by the fact that transformative structural changes are taking place in civil service systems across the world. Particularly transformative are the changes brought about in Commonwealth countries such as the United Kingdom, Australia and New Zealand, with whom we have shared a common ancestry of civil service traditions, mores and structures. The changes in these countries have been brought about in response to the demand that the civil service should be fully accountable to the community they serve, reflect the hopes and aspirations of the citizens who pay for its upkeep and be responsive to democratic ethos.

I am also encouraged by the latest developments in the area of public administration such as the New Public Management and the reinventing-the-state which emphasize the importance of measuring results, and highlight the outputs and outcomes rather than inputs and processes. They focus on the benefits that people derive from the use of government funds and seek to establish a framework in which it can be ascertained what quantifiable outcomes have been achieved in enhancing the quality of life of the citizens. We need to realise that civil service is the instrument created for achieving the ends of public service. It is sad but true that, wedded to their permanent privileges and prospects, this instrument in India has become an end in itself. As a result, change and reform essential for efficient public service, which is citizen-oriented, is resisted and to that extent, the concept of sovereignty of the people is jeopardised.

With this in view, this Commission has advocated a total change, a radical transformation. It has proposed a wide-ranging agenda of reforms, that includes reforms relating to recruitment, training, tenure, domain competency, creation of a leadership cadre incorporating some elements of a position based Senior Executive Service, performance management, exit mechanisms, creation of executive agencies, accountability for results, a code of ethics and enactment of a civil service legislation. I am confident that with the implementation of the slew of reform initiatives proposed in this Report, India will have a civil service

- that is valued by ministers, and is a superb source of expert, objective policy advice;
- that delivers world-class, customer-focussed services, day-in and day-out, frequently in partnership;
- that attracts the best talents from every area of the society;
- in which the civil servants are honest, objective, impartial, and act with integrity;
- in which the civil servants are accountable, result-oriented and transparent in their dealings;
- in which the civil servants are proud of, and passionate about their work, committed to doing what they have to do with the pace that India needs and expects in the twenty-first century, and with the right professional skills; and
- every part of which commands the confidence and respect of the public it serves.

New Delhi
November 05, 2008
(M. Veerappa Moily)
Chairman
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New Delhi
November 05, 2008
(M. Veerappa Moily)
Chairman
Resolution
New Delhi, the 31st August, 2005

No. K-11022/9/2004-RC. — The President is pleased to set up a Commission of Inquiry to be called the Second Administrative Reforms Commission (ARC) to prepare a detailed blueprint for revamping the public administration system.

2. The Commission will consist of the following:
   (i) Shri Veerappa Moily - Chairperson
   (ii) Shri V. Ramachandran - Member
   (iii) Dr. A.P. Mukherjee - Member
   (iv) Dr. A.H. Kalro - Member
   (v) Dr. Jayaprakash Narayan - Member*
   (vi) Smt. Vineeta Rai - Member-Secretary

3. The Commission will suggest measures to achieve a proactive, responsive, accountable, sustainable and efficient administration for the country at all levels of the government.

The Commission will, inter alia, consider the following:
   (i) Organisational structure of the Government of India
   (ii) Ethics in governance
   (iii) Refurbishing of Personnel Administration
   (iv) Strengthening of Financial Management Systems
   (v) Steps to ensure effective administration at the State level
   (vi) Steps to ensure effective District Administration
   (vii) Local Self-Government/Panchayati Raj Institutions
   (viii) Social Capital, Trust and Participative public service delivery
   (ix) Citizen-centric administration
   (x) Promoting e-governance
   (xi) Issues of Federal Polity
   (xii) Crisis Management
   (xiii) Public Order

Some of the issues to be examined under each head are given in the Terms of Reference attached as a Schedule to this Resolution.

4. The Commission may exclude from its purview the detailed examination of administration of Defence, Railways, External Affairs, Security and Intelligence, as also subjects such as Centre-State relations, judicial reforms etc. which are already being examined by other bodies. The Commission will, however, be free to take the problems of these sectors into account in recommending re-organisation of the machinery of the Government or of any of its service agencies.

5. The Commission will give due consideration to the need for consultation with the State Governments.

6. The Commission will devise its own procedures (including for consultations with the State Government as may be considered appropriate by the Commission), and may appoint committees, consultants/advisers to assist it. The Commission may take into account the existing material and reports available on the subject and consider building upon the same rather than attempting to address all the issues ab initio.

7. The Ministries and Departments of the Government of India will furnish such information and documents and provide other assistance as may be required by the Commission. The Government of India trusts that the State Governments and all others concerned will extend their fullest cooperation and assistance to the Commission.

8. The Commission will furnish its report(s) to the Ministry of Personnel, Public Grievances & Pensions, Government of India, within one year of its constitution.

Sd/-
(P. I. Suvrathan)
Additional Secretary to Government of India

*Dr. Jayaprakash Narayan – Member, resigned with effect from 1st September, 2007

Government of India
Ministry of Personnel, Public Grievances & Pensions
Department of Administrative Reforms and Public Grievances

Resolution
New Delhi, the 31st August, 2005

No. K-11022/9/2004-RC. — The President is pleased to set up a Commission of Inquiry to be called the Second Administrative Reforms Commission (ARC) to prepare a detailed blueprint for revamping the public administration system.

2. The Commission will consist of the following:
   (i) Shri Veerappa Moily - Chairperson
   (ii) Shri V. Ramachandran - Member
   (iii) Dr. A.P. Mukherjee - Member
   (iv) Dr. A.H. Kalro - Member
   (v) Dr. Jayaprakash Narayan - Member*
   (vi) Smt. Vineeta Rai - Member-Secretary

3. The Commission will suggest measures to achieve a proactive, responsive, accountable, sustainable and efficient administration for the country at all levels of the government.

   The Commission will, inter alia, consider the following:
   (i) Organisational structure of the Government of India
   (ii) Ethics in governance
   (iii) Refurbishing of Personnel Administration
   (iv) Strengthening of Financial Management Systems
   (v) Steps to ensure effective administration at the State level
   (vi) Steps to ensure effective District Administration
   (vii) Local Self-Government/Panchayati Raj Institutions
   (viii) Social Capital, Trust and Participative public service delivery
   (ix) Citizen-centric administration
   (x) Promoting e-governance
   (xi) Issues of Federal Polity
   (xii) Crisis Management
   (xiii) Public Order

Some of the issues to be examined under each head are given in the Terms of Reference attached as a Schedule to this Resolution.

4. The Commission may exclude from its purview the detailed examination of administration of Defence, Railways, External Affairs, Security and Intelligence, as also subjects such as Centre-State relations, judicial reforms etc. which are already being examined by other bodies. The Commission will, however, be free to take the problems of these sectors into account in recommending re-organisation of the machinery of the Government or of any of its service agencies.

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Sd/-
(P.I. Suvrathan)
Additional Secretary to Government of India

*Dr. Jayaprakash Narayan – Member, resigned with effect from 1st September, 2007 (Resolution No. K.11022/26/207-AR, dated 17th August, 2007).
RESOLUTION
New Delhi, the 24th July, 2006


Sd/-
(Rahul Sarin)
Additional Secretary to the Government of India

RESOLUTION
New Delhi, the 17th July, 2007


Sd/-
(Shashi Kant Sharma)
Additional Secretary to the Government of India

RESOLUTION
New Delhi, the 14th February, 2008


Sd/-
(Dhruv Vijai Singh)
Additional Secretary to the Government of India

RESOLUTION
New Delhi, the 5th September, 2008

No.K-11022/26/2007-AR – The President is pleased to extend the term of the second Administrative Reforms Commission (ARC) by six months upto 31.3.2009 for submission of its Reports to the Government.

Sd/-
(P.K. Jha)
Joint Secretary to the Government of India
RESOLUTION

New Delhi, the 24th July, 2006


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1. Dr. M. Veerappa Moily, Chairman
2. Shri V. Ramachandran, Member
3. Dr. A.P. Mukherjee, Member
4. Dr. A.H. Kalro, Member
5. Smt. Vineeta Rai, Member-Secretary

Consultant of the Commission

1. Shri S. K. Das, IAS (Retd.)

Officers of the Commission

1. Shri A.B. Prasad, Additional Secretary
2. Shri P.S. Kharola, Joint Secretary
3. Shri R.K. Singh, PS to Chairman
4. Smt. Ruchika Choudhary Govil, Director*
5. Shri Sanjeev Kumar, Director
6. Shri Shahi Sanjay Kumar, Deputy Secretary

* This post of Director was temporarily transferred from the Department of Personnel & Training for the period 04.02.2008 to 08.10.2008.
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<td>PAR</td>
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<td>PM</td>
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<td>PRIS</td>
<td>Performance Related Incentive Scheme</td>
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FMI  Financial Management Initiative
FPARC  Provisional Council on Administrative Reforms (Japan)
FPSC  Federal Public Service Commission
FR  Fundamental Rules
GDP  Gross Domestic Product
GOI  Government of India
HAG  Higher Administrative Grade
HCMRIPA  Harish Chandra Mathur Rajasthan State Institute of Public Administration
HRD  Human Resource Development
IA&AS  Indian Audit & Accounts Service
IAIs  Independent Administration Institutions (Japan)
IAS  Indian Administrative Service
ICS  Indian Civil Service
ICT  Information Communication Technology
IFoS  Indian Forest Service
IFS  Indian Foreign Service
IGP  Inspector General of Police
IGNFA  Indira Gandhi National Forest Academy
IIM  Indian Institute of Management
IIA  Indian Institute of Public Administration
IIS  Indian Information Service
INGAF  Institute of Government Accounts & Finance
INTAN  Institute Tadbiran Awam Negara, Malaysia
IO  Inquiry Officer
IPoS  Indian Postal Service
IPS  Indian Police Service
IRAS  Indian Railways Accounts Service
IRIMEE  Indian Railways Institute of Mechanical and Electrical Engineering
IRS  Indian Revenue Service
IRTS  Indian Railways Traffic Service
ISTM  Institute of Secretarial Training and Management
JS  Joint Secretary
KPI’s  Key Performance Indicators
LBSNAA  Lal Bahadur Shastri National Academy of Administration
LDCs  Lower Division Clerks
LDP  Liberal Democratic Party (Japan)
MDI  Management Development Institute
NACEN  National Academy of Customs, Excise and Narcotics
NADT  National Academy of Direct Taxes
NDA  National Defence Academy
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INTRODUCTION

1.1 The Second Administrative Reforms Commission was set up with a wide mandate to prepare a blueprint for revamping the public administration system and to suggest measures to achieve a proactive, responsive, accountable, sustainable and efficient administration for the country at all levels of government.

1.2 There is a growing realization that many agencies of government are functioning sub-optimally, and government programmes have not always yielded the desired results. While the achievements of the public services are praiseworthy in dealing with the vast expanded responsibilities since Independence and especially during difficult periods of crisis, they are often deficient in crucial areas such as productivity, responsiveness, accountability and integrity. Authority frequently appears to be divorced from accountability, leading to a system of realistic and plausible alibis for non-performance. Inefficiency, corruption and delays have become, in public perception, the hallmarks of public administration in India.

1.3 Administration should be reformed to bring about improved transparency, greater accountability and streamlining of the structure of government, based on decentralization, civil services reform, an open and responsive government, rule of law, fiscal and environmental sustainability and elimination of all forms of corruption. There is need to restructure our governance institutions and rejuvenate our administrative system so that it can respond to the growing challenges of governance. The State needs to reorient its focus on the core functions of government such as maintaining peace and stability in the country and the task of social investment and provision of public goods through investment in the social sectors like health and education, as these are critical to lifting people out of abject need, preventing inter-generational transmission of poverty, long term development of human capital, achievement of full human potential and promotion of rapid, sustainable and equitable economic growth.

1.4 Public servants today are at the helm of complex challenges of administration in critical sectors like policing, education, healthcare, transportation, land management, infrastructure, skill promotion, employment generation, rural development and urban management. All these are intricate issues, which call for domain expertise, long experience in the sector, and...