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THE INDIAN JOURNAL OF PUBLIC ADMINISTRATION

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PERFORMANCE APPRAISAL & PROMOTION SYSTEM*

Govind Narain

RECOGNITION and advancement are some of the basic human aspirations, at least of the conscious minds. A proper system which caters for these, could, in turn, provide the urge, the motivation and the incentive for better output. On the other hand, the absence of such a system or a defective or faulty system could even lead to frustration, disappointment, lethargy, callousness or casualness, which all result in deterioration and diminution of the performance. In any system or organization, therefore, success and efficiency do depend, to a large extent, on how these basic requirements are taken care of.

It might sound strange, but it happens to be true, that there is a growing trend that the more undeserving a person, the greater will be his deliberate effort to secure unmerited advancement or recognition for himself by any means—fair or foul—mostly the latter. Along with this, one also sees the beginning of a corresponding unfortunate trend among decision-makers, *i.e.*, it is only the wheel which makes noise that gets the attention. It is this phenomenon which brings in some viciousness in the system leading to lowering of standards of conduct and behaviour and the resultant inefficiency and frustration. Any imbalance in the political situation could also activate such an atmosphere to a larger extent. The administrative genius has, therefore, to struggle continuously to find a solution, which would maximize objective assessment and keep any vicious trends under check. The

*Text of a talk delivered on February 25, 1970, at IIPA's First Course on Personnel Administration.

extent of success in this matter could, in a way, be a good measure of the efficiency and dynamism of the administrative structure.

Object of Appraisal

When one talks of appraisal, the question naturally arises: "What is one looking for!" The general atmosphere prevailing in any administrative system at any point of time and the attitudes at the highest levels do somehow influence considerably the interpretations of and the answers to this question. The system of checks and balances that we inherited from the British is hardly suited to the needs of the present times, where much greater emphasis is needed on individual initiative, dynamism and speed of action. The system, however, still continues with some changes, which have, perhaps, only worsened the situation wherein a man of action is subjected to much heavier checks and at a larger number of points. There is much greater emphasis on the satisfaction of the rules than on the achievement of the end-results. Even bonafide mistakes or minor errors of judgment receive disproportionate attention, while much bigger and positive achievements go unnoticed. It is not surprising, therefore, that the atmosphere has become ideally suited to those believing in inaction, in not shouldering responsibilities, in not taking initiative, in taking shelter under out-moded rules and so forth; while it is full of greater risks and dangers for those who take the courage to go out of the beaten track in order to steer a speedier course for themselves for the fulfilment of objectives which they might believe to be their responsibility. In this latter course, they naturally have to cross the paths of the so-called guardians of rules and of those who have acquired vested interests in perpetuating this very system of checks and brakes. I believe that this situation needs rectification. I also believe that apart from the re-adjustment of the attitudes at the highest levels and proper re-appreciation of the requirements, the evolution of a proper system of appraisal can also go a long way towards the purification of the present malignant atmosphere. This system of appraisal should lay greater emphasis on the achievement of the end-results and the objectives rather than on the stereotyped following of the beaten track, of course, subject to the maintenance of proper standards of propriety, honesty and integrity.

The primary aim of appraisal is to obtain a balanced evaluation of the employee's strength and weaknesses in the light of the requirements of the situation and towards the fulfilment of the desired objective. The purpose behind this appraisal must be to promote and develop the effectiveness of the staff and to help and encourage them to make the best use of their abilities in the service of the organization for which they are employed.

The words "aim" and "purpose" in this context of appraisal assume considerable significance. I have a feeling that they are not properly understood and it is this lack of understanding which has led to the placement of distorted emphasis on different aspects of appraisal leading to the deterioration of the atmosphere referred to earlier. Is the performance of a Financial Adviser to be judged only by the percentage of proposals he has succeeded in getting rejected or is he also to share the responsibility for the implementation of the programmes, subject, of course, to things being done in accordance with the rules of financial propriety? Similar would be the large number of questions that would arise in various fields when we begin the work of appraisal and ask the question: "What is it we are looking for!" A proper answer to this question in the context of the requirements of a situation can give to the system of appraisal a real healthy purpose, which alone can enhance its meaning and its value leading to the growth of trends among the employees, which will lead them on to better achievement and greater fulfilment of the ultimate objectives.

Need for a Precise Definition

This clearly establishes the need for a proper and precise definition of the requirements of a job. This will serve a dual purpose. Firstly, it will enable the employee to adjust his bearings, and understand correctly what his job is and what could be expected of him by way of performance. If he has any sense of responsibility, this will undoubtedly enable him to do his best along fruitful directions and to achieve better performance and greater output. The second good purpose to be served by this system would be that the superior authority will also know clearly what was expected of the employee and he would, therefore, be better able to judge him correctly. Thus, a system in which the job can be properly described and defined and some yardsticks can be laid down for judging the performance will obviously make the appraisal more accurate and more objective. This system could also give, at least to the conscientious employees, a good opportunity for some sort of self-evaluation or self-appraisal on the basis of the job description and the performance yardsticks, and the judgment of the reporting officer will then carry to them much greater conviction. This whole process would pave the way for continued betterment of the employees' performance and development of a sense of confidence and a sense of pride in one's work. The difficulty, however, would be that it may not be quite possible in all situations to have such definitions of job requirements with any degree of precision or such yardsticks which would readily permit the kind of objective measurement of performance, as has been visualized. The definitions of job requirements will themselves vary from level to level in the same set-up and similarly the yardsticks also will not be the same in every case. What is expected of the top executive will not be the same as may be required of a Manager or of a Supervisor. In the governmental set-up it is clear that the expectations will not be the same for the levels of Secretaries, Joint Secretaries, Deputy Secretaries or Under Secretaries. All the same, in spite of the difficulties, the system has its merits and must be tried out.

Simultaneously with the above it becomes equally necessary to adopt in any system of performance appraisal, nomenclatures, which would have uniform and universal application so that one description would convey to all persons at all times and at all places the same meaning. In describing a particular quality the rating-factors commonly in use are "Outstanding", "Above Average", "Average", "Below Average" and "Unsatisfactory". Each word has a distinct connotation and if properly understood and objectively employed, these could provide an excellent mode of communicating impressions. I doubt, however, if this significance is fully understood and accepted by all the reporting officers; the result is that the subjective element of the reporting officer gets superimposed over the objective evaluation and the same standard described by different reporting officers will be expressed in different words and to those not familiar with these peculiarities of the reporting officers, distorted impressions could possibly be conveyed. This could lead to erroneous judgment, injustice and anomalies. Suitable remedial measures have, therefore, to be devised to minimize the chances of such errors.

With proper job description and laying down of suitable yardsticks for measuring the performance, suitable forms could be devised which could contain various specified headings for the evaluation of the qualities required for the job performance. The cumulative picture of the full evaluation of these qualities would be a combination of varying proportions of "Outstanding", "Above Average", "Average", "Below Average" and "Unsatisfactory". But this might fail to convey an impression of the employee's total personality and, therefore, a mechanical filling up of a form may not be enough and the reporting officer should have the freedom also to express himself freely about the employee but he should be told what points he should necessarily cover.

Existing Assessment System

While talking of evaluation forms, one notices that different sytems have been adopted by the different organizations of Government. On the Defence side, the Army, the Navy and the Air Force have all

got their own different forms. Similar is the position on the civil side. In some of these forms, the rating is done by awarding of marks in the appropriate columns specified for different qualities. One can understand the differences in these prescribed forms on the basis of the different qualities and different standards required for the performance of various jobs. But I have a feeling that there is scope for considerable rationalization in the existing position in this respect. The system of awarding marks may have its own value, but the little that I have seen from the various appraisal reports that have come before me, leads me to the feeling that the system of marks becomes somewhat mechanical and arbitrary and the rating on the basis of the uniform nomenclature "Outstanding", "Above Average", "Average", "Below Average" and "Unsatisfactory" may lead to better appraisal and greater objectivity if the meaning of these words along with detailed definitions could be properly understood by all the reporting officers.

I have referred to the dangers of biased or subjective opinions corroding the objectivity of an appraisal report. Some safeguards have, therefore, to be in-built in the system. One of the most common provisions is that the appraisal of the reporting officer has to be reviewed by the next superior officer. It is expected that the reviewing officer would have in his possession all the information concerning the reporting officer as also the employee who is being reported upon. The reviewing officer would also be familiar with the habits, tendencies and idiosyncrasies, if any, of the reporting officer and he would, therefore, be in a good position to act as a moderator of the appraisal report made by the reporting officer. This is expected to give greater fairness and justice to the employee in his appraisal and impart greater strength to the value of that appraisal report. A system of countersigning the appraisal report by the next superior officer is also intended to serve the same purpose, but is, perhaps, not that effective as the report of a reviewing officer, which again can have suitable prescribed columns in which the reviewing officer will have to write down his assessment. The purpose of this review can, however, be served only if the reviewing officer has the kind of knowledge that the system pre-supposes. In the absence of this knowledge, the report of the reviewing officer could suffer from the same faults and deficiencies and dangers as the report of the initiating officer. In the Army, a different system is adopted, which does, perhaps, lead to greater fairness. In this system the appraisal form has various parts. In the first part the reporting officer writes down his assessment of his subordinate and shows it to the subordinate, who, as a proof of having seen his report, is made to sign it. The subsequent parts of the appraisal form are filled in by the reporting officer, the reviewing officer and other higher authorities, but these are based mainly on the contents of the first part, which the employee has seen and the contents of these other parts deal with the assessed impressions of the various officers on the basis of the appraisal reports in respect of the various attributes of the employee as mentioned in the first part.

Communication of Adverse Remarks

In the category of safeguards should also be mentioned the system of communication of adverse remarks. After this communication, the employee has a chance to represent against these adverse remarks and after obtaining the observations of the reporting officer a suitable decision can be taken at the higher levels whether those adverse remarks should be retained or be expunged or modified. Actually, this system is intended to serve more than this limited purpose. If the effort of the administration is, as it ought to be, to improve the performance of its employees to the maximum extent possible, the employee should be given an opportunity of knowing about his weaknesses in order to be able to remove them. The administration also could make use of these appraisal reports in order to organize a system of training or coaching which would enable the employee to improve himself. However, this system of communication of adverse remarks has been a subject of considerable thought during the recent times. The communication of adverse portions only does not seem to be fair to either side. The employee does not come to know about the good points observed by the reporting officer in his work and conduct, and on the basis of the adverse portions only he harbours a sense of grievance, a sense of injury and is often inclined to attribute motives to the reporting officer. The consequential representations are also inclined to vitiate the atmosphere and disturb the healthy relationship between the reporting officer and the employee, which undoubtedly could not have been intended by such a system.

Various suggestions have been made from time to time to rectify these deficiencies in the system. It has been suggested that instead of communicating the adverse remarks only, the full report may be made known to the employee. It has also been suggested that the adverse remarks pertaining to remedial defects only need be communicated and not the rest. There is another suggestion that the system of communication of remarks be done away with altogether and in lieu thereof there may be a discussion between the reporting officer and the employee before the appraisal report is written. Another criticism, which is often levelled against this procedure is that the communication of the remarks takes a long time and the healthy purpose, which is intended to be served, *viz.*, that of enabling the employee to take care of his faults or deficiencies, is not fulfilled.

I cannot fail to mention in this connection that the existing system of communication of adverse reports, the consequential representations and the calling of observations from the reporting officer and the reviewing officer has really done more harm than good. The employee reported upon normally does not accept the remarks and strengthens his representation by bringing in all kinds of extraneous matter to impugn the objectivity of the reporting officer and the reviewing officer. Often the reporting officer and the reviewing officer are called upon to substantiate their grounds for making those remarks and they feel even more harassed than the employee reported upon. In a system like this, one cannot blame the reporting officer or the reviewing officer for fighting shy of making any candid observations against an employee, which may be unpleasant and which may subsequently lead him on to giving explanations himself. This timidity in reporting is as dangerous and harmful as any prejudice or bias or subjectivity in the report.

It seems that the Administrative Reforms Commission has taken note of all these various criticisms and suggestions and they have recommended that at the end of each year the official reported upon should himself submit a brief resume not exceeding 300 words on the work done by him, bringing out any special achievements of his. This resume will form part of his appraisal report and the reporting officer in giving his own assessment, will take due note of the resume. This report will then go to the next higher officer for review. It has also been recommended by the Administrative Reforms Commission that the overall grading in the appraisal report should be reduced to three categories, *viz.*, (*i*) "fit for promotion out-of-turn", (*ii*) "fit for promotion", and (*iii*) "not yet fit for promotion". The category "unfit for promotion" is to be deleted and it is intended that even those who cannot be considered fit for promotion at a particular point of time, should be considered again some time later. In case the reporting officer gives any adverse remarks, the reviewing officer is to discuss the same with the reporting officer and, if necessary, with the officer reported upon, and thereafter either confirm the remarks or suitably modify them. In this procedure, the need to communicate any adverse remarks ceases to exist. It is difficult to claim in a situation like this that any one particular system would be perfect. But it appears to me that the recommendations made by the Administrative Reforms Commission do, by and large, take care of the various requirements of the situation and the various snags that have come to light.

What seems to be at the bottom of the present-day malady is the absence of a healthy personal relationship between the employee and the reporting officer. If the objectives are clear and the purpose is well-known, it is not an individual, but a whole team which is working for the same goal. This working would be impossible without that necessary team spirit and without that *inter se* cohesion and that proper equation between person and person, on the basis of full understanding of each other's duties and responsibilities. In a relationship of this kind, the employee can benefit much more from the casual and informal contacts with the superior officers than from any written comments, and if this process is kept on, it is quite possible that the improvement in the employee may be so great even in those who may be otherwise poor, that the need for adverse reporting at the end of the year may not arise at all, except, perhaps, in the case of a few odd exceptions. It is this personal equation that is desirable, which, I am sure, would establish the much needed healthy relationship and bring about far greater fulfilment of the desired objectives.

Performance vis-a-vis Promotion

One of the important functions of performance appraisal is to act as an instrument in the hands of the administration for the proper assessment of the actual performance of individuals within the service and regulate their ordered and just advancement. The importance of correct and objective appraisal can, therefore, not be over-stressed. The criteria for promotion will have to be suitably reflected in the appraisal reports which in turn will influence the employee in developing a proper sense of values and in giving emphasis during his performance to attributes which could qualify him for promotion. This system itself could then build up the psychology and create the atmosphere in which the employees will continuously strive for the betterment of the quality of their output and ensure proper and faster implementation of the programmes leading to a better fulfilment of the overall objectives. There has been quite a lot of confused and distorted thinking in the matter of promotion during the recent times. Some people have gone to the extent of suggesting that promotions should be deemed to come as a matter of right irrespective of performance. Some others have taken eligibility to be equivalent to entitlement. Often it happens that those putting greater emphasis on the end-results and showing considerable initiative and dynamism in pushing things forward disturb the established chain of vested interests of checks and balances and subject themselves to adverse notice thereby jeopardizing their chances of promotion. On the other hand, the easy-going and the do-nothings manage to keep everyone happy and ensure steady progress for themselves. There will, therefore, have to be a lot of change of emphasis in promotion procedures so that much greater weight is attached to the actual achievements and the end-results and much less

to the other unimportant aspects or to seniority alone or to performance before a Promotion Board. The adoption of some of the management techniques would enable the annual reviewing system to be more closely based on the objective assessment of performance rather than the subjective opinions as to personal characteristics.

Seniority vs. Merit

There has been a great deal of controversy over the relative values of seniority and merit in any system of promotion. Often one hears people saying that while seniority is a fact, merit is only a surmise. It could easily be conceded that in an atmosphere where correct appraisal is not available and objectivity becomes a casualty, the criterion of merit could be associated with a great deal of danger and risk. I recall with horror an actual experience of nearly 15 years ago when on the day following the adoption of merit as the sole criterion for certain promotions at a high level, I received a call from someone very high up recommending for promotion on merit an officer who had thrice been rejected for selection and, when I pointed this out, I was told that since the criterion was changed and merit alone was the yardstick it was quite within my discretion to promote this particular individual. If this be the interpretation of merit I would rather say that this criterion for promotion should be abandoned. All the same, I refuse to believe that what I have narrated is very common. I still have a great deal of faith and confidence in the wisdom of persons in the top layers in the country. If we accept the theme that objectivity is not possible, there would hardly be any room for any discussion on this subject. I believe that with proper understanding, which is bound to be generated with greater openness in discussion on the subject, the proper values will be re-emphasized and objectivity will be dominant, as it should be. If that is accepted, I would go on to say that if the country's expectations are to be fulfilled, if the enormous needs of the present time are to be adequately catered for, and if proper emphasis has to be given to initiative, dynamism and speedy action, the criterion of seniority which relies only on the quality of the employee at the time of his recruitment, will unhesitatingly have to be pushed to the background. Seniority will doubtlessly always remain as a fact but there would be much greater opportunity for the able, irrespective of their seniority, to move up fairly rapidly. Often, it is said that at least for the lower ranks seniority alone should be the criterion for promotion. I am afraid, I would not find it possible to agree to this. The quality of work is as important in the lower ranks as in the higher and if that be so, there is no reason why even in the lower ranks greater emphasis should not be placed on the quality of work and the merit of performance rather than only on the number of years of service. The only degree to which seniority could come into play should be when some employees on the basis of merit are adjudged as equal and then the *inter se* seniority among those equals should be determined on the basis of their seniority.

In a system of promotion as visualized earlier, the appraisal reports would also be required to contain an overall assessment of the reporting officer and the reviewing officer regarding the grading of the employee for purposes of promotion. The system existing till recently provided for such an assessment in the form of "Outstanding", "Very Good", "Good", "Fair", and "Poor". It was provided that the promotions in Class III and Class IV services were to be made on the basis of either seniority, subject to the rejection of the unfit, or seniority, subject to the satisfaction of a minimum merit criterion. In promotions from Class III to Class II greater importance was intended to be given to merit and for promotions from Class II to Class I consideration was expected to be given to differences in the degree of merit such as "Outstanding", "Very Good", and "Good". Promotion could thus be restricted to those in these three categories, leaving out those who were assessed as "Fair" or "Poor". Government have revised these instructions and the categorization now is "Fit for promotion", "Not yet fit for promotion", and "Unfit for promotion". It has also to be indicated if the officer reported upon has any outstanding qualities, which could entitle him for promotion out of turn. This matter has received consideration by one of the Study Groups of the Administrative Reforms Commission. On the basis of the report of the Study Team, the Administrative Reforms Commission themselves have made their recommendations. In the context of our situation, these recommendations are most welcome. It has rightly been suggested that there should be only three gradings, *viz*., (*i*) "Fit for promotion out-of-turn", (*ii*) "Fit for promotion", (*iii*) "Not yet fit for promotion". I agree with the recommendation to drop the category "Unfit for promotion". A person who is declared "Unfit for promotion", should have the chance to improve himself and come up again for consideration and it is, therefore, better to categorize him as "Not yet fit for promotion". I also agree that the present habit of being much too liberal with the award of outstanding entries has to be checked and the persons put in the category of "Fit for promotion out-of-turn" should in fact be the real exceptional cases, which should be properly supported by specific mention of the outstanding work on the basis of which the recommendation is made. In this manner, while promotions will be available to those who have done good work, those few of them who are really outstanding will be spotted out for quicker promotions.

There is another interesting recommendation made by the

Administrative Reforms Commission and that is about the holding of an examination for some promotions from Class II to Class I. In our system of promotion, the field of eligibility is restricted mostly to a multiple of the available vacancies, in the order of seniority. In this system there is no chance for any exceptionally bright person lower down in the list to get his case considered out of turn. The needs of the country are such that it is important to spot out such available talent even at younger age levels and to give them an opportunity of proving their worth in contributing to the fulfilment of the country's objectives. This would also set up healthy trends for those who are inclined to take things rather easy and have no urge left to put in their best. I would, therefore, agree with the recommendation made by the Administrative Reforms Commission that out of the available vacancies for promotion from Class II to Class I, half may be filled by the existing method and the other half on the basis of an examination. Officers in Class II, who may have completed certain number of years of service and who may have been categorized as "fit for promotion" should be made entitled to appear in this examination. The examination should be made somewhat rigid in order to test the capability of these junior officers effectively. Some suitable method could be devised whereby, on the basis of the result of the examination as also on the basis of the grading in the performance appraisal, suitable persons from the junior levels could be promoted to Class I. This system will ensure that for those who are really brilliant and outstanding the doors will not be barred and they could move up much faster than their average colleagues.

A big problem before the Government today is how to deal with people who are mere passengers and have really no capability to contribute anything towards the fulfilment of the important tasks. The constitutional guarantees and the available interpretations of the existing rules have added to the words "security of Government service" a highly exaggerated meaning. Some people do think that in an atmosphere where political victimization is a possibility, this degree of security is very much needed in the Government services. There is no doubt that there is some substance in this feeling. At the same time, when one thinks of the nation's needs, one is appalled to see the large numbers in the various ranks of Government services, who take things for granted, who depend on extraneous sources for support and who just do not bother about the quality of their performance, hoping that there is nothing that can be done to them. These are the cases who become very poor examples for the other major group of Government servants who believe in their work and performance, but who feel frustrated when their efforts remain unrecognized and unrewarded, while their colleagues of the other group make merry. Time has come when voices must be raised loudly against such anomalies; when the intellectuals and the leaders of the country should devote their much needed thought to these basic problems of the services and create a climate which would be intolerant to things like these and evolve rules and conventions and systems which will ensure that performance appraisal would be more truthful and objective and promotions will be available on the sole consideration of merit and performance.

PUBLIC ADMINISTRATION IN ASIAN COUNTRIES*

V. A. Pai Panandikar

THE two pronounced features of the public administration systems of the Asian countries are their administrative continuity and rapid growth, especially since the 1950s. In large part, the stimulus for change came from an innate desire on the part of the countries of the region to adapt their administrative systems to meet the needs of the dynamics of their economics. To an extent, the technical assistance programmes of the United Nations and other international agencies and foundations contributed in no small way to increasing attention being paid to the administrative systems.

Undoubtedly the post-World War II emphasis on development activity in the countries of Asia was responsible for the most important stimulus to the attention bestowed on administrative issues. The basic issue at the heart of all their enquiries and efforts was how to gear these administrative systems to meet the challenges facing the countries and the tasks undertaken by them. Coinciding with these developments were the programmes of technical assistance in the field of public administration. In some respects, such assistance anticipated several difficult problems of public administration and triggered both new thought and action in various areas.

Landmarks

The major developments in public administration began in most countries of the region in the early fifties which were in several ways the catalytic years. These were followed by activities of consolidation until the end of the decade which again displayed a new spurt of activity. By the sixties, the administrative systems of the Asian countries appeared ready for a major programme aimed at their improvements and adaptation to new developments. Commissions and committees on administrative reform became an increasingly accepted institutionalized means of tackling problems posed by the ageing administrative systems. No doubt the debilities of the systems were more markedly brought out

*Based on a paper prepared by the author for the U. N. Economic Commission for Asia and the Far East, Bangkok, as its short-term consultant. The views expressed are, however, purely of the author.

by new responsibilities for development which almost all countries of the region undertook though with varying intensity.

Changing Objectives and Strategies

In the earlier years, administrative stability was an objective of major concern for most of the Asian countries. The devastation of the World War II in South-East Asia, the partition of the Indian sub-continent, etc., were phenomena of such magnitude that the concern in most of the countries had already achieved a degree of administrative viability; these post-War developments implied strengthening of the traditional bureaucracies. Where there was no such resource, the creation of a minimum administrative structure became the major obsession of the body politics in Asia.

Neither of these objectives and the strategies of administrative organization consequent to them were supportive of the new direction of development planning and socio-economic goals. The rigid traditional structure of administrative organization, whether at the apex or at the level of executive departments of local level, were often found to be ill-suited to the needs of the new activities. This was especially apparent in key programmes of agriculture and community development. Whereas the success of these programmes depended upon the degree and even the quality of citizen participation, the administrative systems were generally apathetic to such shifts in their approach and adaptation. Indeed, such a transformation was against the very grain of the traditional administrative systems built on authoritarian foundations, which were sometimes even hostile to popular participation, not to mention of popular direction.

As the objectives of state policy veered from political and administrative stability towards socio-economic development, the limitations of the administrative systems came increasingly to the fore. Even in those countries of the region which had a strong law and order administrative tradition, such as India and Pakistan, the complexities of the new developments were too much for their administrative systems. Unsuspected weaknesses of the systems were increasingly evident and most importantly the lags between developmental objectives and performance became the much lamented tale in one country after another.

The shift in strategy in matters administrative was, therefore, inevitable from one of achieving stability to that of change and adaptation. While the maintenance of law and order continued to be a basic

objective of administration, developmental activities became the prime focus of the administrative systems of the region in the fields of agriculture, industry, transport, education and even exports.

Basic issues in this process of administrative change related to organizational structures, procedures—both financial and administrative—the entire range of administrative technology—including information systems, operations research, etc.—personnel for development activity, and—most important of all—organizational behaviour. Even in areas where the best of the administrative systems of the continent claimed special competence, *e.g.*, in decision-making, the weaknesses became glaring as 'hunches and judgment' and the 'conventional wisdoms' were proven to lack depth of substance and even based on undependable information. In the absence of properly established systems, decisions were, therefore, many a time based on erroneous considerations, choice of alternatives rarely developed, and the decisions made not on facts since they were not known, but on individual's biases and opinions depending upon his or her status.

In other words, the countries of the region lacked administrative policies to support the developmental and nation-building tasks and objectives placed before their administrative systems. Most complex functions and tasks were ascribed to administrative systems with ageing and worn-out structures, concepts and practices which were basically unsuited to these functions and tasks.

The dissatisfactions arising out of the poor performance led to a major change in administrative thinking. For the first time perhaps in the histories of these countries were the administrative systems opened to research. It was done clearly in response to the felt needs, especially to understand the reasons for administrative lags, poor implementation of development programmes, etc., as well as to change administrative policies. The instruments of change, especially training, were regarded as activities of major import for bringing about the necessary adaptation of the civil servants and the administrative systems themselves to their new roles and functions.

Emerging Trends

By far the most notable feature of the administrative systems of the Asian countries is the growing recognition accorded to the urgent need for training civil servants, especially those involved in development programmes. The recognition has been to a much lesser extent for research into problems of implementation, particularly into the causes of administrative failures and the possibilities for administrative improvements and the methods thereof. The scale of the issues and problems involved emerges in bold relief when we consider the massive dimensions of the civil services in the countries of the continent. India with nearly 8.6 million government employees at the national, state and local levels in 1968 and during the same period the Philippines with nearly 500,000 employees, Korea with over 370,000 employees, Iran with over 300,000 employees represent some of the major governmental systems in the world to mention but a few countries of Asia.

Focus on Training

With the kinds of pressures emanating from the growing and expanding developmental programmes, attention was inevitably focussed first and foremost on training of the personnel for the new tasks and responsibilities through formal arrangements. Bulk of the initial training activity was, therefore, directed to develop those skills which were considered relevant for handling the specific jobs. Naturally, the emphasis in such training was on the technical aspects of administration with some smattering of the broader goals and objectives incorporated in the training curricula.

In addition to such type of job-oriented training, formal training for the probationers was also regarded as essential so as to orient their outlook and attitudes to suit the new needs. Orientation training thus became a widespread phenomenon in most of the countries, with some significant benefits, all the more at the higher officer levels in the hierarchy.

One major factor responsible for confining training activity to junior and middle levels was the resistance to training at the top. The generally held opinion in the region was that 'trainability' was linked to age and status and those who had crossed a certain level did not require to be trained. This approach to training led to several undesirable consequences. Most important of all, the higher levels of management tended to become increasingly obsolescent in their knowledge, understanding and perspectives, even more in their attitudes to change and to adaptation. As a result, the senior personnel became not just hindrances but posed active roadblocks to the subordinates who were better trained and equipped for the new tasks. This unhappy situation was reflected in organizational imbalance and increased frustration among the juniors and it generated a sense of stagnation and administrative decay.

Nonetheless, a rapid growth of training activity and consequently a proliferation of training institutions have been noticeable prominently in almost all the countries of Asia. Barring a few exceptions like the College of Public Administration at the University of Philippines and perhaps the Graduate School of Public Administration in Korea, the academic bodies, including the universities, were sparingly used as training institutions by the countries of the region. Instead, the primary emphasis appeared to have been placed on government sponsored or directly operated training institutions or agencies. Many of these have been built at considerable cost and are well endowed with financial and physical resources.

This phenomenon of creation of separate governmental institutions or agencies for training the civil servants has been widely ascribed to the 'ivory-tower' outlook of the universities. Allegedly, the universities and such other academic bodies have kept themselves aloof from the mainstream of national life even in activities related to an applied discipline like public administration. Often the universities and similar bodies have been criticized for their undue dependence upon foreign texts and a body of knowledge which has no practical bearing on the administrative issues and problems facing the various countries of Asia. Whatever the merits of such criticism, the lack of direct, effective and continuous interaction between the academic and the applied sides of public administration has had adverse implications both for the development of administrative practice as well as for academic objective of developing a new body of knowledge in development administration.

So much about formal training activity in the countries of the region. Here, it would be pertinent to enquire about the extent to which this activity is related to broader training objectives and policies. Experience in many countries, especially the developed ones, has clearly demonstrated that formal training by itself is not effective unless there are appropriate supporting training policies or a deliberate effort to develop individuals towards certain known goals. In this regard, in most of the countries of the Asian continent, there has rarely been a deliberate policy. Pakistan and Iran are perhaps the known exceptions in that training activity. Iran is deliberately linked to administrative reform, and in the case of the higher civil service of Pakistan, formal training is an integral part of career development and promotion of this small but crucial group of officers.

Generally, speaking of the continent as a whole, formal training is an isolated activity and not organically linked to on-the-job training, placement, rotation, effective supervision, etc., which go to develop the government personnel. Indeed, some of the non-formal training aspects which were emphasized before the era of institutional training, such as on-the-job training and proper supervision have been relegated to the background and almost forgotten today.

Training policy, in other words, is noticeable more by its absence in the countries of Asia than by its presence, even though formal training activity has increased many fold and on a fairly systematic basis since the 1950s. In particular, the institutional training appears to have been better organized and training has become an accepted term in the administrative vocabulary in the region. However, training thus far has been more confined to the technical and to the junior and middle levels in administration. Top management is still outside the pale of organized training activities in most of these countries.

Research: The Neglected Dimension

Research in public administration has not, however, been as fortunate as training in receiving adequate attention or focus. In large part, this is due to the fact that the tradition of using research for policy formulation in most of these countries has been relatively lacking. In general, research has been regarded as an academic activity more for the universities and other academic agencies. These agencies being outside the mainstream of development activity, have regarded day-to-day administration and its problems as the preserve of the practitioners and, therefore, outside the frontiers of academic activity.

It was only in the recent years when the performance of development programmes ran into heavy weather that some of the countries of the region have begun to feel the need for research to understand the causes of the administrative shortcomings, and to take prescriptive action. But nowhere has this feeling been yet translated into any kind of a comprehensive research policy or a programme for it. However, the work of agencies like the Programme Evaluation Organization, the Committee on Plan Projects, and the Research Programmes Committee in the Planning Commission of India is indicative of the research efforts in administrative issues. Most of such effort has been directed at specific problems and not sufficiently aimed at policy issues. More recently, several countries of the region have created reform agencies to study administrative problems, giving the earlier O & M agencies a wider framework. In the very nature of their work, these intramural agencies have focussed their attention on technical areas of procedures,

and improved systems: few have questioned the basic assumptions of the administrative systems.

In the main, research into administrative matters could be for two broad purposes. The first one may be termed policy research, and the second academic and pedagogic. From the point of plan implementation, the policy research naturally assumes important dimensions. Administrative policy research could be further sub-divided into substantive policy research and research into management technology, though the two go hand in hand.

Policy research of the first type has to examine whether the approach or an alternative accepted as policy is suitable or not. And, if suitable, how to make it more effective. Thus, for instance, the agricultural development strategy in the Asian countries is today based largely on the high-yielding hybrid varieties of seed. Some of the countries of the region have adopted a decentralized programme of seed production and distribution going down to what is called a seed village. Research into the administrative policy of production and distribution of at least one country in the region showed that it was inadequate and ineffective. As a result of such studies, the policy was subsequently changed.

Policy research is equally important in organizational behaviour. A few studies which have been made into the behaviour of the civil servants, especially in development programmes and the compatibility of such behaviour with the objectives of the development programmes, have revealed many important policy issues. Lack of proper behavioural adaptation to the new roles has been brought out as a crucial factor affecting their actual performance. At the same time, training has been found to have an important bearing on bringing about such an adaptation in their behaviour. However tentative such findings may be, the gap between the supportive behaviour and the available patterns clearly has policy consequences which need to be carefully examined if development programmes are to succeed.

The other aspect of policy research concerns purely organizational and administrative matters. Questions like the following have been found to have important consequences on the effective implementation of programmes: Do the staffing and recruitment policies help to make available the right type of skills? Is the internal organizational structure conducive to the effective operation of the programmes? Is the information system adequate for decision-making? Similarly: Are the various rules and regulations, including financial and administrative delegation supportive of the objectives? These questions pertaining to the entire field of administrative policy and technology have been repeatedly found to be the bugbears of many a development programmes. Of course, in many such areas, the therapeutic action may not be within the ambit of the authority of individual programme agencies. But they are within the legitimate field of administrative policy research, especially if the development objectives have to be successfully carried out.

Administrative policy research as an integral part of developmental planning has rarely been a feature of the administrative systems in the region. Perhaps such a neglect stems from the feeling that the administrative systems are basically sound and that all they need is minor adjustment. Such an approach, however, does not appreciate the true character of the administrative process and its implications. Nowhere has this been demonstrated as effectively as in the business and industrial world.

Business and industrial bureaucracies are, as compared to governmental bureaucracies, far more recent in origin. However, the rapidity of acceptance and implementation of a large number of modern management concepts, including the development of administrative policy, has brought rich dividends to this sector of the economy. The information systems to develop new products, to control production and distribution, operations research to refine processes or to develop new approaches, and a continuous research into how best to achieve the desired objectives have given a remarkable resilience to the modern business and industrial world. Admittedly, the world of public administration is a somewhat different world. Yet the role of public administration is so vast and so fundamental to the national economies of the Asian countries that the present approach to policy research is having deleterious effects on the development of the very instruments of public administration.

The role of academic research, including research for pedagogical reasons, may appear less important than applied research. However, without such work the very body of knowledge in the field cannot grow and while improvements in technology may bring short-run benefits, long-term issues like improved administrative structures and systems depend a great deal on such research. Such research is almost absent in the region and the limited efforts that have been made are not suitably supported or encouraged.

Insofar as research for pedagogical purposes is concerned, there

has fortunately been a somewhat better record. As training programmes are coming up in these countries, especially for the middle and higher levels, the need for case studies, simulation techniques, etc., has been felt and recognized. In many countries of the region, large number of real life cases have been prepared during the last decade for teaching purposes. Several of these could, with considerable benefit, be exchanged within the countries of the region for mutual benefit. Far more, however, needs to be done to improve the pedagogical value of these cases to make them more effective instruments of instruction.

Conclusion

While rapid administrative growth and expansion has been characteristic of countries of Asia, the process of this growth and expansion has been more a consequence of developmental activity rather than of proper and effective administrative planning. Indeed, administrative strategies as an integral part of developmental planning have been more absent than otherwise, and where they exist, the exercise is somewhat rudimentary. All this goes to suggest that public administration is a forgotten side of development planning. If the administrative systems of these countries had met the new challenges adequately then there need have been no concern. In most countries, however, this neglect has had a telling effect on the performance of many a development programmes and tasks.

Within this general framework, however, there are many redeeming factors. Above all, training activity for civil service has expanded enormously during the years since 1950, especially in the last decade. Its range and scope has also been widened a great deal. Not only is there a great deal of training for the job, especially technical training, but also orientation training for higher level officers, and executive development programmes, generally up to the middle levels. However, training activity has not kept full pace with the growth of the civil service and large and critical lags are noticeable. First of all, training for the higher levels has not yet developed on a sufficiently organized basis although some of the countries, like Pakistan, the Philippines, and to a lesser extent India, have begun such programmes. The absence of such training activity, especially to bring senior officers up to date, to develop their skills and to make them more aware of themselves and of the national environment have posed several problems, especially for the efficacy of training at the lower levels.

The institutional framework for training has, on the other hand, developed considerably as the scope of training has expanded in recent years. The initial institutional growth was more departmental and geared to the internal requirement of a single agency or department. Over a period of time, as the scope of training activity has grown, inter-departmental and even national institutions have increasingly made their mark. Characteristically, in bulk of the countries of the region, training institutions are within the governmental frameworks. The universities and other academic bodies have had a negligible role to play in training the higher services, except perhaps in the Philippines, and to a lesser extent in Korea. In India, the Institutes of Management and the Indian Institute of Public Administration are now being increasingly involved in the organized training programmes for the civil servant.

A major problem with many of the governmental training institutions in these countries has been their staffing policies. Inadequate professionalization has often times meant poor development of institutional capabilities, especially in terms of the quality of instruction. Nor have the Governments or their concerned agencies released the best of their practitioners to undertake training responsibilities. As a result, several of these institutions have lacked vitality and dynamism necessary to develop the training activity beyond the narrow pale of routine instruction in the classrooms.

Some other problems relate to the quality of training, particularly where it is of a purely technical nature or essentially job-oriented. Generally speaking, the programmes here have been somewhat satisfactory if they are meant for lower levels. In the programmes designed for higher level officers, including the executive development programmes, the limitations in terms of content of training programmes and their methodology have been noted in several countries. The content has often times been regarded as too academic and not sufficiently relevant to the careers of the individuals trained or to the administrative circumstances of the country. Similarly, the teaching technology has often been found to be ineffective to develop the necessary knowledge or skills.

This brings in the entire question of training policy. While training has been generally regarded as desirable in several Asian countries, rarely is there an explicit recognition of training as an important instrument for better management of public affairs, followed by a concrete training policy. There is a semblance of such a framework only in few countries, unlike Pakistan where such policy has been formulated at least for the higher level civil servants. As a result, there is hardly

a link between formal training and non-formal training activity or between training and other important personnel matters, such as placement practices, promotion policies, etc.

As compared to training activity, research in public administration, especially policy research, has been even less developed. By and large, there is no recognition in most of the countries of the region of the fact that administrative policy research—both in the substantive developmental sectors and in management technology—are essential activities, especially for the efficacious implementation of development objectives. In the absence of such recognition, the ageing administrative systems with archaic and often unsuited organizational systems and procedures continue to handle tasks which are beyond their immediate or long-term competence. Not only administrative policy but also management technology within public agencies has, therefore, remained static and almost fossilized. Of even greater concern is the fact that personnel skills required for such policy studies, etc., or what we might call policy planning personnel, are neither encouraged nor developed. The lack of academic research in administrative fields has aggravated this problem further. The attitudes of the universities and other academic bodies treating these areas as out of bounds have not been particularly helpful. However, these are the responsibilities of the Government, and unless the initiative is taken by the Government, the real benefits of knowledge in this field and the personnel capabilities in the country would not be available for implementing the development plans.

Recently, case research, especially for teaching purposes, has opened several new possibilities. It has brought the academic and teaching staff closer to real-life problem situations. Case studies have also imparted a realistic and effective colour to teaching and training in administration, especially at the higher levels.

In conclusion, public administration, though in an eclectic mood in the Asian countries, is yet in infant stages. Since its rapid development is of considerable import, it is necessary for the countries of the region to put their resources together by pooling both experience and personnel, to develop a better body of knowledge, and thus aid the development of the policy aspects as well as the technology in public administration and thereby the profession itself.

STRUCTURAL PATTERN AND MODES OF ELECTION IN PANCHAYATI RAJ

Y. D. Jadeja

THE question of the mode of election to the three tiers of Panchayati Raj is not so simple as it looks, since it has to be viewed through the various aspects of the whole system. In order to be able to prescribe the most suitable methods of election for various tiers and for the chief office bearers of these tiers, the following aspects of Panchayati Raj system need to be considered: (1) character and complexion, (2) constitution and composition, (3) content and context, and (4) competence and control. Let us examine them briefly.

Character and Complexion

Due to different approaches, there is considerable confusion created in understanding the real concept of Panchayati Raj. Some consider it as the units of local government; others view it as an institutional framework for determining and implementing local policies; some others consider it as an agency of State Government for execution of certain Governmental functions and developmental schemes at local levels. There are still others who consider it primarily as extension of democracy to the rural areas designed to give the masses a sense of participation in the functioning of democracy and thereby give them a glow of self-governance.

Whatever the concept may be, it becomes obvious from various viewpoints that Panchayati Raj can be characterized as a revolutionary change in the pattern of administration below the District level brought about by establishing three-tier system of people's institutions in order to enable the people to exercise their democratic rights directly at the most immediate level of Government and to discharge their responsibilities in a meaningful way.

Another important aspect is the complexion of the three-tier democratic institutions. Proper functioning and growth of these institutions would depend greatly upon the use the people make of them through their elected representatives. Closely associated with the tenets of representation and election is the idea of politicization of such

institutions. Much thought has been given recently to the question whether political parties should contest elections to Panchayati Raj institutions or not. Though there are many diverse views on the issue, the majority seems to think that though complete depoliticization of Panchayati Raj may not be practicable, political parties should not be involved in the elections to these institutions. While it is not clear how political parties can be kept out of the election to the higher tiers, it is more or less unanimously accepted that the political parties should leave at least the Village Panchayats alone. The plain truth, however, remains that, as there cannot be democracy without election, there can be no election on a systematic basis without the touch or involvement of political parties.

Constitution and Composition

As the Panchayati Raj institutions are slowly developing into real seats of power and political patronage, the manner of their constitution and composition also acquires greater importance. Therefore, any one who suggests the use of direct or indirect election in the Panchayati Raj institutions should necessarily take into consideration the type of institutional structure as well as the manner of constituting them. There can be two broad systems of constituting these institutions: (*i*) a well-knit interconnected system with direct election to lowest tier and indirect election to the higher tiers, and (*ii*) a loose structure with a predominant element of direct election to each tier.

At this juncture, it may be interesting to have an idea about different systems of election and constitution of Panchayati Raj institutions in different States. Since various modes of election are adopted at the middle tier (*i.e.*, Taluka Panchayat or Panchayat Samiti), we shall study the features of this tier only. Given below is a broad division of various systems of election and constitution to the middle tier:

(*a*) *All sarpanchas as ex-officio members*

Andhra Pradesh	
Bihar	
Gujarat	(Plus directly elected local members of Zila Panchayat as Ex-officio members.)
Uttar Pradesh	-do-
Orissa	[Plus one member (other than a Panch) elected by each Village Panchayat.]

(*b*) *Members elected by panchas and/or sarpanchas*

Madhya Pradesh	(Area is divided into constituencies and a prescribed number is elected.)
Maharashtra	-do- (Plus directly elected local members of Zila Parishad as Ex-officio members.)
Punjab	(A prescribed number elected on the basis of highest number of votes.)
Tamil Nadu	(Each village Panchayat electing one representative.)

(*c*) *Direct election*

Assam	(Each Gram Sabha elects the prescribed number.)
Mysore	(Area divided into constituencies of two to three seats.)

Panchayat Samiti being the middle tier, it is expected to maintain a high degree of liaison with the District as well as the village level institutions and it thus assumes the role of a more active body in the entire structure. Some States have favoured indirect election to this tier, some have favoured direct election, while still some others have chosen to continue both the modes of election at this level.

Content and Context

Another important aspect on which the manner of election depends is the place of importance given to a particular tier around which the entire structure is built. Different legislations relating to Panchayati Raj have attempted extension of decentralization to different levels; hence, variations in the content of decentralization in terms of powers and functions. In the context of a structural system having a more powerful district unit, the contents of lower-level tiers get reduced to those of an agency or advisory functions and with very little of genuine powers. Similarly, in the context of allotting pivotal role to the middle tier, the higher unit usually is left with less interesting functions of coordination and guidance and have no or few specific executive responsibilities. The manner of constituting these bodies and election to them has been determined in individual legislations depending upon the content and context or the emphasis placed on decentralization at particular levels.

In most of the States, and as emphasized by Balwantrai Mehta

Committee, the Panchayat Samiti or the middle tier is envisaged to play the pivotal role and is made the strongest unit with wide executive functions and corresponding powers. In some States, however, the district level institution is most powerful and the Panchayat Samiti has more or less to function as merely an agency. Some others have envisaged all the three tiers to be equally strong and have entrusted them all with sufficient and balanced executive powers and responsibilities.

The provision of establishing an inter-connected system or organic link between the three tiers required such linking up so as to be consistent with the need for development of each tier to its fullest capacity for democratic growth. The relative merits and demerits of direct and indirect elections to these institutions must also, therefore, be judged in the context of ensuring well-knit inter-connected system and securing equity and fair deal between the different tiers. The need for inter-linking itself implies an element of indirect election to the higher bodies.

Panchayati Raj is also required to be viewed in the context of the larger framework of the State Government. The three tiers, apart from being agencies, are mainly intended to be self-governing bodies within the framework of division of powers and functions between themselves and the State Government. Proper understanding of this context or the position of Panchayati Raj institutions in relation to the State Government will have impact upon the constitution and character of the three tiers, which in turn will affect the manner of elections to each level.

Competence and Control

As one of the guiding principles for formulation of the Panchayati Raj, the Government of India has suggested to the States that there should be scope for further decentralization as each tier gains experience and competence. Competence here means the competence of each tier for self-government and self-management along with the competence to wield power and fulfil the responsibilities entrusted to them. Such competence, of course, would not automatically come by mere devolution of power from above. As a matter of fact, such competence will have to be developed through the process of education, training and experience. Once such competence is acquired, power will not only have to be devolved from above but it will be snatched from below, even from unwilling hands. Hence, the nature of superstructure of Panchayati Raj and the manner of election to various tiers will depend much upon the genuine intentions on part of the State Government to devolve powers on various levels.

Further, the need for development of each tier to its fullest capacity for the democratic growth has to be related to the need for interlinking the three tiers among themselves and the Panchayati Raj organization with the State Government. This will have to be done on the basis of equity and fair deal without bringing any one of the lower tiers under the hegemony of the higher tier and also without cramping the entire Panchayati Raj organization by too much of State control. The relative importance of direct and indirect election to the Panchayati Raj institutions, therefore, shall have to be judged against the control mechanism provided in the system.

From the foregoing paragraphs, it can be summarized in short that the question of direct or indirect election and their relative merits or demerits cannot be considered in isolation in respect of Panchayati Raj organization. While considering the question of election, therefore, it is imperative to keep in view the concept and objectives of Panchayati Raj system, representation and politicization of these institutions and also interlinking and balancing the three tiers. With this background, we shall now examine the suitability or otherwise of direct or indirect election at one or the other level.[1]

SIZE, BASE AND MODE OF ELECTION

Let us first discuss certain basic considerations in regard to structure and mode of election to the various tiers of Panchayati Raj. An attempt has been made in the following table to classify the most

[1] It may be noted that the Administrative Reforms Commission, in its recent report on State Administration, has supported the continuation of the three-tiers of Panchayati Raj. Two of its members have, however, taken a different stand in their notes of dissent and supplement. One of them, Shri V. Shankar, favours the abolition of the middle tier—the Panchayat Samiti—on the ground that the Samiti cannot possibly have independent financial resources and further that the fragmentation of development machinery and work in the district between the Panchayat Samitis and Village Panchayats makes for needless elaboration, confusion and delays. Another member, Shri T.N. Singh, feels that there should be only a single tier—Zila Parished—but the Gram Sabha may continue. According to him Village Panchayats with their strictly limited resources are not viable units and serve no useful purpose in regard to developmental work in the villages. Elections to Gram Panchayats and Samitis have led to accentuation of caste and communal animosities and tensions. Shri Singh is also opposed to the idea of having a unified pattern of local, rural administration. He observes: "I would not be surprised if widely diffused democratic institutions of the western type euphemistically described as 'Panchayats' might not at this juncture jeopardise the future of democracy itself in our country. By merely setting up 'Panchayats' in villages and at block levels we do not necessarily ensure systematic growth of an efficient and dynamic democracy in our country. The present system of Panchayati Raj as it is functioning today might well make democracy and democratic institutions unpopular."

suitable and favourable arrangement of size, base and mode of election against each level of Panchayati Raj organization.

Tiers	*Size*	*Base*	*Mode of Election*
District Level	Large	Narrow-based	Indirect election
Taluka level	Medium	Slightly broad-based but not too much	Combination of direct and indirect election
Village level	Small	Broad-based	Direct election

Looking to the above classification, certain trends become obvious in respect of size, base and mode of election. It is envisaged here that the size of the body should be in proportion to the area of jurisdiction, the sphere of activity and the amount of powers and responsibilities. Attempting to make any disproportionate sizing will either lead to creating demagogy at that level or to making a body unwieldy or superfluous.

It is suggested, therefore, that the body should become larger in size as we proceed to higher tiers. Experience has shown that mere large size has not made any special contribution towards making a particular tier more efficient or active. In view of this, it is ventured to limit the membership of the three tiers as follows:

Village level	9 to 15 members
Block/Taluka level	20 to 25 members
District level	40 to 60 members

As regards the base for representation, it is envisaged in the above classification that where there is greater proximity to the rural masses, for whose welfare the Panchayati Raj institutions are designed to function, the representation should be more broad-based. It is no use constituting the institution at the higher level on a broader base when it is not the immediate level of administration to be approached by the rural people. Hence, it is suggested here that the lower tier should be proportionately broad-based and the base for representation should gradually taper as we proceed towards higher tiers. Keeping this approach in view, it is suggested to keep the base for representation or the electorates for each tier as shown below:

Village level	Adult franchise: all voters electing Panchas ward-wise.

Block/Taluka level	Area to be divided into four to five constituencies and three members to be directly elected and three Sarpanchas by the electoral colleges of all the Panchas from each constituency.
District level	All Presidents of the Panchayat Samitis within the district and three additional members elected by the members of each Panchayat Samiti.

This brings us to the election aspect of these bodies. Which mode of election is more suitable for each level is already given in the previous classification. Here, the approach adopted is that of beginning with direct election at the lower level and then relying more and more on indirect election. Even from the point of view of normal considerations, it is obvious that direct election will be more expensive and at the same time less productive when applied to highest body which is not only far from the voters but is also directly less concerned with execution or implementation aspects of the development programmes. Proximity of the general body usually creates favourable conditions for the direct election but makes indirect election anomalous. Indirect election at the higher level, however, ensures true representation of the rural community through their own directly elected leaders at the base enjoying the confidence of the majority of the electorates.

Keeping these considerations in view, a more satisfying approach would be to have direct election at the village level and purely indirect election at the district level.[2] At the Block/Taluka level,

[2] Recognising that elections to Village Panchayats have generally aggravated the factious spirit in the villages and widened the gulf of discord between individuals, groups and communities, the ARC has suggested that the system of direct elections to the Village Panchayat may be replaced by a system of selection by draw of lots from among the voted applications after the time limit for withdrawals is over. The ARC's recommendation in this regard is as follows:

(1) Every application for candidature must be accompanied by a deposit of Rs. 25.
(2) Every application for candidature must be supported in writing by at least one-fifth of the total number of the village population or 20 voters, whichever is less.
(3) After the time limit for withdrawal is over, if the number of candidates is equal to the number of seats, they may be declared elected.
(4) If there are more applications than the seats, a meeting of the voters of the village may be convened. The Returning Officer may arrange for a meeting at an appropriate place in the village, preferably a place of worship. The Returning Officer and persons commanding respect of the village people may speak, persuading the people to have unanimous election and invite withdrawals. If the persuasion succeeds and the number of candidates is reduced so as to be equal to the number of seats after further withdrawals, the reduced number of candidates may be declared as having been elected unanimously.

(*Continued on p.* 31)

however, a judicious combination of both direct and indirect election will prove more fruitful since it is neither too near nor too far from voters as well as the scene of programme execution. Further, it would be advisable, as far as possible, to ensure that the number of directly elected members and indirectly elected ones, more or less, remain equal. This will provide entry at the middle tier to those really qualified leaders who do not otherwise intend to make an entry into the lowest level institution at the village scene. Moreover, it will make the directly elected members more interested in all the levels being either in or quite near to the other levels. At present, in some States, directly elected members are sent straight to the district level by rural voters, who may feel uncomfortable in avoiding the middle tier, which is of greater importance to them in day-to-day affairs of administration, and in jumping straight from village to district level in making choice of their representatives. Further, by providing direct election at the middle tier, the danger of accumulating less qualified leaders at the district level will be avoided and the purpose of bringing the leadership of necessary qualifications at the lower level will be adequately served. This will also help proper decentralization of leadership at appropriate levels.

M.L.A.s and M.P.s should be associated with respective bodies and they should have right to vote though not to hold office. M.L.A.s and M.P.s through their guidance and sobering influence can make the deliberations more constructive and help in patching up the differences and factional feelings. But much more important is their role in helping the Panchayati Raj institutions to establish healthy parliamentary conventions by virtue of their experience of participating in the higher legislative bodies, and in having wider perspective of a problem by relating it to State and national policies.

(*Continued from p.* 30)

(5) In case such a persuasion fails and there are more applications than the seats available, lots may be drawn in order to eliminate the extra number of applications. When the stage is reached when the number of candidates is equal to the number of seats, these candidates may be declared elected.
(6) If, perchance, the number of applications is less than the number of seats, all the candidates may be declared elected. For the remaining seats, fresh applications may be called for and a supplementary election held at which the procedure prescribed above may be adopted.

With a view to making the Zila Parishad more effective, Shri T. N. Singh, a member of the ARC has suggested that members to Zila Parishad should be elected through a system of electoral colleges consisting of Gram Sabhapatis as voters. The Gram Sabhapati can be chosen by a system of drawing lots from among persons whose names have been proposed by 10 or 15 persons. Or the Gram Sabhapati may be elected by voice vote or by ballot. Personally, Shri Singh would prefer the latter system as it would help reduce caste and communal tensions.

Direct and Indirect Election

Having examined the overall structural pattern of Panchayati Raj system and the constitutional framework of each tier, we now come to the most important and crucial aspect of election of the Presidents or the leaders of the Panchayat institutions at each level. Whether they should be elected directly or indirectly and whether their elections should be broad-based or not are the points which need minute consideration. It would, therefore, be necessary in the first instance to examine the pros and cons of direct and indirect system of electing the leader and also to consider if broad-basing such election would be appropriate and advantageous.

If we ponder over the relative merits and demerits of direct and indirect election of the leaders, we can summarize some of the main arguments in favour of each method as detailed below:

Sl. No.	*Direct Election*	*Indirect Election*
1.	Leader can command largest possible popular support.	Election is less expensive or cost very little.
2.	A really qualified leader who does not wish to undergo series of elections from lower levels can have an opportunity.	Only those leaders who are trustworthy and familiar with the rural people are elected even at higher levels.
3.	Avoids imposition of a leader representing only a small sector of the general body.	Leader enjoys confidence of all or majority members of the body headed by him.
4.	Dangers of group-pressures, intimidation, and corruption are reduced to a considerable extent.	Due importance is given to the members of the body in the choice of its leader.
5.	Leader is put in a better and stronger position to carry conviction with him.	Less chance of an individual (leader) usurping power and importance.
6.	Leader can inspire greater confidence in the people.	Smooth institutional functioning can be ensured.

These are only some of the major aspects favouring each mode of election; but there can be many other arguments in favour or against each mode when considered in the light of its application to various tiers. We shall, therefore, now dwell on the pros and cons and relatively judicious application of the more appropriate method at each level of Panchayati Raj system. Before we proceed to discuss the modes of election at each level separately, it would be necessary to keep in view our concept of broad-basing the election as far as possible at the lower level and allowing the base to taper slowly as we go to higher levels. This naturally indicates another concept of restricting the scope of direct election only to the base and advocating indirect election to the higher levels.

ELECTION OF LEADERS

Let us now examine the question of electing the leaders of the institutions taking into consideration each tier of Panchayati Raj separately. Since the entire structure begins from village panchayats, we shall first examine the institution at the base.

At Village Level

Village Panchayat being the most immediate administrative arrangement for the rural people, it would be advisable that the Sarpanch (who is the leader of the body) commands wide popular support and is at the same time made more accountable directly to the general public than indirectly through the other elected representatives. Direct election of the Sarpanch by all the adult voters or Gram Sabha would be more appropriate and favourable. Further, direct election of the Sarpanch would not incur any extra cost as the Gram Sabha is in any case going to polls once for electing the Panchas.

Ward-wise election of the Panchas, though providing scope for various small segments of the village community to have their effective say, does at times restrict the scope of electing the person who has the support of a large majority of the Gram Sabha; similarly, indirect election of such a person. Since the Gram Sabha is also required to be handled by the Sarpanch, it makes the need for direct election of the Sarpanch by the Gram Sabha more imperative.

Some people express the fear that directly elected Sarpanch may find it difficult to work with the Panchas if majority of them are not in his favour. But such a fear seems to be more hypothetical than real. When the voters are not only the same for both the offices but are also face to face to the candidates, the direct and daily contact which helps in the right selection of only proved-in-advance and trustworthy person, the scope for unhappy position of the Sarpanch in the Panchayat body is extremely negligible. On the contrary, it can be expected that the Sarpanch enjoying the confidence of a large section of the community will be able to work with greater conviction and courage and to influence the Panchas in carrying out his plans.

It is, of course, possible that a directly elected Sarpanch has a greater scope of dominating over the Panchayat as well as the Gram Sabha. But this need not be a point of much worry or concern because, if the process of choosing a leader through democratic election has any good element in it, the dominance of such a Sarpanch will be based on his prominance rather than nuisance. When maximum number of the people have a say in electing the leader, such a fear does not sound well-founded.

On the contrary, as mentioned earlier, indirect election of the Sarpanch may often affect the quality of leadership. He may even get himself subjugated to the members of the Panchayat, so as to become either inactive or titular head. By all means, no one would favour to have such a leadership reflected in the Sarpanch. Moreover, proximity of the general body of voters makes indirect election of the Sarpanch not only anomalous but to an extent superfluous too.

Considering the pros and cons narrated above and in order to ensure direct democracy at the base, direct election of the Sarpanch at the village level is favoured. However, for preserving the advantages of the system of electing a leader by the Panchas, it is suggested that the Up-sarpanch (Deputy Sarpanch) should continue to be elected by the Panchas only.

At Taluka Level

Now we come to the middle and the most important tier, the Panchayat Samiti. The Vice-President can be elected by the members of the general body; but the election of the President certainly needs to be broad-based. Since the election of the President involves only a limited number of persons, as in the indirect system, there have often been complaints about the use of pressures and mal-practices. Such practices can be avoided or reduced to a considerable extent if the broad-based electoral college is entrusted with the task of electing the President.

In order to widen the electoral college, it is suggested that over and above the members of the Taluka Panchayat, all the remaining Sarpanchas and Panchas of the Village Panchayat should be included in it. If this becomes or is felt to be too large to be of any significant value in selection of a leader, alternatively it is suggested that in

place of all Panchas only Up-Sarpanchas should be included in the electoral college. However, if plausible, the former arrangement should be adopted. But, in either case, the base for the election of the President definitely becomes broader.

By broad-basing the election of the President, the representative character of the Panchayati Raj system will become slightly more complex than at present but it will surely make it more explicit and manifest by providing to the real representatives of the community, *i.e.*, the Panchas, the scope to elect the leader of the higher tier. It will help establish greater bond of unity between the Village Panchayat and the Panchayat Samiti. Through such an arrangement, both the institutions will become mutually more complementary. Further, by broad-basing the election of the President, the extent of popular control will not suddenly decrease as we go upward from Village Panchayat to Panchayat Samiti. Even the accountability of the President of the Panchayat Samiti becomes more effective in practice rather than remain in theory only.

Since manoeuvring and malpractices will be reduced in a broad-based election of the President, only good local leaders will be coming forth for the institutional functioning is of paramount significance and individual leaders should not assume importance at the expense of the institutions. This can, of course, be ensured by providing proper safeguards, such as no-confidence motion or power of recall.

At District Level

Now let us consider the election of the President of the District level tier. Since the genuine and good local leadership will be represented among the members of the District level body, which is otherwise also farthest from the village situation and assumes the responsibility of providing liaison between the Panchayati Raj system and the Government, the problem of wider popular support does not assume so much importance as in the case of lower level bodies. Its major task is to mould the popular actions in the light of the Government policies and also to make efforts to get the popular will reflected in the policy-decisions of the Government. It is, therefore, at this level that the institutional functioning is of utmost importance. Further, the general calibre and level of understanding of the members of this tier will certainly be of higher degree and hence they will be capable enough to elect the right type of a leader from amongst themselves. There is, therefore, no need of broad-basing the election of the President of the district level tier and that also will hold good for the Vice-President.

The election of the President of the District level tier will entirely be through indirect process, since all its members are also envisaged to be indirectly elected. This may keep out or discourage active politics either from entering or manifesting itself only at the higher level. If the political parties intend to genuinely participate in the Panchayati Raj system, they will have to filter down to the lower levels in the first instance in order to assert themselves at the higher levels. This will definitely discourage the present trend of their active participation only at higher level without securing the base. Political processes, however, have always remained highly unpredictable and any venture in judging the future trends is not devoid of becoming falsified.

CONCLUSION

The foregoing discussion about the framework of Panchayati Raj and the modes of elections is done keeping in view the maximum opportunities and the facilities it may be able to provide in order to realize the objectives laid down before it. Ultimately any structural arrangement of Panchayati Raj will be considered good only if it succeeds in generating the local initiative and serves the interests of the people in the rural areas.

PERSONNEL POLICIES AND ORGANIZATION FOR PERSONNEL MANAGEMENT*

G. R. Nair

IT may not be quite a comforting thought; but it is possible to fancy a 'Brave new world' where the activities of organizations are wholly computerized and where the personnel input is marginal in character. Until some such thing overtakes us, the personnel factor is bound to be of central significance in the life of organizations. The human component that we agree to call personnel, it is obvious, has to be viewed not merely in its role as a technical and economic input but also in the context of the psychological, sociological, political and ethical drives that shape it. The variety and complexity of personnel policies is in no small part the outcome of the interaction of these factors.

The elements which enter into the complex of personnel policies are briefly:

— Employment Policy, *i.e.*, How do we obtain suitably qualified and experienced personnel through attractive wages, good working conditions, security and opportunities for promotion ?

— Training Policy, *i.e.*, How are adequate training facilities organized to enable each employee to learn his job?

— Wage and Salary Policy, *i.e.*, How are wage and salary structures constructed?

— Staff Relations Policy, *i.e.*, How do we resolve the disputes arising out of an immensely complex assemblage of human beings called 'personnel in government' where, particularly in the modern context, disputes could be prolific?

— Welfare Policy, *i.e.*, How do we ensure the health and safety of the employees?

What I have done is to indicate the broad field of subjects that normally ought to be our concern in the personnel field. It is legitimate

*Text of a talk, as modified by the guest speaker, delivered on February 25, 1970, at IIPA's First Course on Personnel Administration.

to ask why personnel policies are after all so important. It may appear commonplace, but imaginative personnel policies maximize productivity and keep discontent minimal. No management indeed, least of all the government of a welfare state, can afford to give only scant and erratic attention to such a matter.

Once the vital significance of proper personnel policies has been underscored, we have to address ourselves to the adequacy or otherwise of: (*a*) our personnel policies, and (*b*) our organization for personnel administration.

The need for innovation is essentially a function of inadequacy and I, for my own part, would not advocate pure intellectual dilettantism in something so earthy as government. But before we evaluate our personnel policies and the organizational arrangements that exist to implement them, it would be useful to outline briefly the existing dispensation.

Few will deny the existence of a personnel policy for any organized government. Indeed even Robinson Crusoe in his desert island with man Friday has to immediately evolve what we in sophisticated jargon call a 'personnel policy'. Policy of course is nothing more nor less than a clear-cut statement of the aims and objectives that have to be achieved. Whereas Crusoe will perhaps transmit this to man Friday orally, modern governments articulate them on paper. Hence the formidable compendiums of often unintelligible rules, hence the bulky manuals and the handbooks! Policy, again, should not be confused with a plan or programme; it is what is to be done and not how to do it.

If it be true that organized Governments do articulate their personnel policies, it is important to enquire into their adequacy. We have, of course, our personnel policies, but unfortunately they often happen to be a hangover from the days of the British Raj. They do reflect adequately the needs of a regulatory administration but leave vast gaps in the frame of objectives that a positive state has fashioned in our times. Our personnel policies then represent the spirit of conservatism which inevitably informed their formulation. I do not deny that an innovation here, an experiment there, have taken place. But in their totality, the personnel policies waft the spirit of an epoch that has not much of relevance to the contemporary situation. I am not again, for a moment denying the need for a large degree of regulation in a welfare state, but policies should receive a richer content if they are not to continue as an archaic inheritance.

My argument is the important one that our personnel policies should comprehend a whole new range of functions that have increasing relevance to the substance of our administrative activity today. That is to say, the compulsions of a modern state require a redefinition of the ambit of personnel policies we have been operating.

Personnel Policies are, of course, expressed in rules, regulations, etc. You would have searched in vain in all your codes and manuals to get glimpses of the philosophy that should shape the emerging civil servant. Leave, tenure, lien, duty allowances—they indeed represent the 'conventional wisdom'. Let no one have the illusion that when one talks of new personnel policies one is for a moment thinking of jettisoning these essential concepts. What we need is a reformulation of personnel policy that has as its major objective the development of the civil servant. And development of personnel hinges on things like good career management, talent hunting, in-service training, organization of research, etc. Unfortunately, these do not happen to be the central foundations on which our personnel policies have been built. There is a sense in which what we administer as personnel policies are often the 'trivia' and not the substance. Neither at the middle management level nor at the senior management level have we anything akin to a creative philosophy of personnel development. Our deployment policies are more the outcome of boredom and caprice and less of planning. Training continues to be of peripheral concern and it is not unoften that the person who is trained in a particular discipline or skill is pitchforked into a job where all that training is irrelevant. Career planning, again, is perhaps one of the things about which we have been most allergic. Careers indeed seem to plan themselves and outstanding careers seem to be accidents rather than the outcome of conscious planning. It is true that like genius there is a vast margin of unpredictability about the evolution of careers, but government is an organized affair and the margin of unpredictability has to be minimized.

If there is nothing much that could be called a system of creative personnel policies at the Centre, there is not a little humour implicit in the situation obtaining in the States. Here the personnel philosophy loses all its needless sophistication and complexity which academics are so fond of investing it with. In the states, personnel policy means 'postings' and 'transfers'. The Chief Secretary's branches in the state governments are everywhere involved in this existing game. Apart from the pure intellectual excitement one derives from a game of chess, I have failed to discover any rationale in this game.

I do believe that both at the Central and State levels we have to organize a new system of personnel policies which have relevance to the needs of a modern State. But what we pursue today in the field of personnel policies is indeed the doctrine of the 'golden minimum'.

The favourite hunting ground of these minimal policies are, of course, the codes, manuals, standing orders, handbooks, etc. I trust all of us are fairly familiar with their contents. They cover a wide variety of themes like recruitment rules, cadre management, probation rules, pay rules, seniority rules, leave rules, medical attendance rules, provident fund rules, conduct rules, discipline and appeal rules, etc. Then we have handbooks like the one we have got in the Central Government: "The Handbook of Establishment Officers" which tells us all that we need to know about the creation of posts, their classification and status, methods of recruitment, the mode of consultation with the UPSC, the role of Employment Exchanges, special representation in services, age limits, medical examination on fresh appointment, verification of character and antecedents, oath of allegiance to the Constitution, confirmations, promotions, etc. Indeed an impressive list!

It is impossible to deny that it is good to have your policies as expressed in rules to be at one place, say, in a code or a manual. It has the supreme advantage of easy reference. How many of us indeed have ceaselessly thanked the originator of a compendium like the fundamental rules or the All India Services Manual since they have saved us many tears. Without them much of our time will be occupied in the wild search of dusty Government memoranda, venerably yellow and brittle with age. Whatever then your 'new frontier' is going to be in the realm of personnel policies you cannot escape a large measure of codification or manualization except at your peril. But then codes and manuals, with all the virtues I have expounded, have their limitations. They have a compulsive tendency to get out of date. I remember the preparation of a manual which, as it was being prepared, got thoroughly out of date. There is the still more fatal possibility for the addict to become such a comfortable prisoner of his manual that no therapy can cure him. I have an excessive fear of the latter species, the ones with the grim and long faces who are just waiting round the corner to shower fire and brimstone on the sinners. But when everything has been said about the strait-jacket influence of codification, there cannot be ordered personnel administration without it.

However enchanting these codes and manuals may be, they are not, as they exist today, guidelines to personnel development. We have then to travel in wholly new directions if development of personnel is to be the goal of our policies. Much, in the nature of a rethinking on personnel policies, has been done since the setting up of the Administrative Reforms Commission and its study teams. For an insight into the new thinking on the subject, one should read the chapters on personnel administration in the Deshmukh Study Team Report*. I believe them to be some of the best statements I have come across both in the realm of personnel policies and the setting up of a Central Personnel Agency.

One of the most attractive ideas to emerge in this study team report of ARC is the need for developing what are fashionably known as 'senior management' and 'middle management'. When implemented, the body of recommendations on personnel this report has evolved should be an avenue for vigorous personnel development in the Government. The inadequacies of top management today, the need to redefine the content of senior management, the inevitability of a shift from the philosophy of generalism, the manner in which the cadre system operates to distort the evolution of sound senior management with all its frightening panoply of concepts like seniority, reservation, etc., have been stated with classic clarity in this document.

If my understanding of what the study team says is accurate, the essence of its proposals can be summarized in the following fashion. Senior management positions should be open to all sources and should not be the preserve of any cadre or set of cadres and those who become senior managers should constitute a corps for which conditions of service and procedures of management should be laid down. Supervening all this, of course, is the need to ensure that only the essentially able should find a place in senior management. All this will be fantasy if there is no programme for the development of promising middle-management personnel for senior management. The men who framed the report have provided for this.

No less significant are the study team's recommendations on the development of middle management. Today's policy formulation and implementation call for a degree of specialization which a less complex milieu would have thought superfluous. That is why the study team has suggested that middle management personnel have to operate in a few substantive specializations.

I digressed on 'senior management' and 'middle management'

*Administrative Reforms Commission, *Report of the Study Team on Machinery of the Government of India and its Procedures of Works*, Delhi, Manager of Publications, Government of India, 1968.

to illustrate how thinking in this country is developing on new personnel policies. Let no one think that what I have said about senior management, etc., amounts to the policy of today. But it could be a manifesto as it were of our new personnel policies. The personnel function which today receives not more than ritualistic and traditionalist treatment has to acquire a deeper and broader significance and this can happen only if we keep the windows to progressive ideas open. Instead of standing apart and watching with disdain the new currents of thought blowing on other societies, we have to involve ourselves in a bigger way in them. Not indeed, that there should be unimaginative transplantation of institutions and concepts in this field or for that matter in any other field. But experimentation based on reason and wisdom and above all after consulting the genius of society is the essence of creativity. And we shall have failed if we are afraid of emerging creativity and take to flight at things which on their face appear to disturb our institutional arrangements and our structure of concepts.

If it be conceded that our personnel policies need to be refurnished, are our organizational arrangements such that they can translate the new policies into programmes with ease? I am afraid not.

We have a personnel organization of sorts in the Services Wing of the Home Ministry and the Establishment Division of the Ministry of Finance in the Central Government. In fact, this very duality is the chief bane of our personnel organization. There is no central point today from which major policies can be formulated and transmitted and there is no institutional arrangement that can oversee their implementation. Without a full-bodied organization enriched by expertise, matters like career development, talent hunting and in-service training cannot attract the importance they ought to in a forward looking personnel organization. The existing instruments of personnel administration have also to get rid of a large mass of uncreative notions that have obsessed them. There is, for instance, something of the pathological in the great mass of individual cases with financial implications going to the Finance Ministry today. I am certainly not objecting to financial scrutiny, but my point is that the Finance Ministry should concern itself with general wage policies rather than dissect individual cases. If the present Establishment Division of Finance Ministry is integrated with the Services Wing of the Home Ministry, that would perhaps be the first stone laid for the organization of a department of personnel.

If the new department of personnel is not to be only a decorative piece, it has to attend to certain tasks with a sense of

urgency. These briefly are:

(*i*) ensuring that none but the best men are considered for key posts,

(*ii*) formulating new policies and reviewing the old,

(*iii*) manpower planning for government,

(*iv*) talent hunting for the purposes of government,

(*v*) providing inspiration and guidance to all the ministries in the field of career development,

(*vi*) formulating and reviewing the policy governing training,

(*vii*) tendering advice to personnel management agencies within ministries,

(*viii*) setting up suitable machinery for the settling of staff grievances,

(*ix*) evolving appropriate welfare policies,

(*x*) promotion of personnel research,

(*xi*) attending to overall questions relating to discipline and malpractices, and

(*xii*) liaison with the UPSC

I should introduce, atleast briefly, here the report of a working group set up for going into the organization of a Department of Personnel in the Central Government. Broadly, its proposal is that the activities of the Department should be organized in the following four wings:

(*i*) A *policy wing* consisting of:

— a policy formulation division, and

— a policy implementations division.

(*ii*) A *career systems wing* consisting of:

— an appointments division dealing with key appointments, talent hunting, etc., and

— a cadre management division dealing with management problems of the IAS and centralized aspects of Central Secretariat Service.

(*iii*) A *development wing* consisting of:

— a planning and research division, and

— a development division for formulating development and training programmes.

(iv) An *inspection and house-keeping wing* consisting of:

— an inspection division to oversee implementation, and

— a house-keeping division serving as the internal personnel office of the department.

It would be profitable for us to outline in some detail the major functions contemplated for each of the 8 divisions of the proposed department.

The Policy Formulation Division as the term implies will have to identify new personnel policies. Apart from 'inspirations', this is often the outcome of the insights we develop into comparative personnel systems. Nor can I underrate the great need for consultation in this field with Universities and other institutions that have outstanding experts on their faculties. The touchstone of such ventures, of course, will be the applicability of the policies so fashioned to the Indian scene. The drafting of legislation, evaluation of policies in the context of cost-benefit relations, initiating proposals for the organization of new services and review of proposals received from other ministries would be the important elements of its work.

The Policy Implementation Division will broadly concern itself with the examination and interpretation of existing rules, advising other ministries/departments in the framing of their manuals and drafting of instructions and guidelines on matters like staff welfare, disposal of grievances, staff associations, etc.

No small part of the activity of the Appointments Division will be in the field of key posts. Here, it will have to identify and recommend positions to be included in the key posts, process proposals for appointments to key posts, hunt for talent by devising adequate systems and methods and also keep close liaison with the UPSC.

Essentially the Cadre Management Division will look after the management problems of the Indian Administrative Service and Central Secretariat Service, *i.e.*, framing their rules, assesssing their manpower requirements, deciding questions regarding pay, seniority, promotions, transfers, grievances, etc.

A suggestion of great significance in the Deshmukh Study Team Report is that there should be a Planning and Research Division in the proposed department. The cynic, of course, is bound to have his own bitter reflections on both planning and research and he might prefer a 'happy anarchy' in both the fields. But I believe the concept

of a Planning and Research Division is a major break from the philosophy of 'ad hocism' that has kept us going over the years. For one thing, I cannot over-emphasize the need for research in a good personnel organization. For, research in a profound sense is the spring bed of policy. Of course, research has to be a systematic and purposive investigation of facts with the object of determining causal relationships. It should certainly not develop into a passion that has forgotten the object of its affection. For, our object is an intensely practical thing called government where pure research is a pointless venture. Personnel research, that is to say, should be for evolving more effective "Personnel Technology".

On the research side, the division will finance long-range research in Personnel Management problems by the Universities and will conduct its own research on problems of immediate concern, such as development of employment tests, conducting attitude surveys, validity of academic examinations, etc. Personnel planning will involve the division in items of work like the projection of short-term and long-term manpower requirements, etc.

Of equal importance in the pantheon, if not more, is the Training and Development Division. Here is an arrangement that seeks to identify training needs, collect and maintain information on training programmes, organize training programmes of a pilot nature and design and conduct executive development programmes.

The Inspection Division sounds like being the 'big brother' but is perfectly civilized! It collects information about the functioning of the personnel agencies in the ministries, reviews the operation of personnel policies, inspects individual cases on a random sampling basis and formulates vigilance policies.

The House Keeping Division is perhaps the unglamorous but solid area where personnel matters of the staff of the department are attended to and where its budget takes shape. Office organization obviously is a chief element of its work.

It would be only an 'adventure in ideas' if we fashion a Personnel Department and not organize adequate 'personnel offices' in the ministries to absorb the ideas and implement the policies of the former. Hence the suggestion in the ARC Study Team Report that there should be personnel offices in the ministries. While these personnel offices will operate within the framework of policies evolved by the Personnel Department, they will have by their own right a large mass of functions to perform, the more important among these would be: management of cadres for which the ministries or departments have responsibility, processing appointments falling within their purview, locating sources for recruitment of their expert personnel, processing of grievances and disciplinary matters, preparation of performance standards and performance evaluations, analysing training needs, organizing training courses, and supervising staff welfare.

I have done, I am afraid, a long but mercifully abridged cataloguing of the functions that are posited for the proposed Department of Personel. An organization, like an organism, is superior in the degree in which it develops its functions in response to its environment, and our 'personnel environment' is increasingly becoming complex with its own powerful imperatives. Because of that complexity, it would be a complete illusion to suppose that the adequate performance of the personnel function would be an effortless affair. The performance of most of the functions will demand an immensity of effort and depth of understanding that are central to sound decision making.

With the department conceived in these terms, a significant measure of expertise will have to be inducted into it. You need systems experts, applied psychologists, personnel management analysts, statisticians, etc. Not that they should transform the department into an academic nightmare. But experienced administrators, who often tend their charges with pure nostalgia, need expert advice. Hence a fairly large army of specialists has been proposed in the department, particularly the Development Wing.

In the preceding pages we have identified the elements of a personnel policy, evaluated the adequacy of our personnel policies, emphasized the need for a new set of policies, and digressed on senior and middle management. We have also indicated the outlines of a new personnel department and what functions it should perform. Some of the views expressed may sound unorthodox, but we have offered worship too long at the temple of orthodoxy to justify a change in the theology.

CENTRE-STATE RELATIONS IN PLANNING*

H. K. Paranjape

ONE advantage of having a number of States working together in a federation in a country like India is that the total territory which is included within common customs boundaries, and having a common currency, etc., is extensive enough to provide a large market so that the benefits of the economies of large-scale production and division of labour are easily available. At the same time, especially when it is a federation of people living over a large geographical area, with population running into crores, and having considerable diversity in potential resources, economic and social organization and the level of economic progress already achieved, there are bound to be a number of difficulties in the way of evolving an economic policy which would be of equal benefit to the various parts of the country. This creates difficult Centre-State and inter-State problems in any federation. They become specially acute where, as a result of the adoption of economic planning, the State assumes considerable responsibility for the development and operation of the economy. Centre-State Relations then assume some additional dimensions.

Many special problems then arise, an important one being: How can the country formulate a national development plan which tries to obtain the maximum advantage from having a large area under one Government but which, at the same time, is sufficiently firmly rooted in the diverse regions and areas of the country, taking note of both their potentialities and the needs and aspirations of the people belonging to them. In other words, just like the problem of reconciling economic growth with reduction in inequalities among different classes of citizens, there is also the problem of ensuring a rapid rate of economic growth and at the same time preventing an accentuation of inequalities among different regions and States. How does one formulate a plan and ensure its proper implementation in such a way that it remains a National Plan and at the same time integrates various State plans together so that they are consistent with and complementary to each other? Further, how is this to be achieved in a democratic system under which

*In the formulation of an early draft of this paper, my colleague Dr. S. K. Goyal played a significant part. He could not, however, participate in the final formulation. Shri P. J. Vernekar rendered valuable assistance in the preparation of the paper.

different parties may be in power at the Centre and in various States? How does one make sure of the necessary continuity in development plans when not only might there be different parties in power at the Centre and in the States at the same time, but the complexion of Governments at various levels is liable to change over a period of time? Another concrete question that arises is: With the shortage of resources that is bound to face development planners, how are the resources to be distributed between the Centre and the States, and among the States, so as to satisfy their development requirements?

We attempt in this paper a brief review of the organization and functioning of development planning in India, with a view to bringing out how some of these problems affecting Union-State Relations in Planning have been tackled in the past and indicating the major problems that continue and the possible solutions to them.

I

CONSTITUTIONAL AND ORGANIZATIONAL SETTING

One of the principal objectives of a federal Constitution is to reconcile the claims of National 'sovereignty' with the 'sovereignty' of the constituent States. This is sought to be achieved in the Indian Constitution mainly through the division of powers and functions. Social and economic planning is included in the Concurrent List. Most of the subjects with which Planning is concerned, however, fall either in the Union or in the State List. Among the important subjects falling in the Union List are: large industry, railways, national highways, civil aviation, major ports, shipping, communications, banking, insurance, overall monetary and credit policy, foreign loans and inter-State and foreign trade. The principal sources of revenue allotted to the Centre include taxes on income other than agricultural income, corporation tax, excise and customs. The subjects appearing in the State List include agriculture, forests, fisheries, irrigation, roads and road transport, minor ports, medium and small industry and social services, like education and health. The principal sources of revenue allotted to the States include land revenue, agricultural income tax, stamps and registration duties, and taxes on commodities, especially the sales tax. Power is a Concurrent subject. So are price control and trade and commerce in the production, supply and distribution of food-stuffs, edible oils, raw cotton and raw jute.

The Constitution authorises the Union to regulate and control certain subjects in the State List, such as roads inl[illegible] [illegible]aterways and

mines, if found expedient in public interest. The Union further has the power to co-ordinate and lay down standards in specified spheres like higher education and research.

There are important provisions under which the Centre can exercise a dominating influence over States. These include Article 249 under which Parliament can legislate on any matter included in the State List provided the Rajya Sabha agrees to this by a two-thirds majority. Under Articles 200 and 201, the Governor of a State, who is a nominee of the President, can reserve a bill (except a money bill) passed by the State Legislature for the President's consideration and the latter may refuse to give his consent without assigning any reasons. Under Article 262, the Parliament is competent to provide for adjudication of any dispute or complaint with respect to the use, distribution or control of the waters of, or in, any inter-State river or river valley.

The Constitution provides for the establishment of a quinquennial Finance Commission to distribute between the Union and the States the proceeds of taxes which fall in the divisible pool, to determine the principles which should govern the grants-in-aid to the States out of the Consolidated Fund of India and advise on any other matter referred to the Commission by the President in the interest of sound finance (Articles 270, 272, 275 and 280). In practice, the functions of the Finance Commission have been restricted to ascertaining and covering the revenue gaps of the States. Plan assistance (explained later) has been kept outside the purview of the successive Finance Commissions. Such assistance to States has been provided under Article 282, a miscellaneous financial provision, under which the Union or a State may make grants for any public purpose. The States are authorized to raise internal loans, except that if any Central loan to a State is outstanding, prior permission of the Union Government is necessary before floating a new loan (Article 293). This, in the financial circumstances prevailing in India, means in practice that the Centre's approval is necessary for the loan programmes of all States.

The Constitution (Article 263) also provides for the setting up of an inter-State Council for the purpose of ensuring co-ordination among the States. There is also an Article (360) which empowers the President to take certain special steps in a situation where the financial stability of India or a part thereof is threatened.

Traditions of Centralization

Apart from these various Constitutional provisions which in this as in many other fields make the Union Government a very dominant partner, traditions regarding governmental and administrative organization that have been inherited as a result of 100 years of British rule accentuate the centralising tendency. In the not too distant past, provincial governments were merely subordinate agencies of the Centre and the influence of that tradition lingers on though it is steadily getting attenuated. The dominance by the All-India Services of many important administrative agencies, and the presence of many of the most senior officers of these Services at the Centre provide a further support to the tradition of accepting the Central Government's guidance and advice. Between 1947 and 1966, when for most of the period the Congress Party was in power all over the country, these centralizing tendencies were somewhat strengthened because the Central Cabinet usually consisted of the more senior and influential political leaders of the Congress Party as compared to those in power in the States during the period.

The Planning Commission

Though the subject of social and economic planning figures in the Concurrent List, the Government of India decided in 1950 to set up the Planning Commission merely by an executive order and in that sense made it a body subservient to the Union Government. The powers, functions as well as the procedures of the Planning Commission have evolved since 1950 as a result of working conventions, especially regarding the relationship between the Planning Commission and the States; the Commission has no statutory authority over them.

When the Commission was first appointed, the Resolution setting it up indicated that in framing its recommendations, the Commission would act "in close understanding and consultation with the Ministries of the Central Government and the Governments of States. The responsibility for taking and implementing decisions will rest with the Central and State Governments".[1] The Resolution expressed the hope that the States would give the fullest measure of help to the Commission so as to ensure maximum Coordination in policy and unity in effort.

This position of the Planning Commission, as a non-statutory body essentially responsible in terms of law to the Union Government, has continued unchanged. At the same time, there is no doubt that the Commission has been able to build up a reputation of having a distinct personality of its own and to play a genuinely national role and the States have usually accepted this.

[1] Government of India Resolution (Cabinet Secretariat), No. 1-P(C)/50, dated March 15, 1950.

National Development Council

It was at the suggestion of the Planning Commission itself that the National Development Council (NDC) was constituted in August, 1952, to serve as the highest reviewing and advisory body in the field of Planning.[2] The NDC was expected not only to promote common economic policies in vital spheres and ensure balanced and rapid development of all parts of the country but also to review the working of the National Plans from time to time and recommend measures for the achievement of the aims and targets set out in them. The Council's membership included the Prime Minister, the Chief Ministers of all the States and the Members of the Planning Commission. Other Union and State Ministers were invited to attend the Council's meetings when considered necessary. Over the years a practice developed, according to which most of the Union Cabinet Ministers as well as some of the Ministers in the States, especially the Finance Ministers, were invited almost invariably to attend NDC meetings. The Council also occasionally formed Sub-Committees to go into questions requiring special attention.

The NDC was thus clearly conceived as a federal body, though non-statutory in character, to give the States a greater sense of participation in formulation of National Plans and in bringing about a national consensus regarding Plan policies. The Council used to meet frequently at the time of formulating Five Year Plans, while it did not meet very much in other years.

After the recommendation of the Administrative Reforms Commission (ARC) in 1967, the Government reconstituted the NDC to include as Members all Union Cabinet Ministers—in addition to the Prime Minister, the Chief Ministers of the States, and the Members of the Planning Commission. Its functions have also been redefined—the most important change is that the NDC is now definitely charged with the responsibility of laying down guidelines for the formulation of the National Plan.[3]

Another instrument created by the Planning Commission for the purpose of developing close liaison with the States was the institution of Programme Advisers. The Programme Advisers were expected to function as "the eyes and ears" of the Planning Commission *vis-a-vis* the States falling in their jurisdiction. Three senior officers were appointed in 1952 to these positions. The idea was that they would

[2] Government of India Resolution (Cabinet Secretariat), No. 62/CF/50, of August 1952.

[3] Government of India Resolution (Cabinet Secretariat), No. 65/15/CF-67, dated October 7, 1967.

be persons sufficiently knowledgeable about the problems, prospects and actual developments in States and, therefore, be in a good position to advise the Commission on the State Governments' proposals and, at the same time, to help the States in their planning effort. While the persons appointed to these posts have been very senior officers, mostly belonging to the ICS or the IAS, there has been considerable turn-over among them and few advisers have been in the same positions for any length of time. Twenty-one officers have occupied this position from 1952 up-to-date; not one of those in position today has continuously worked in that capacity[4] even for a year.

Planning Machinery at the State Level

To start with, few States had specific whole-time agencies for planning. In course of time, most of the States came to establish special departments in charge of planning. At present, all except four States have such departments. While most States have small Plan Evaluation Organizations, Bureaux of Economics and Statistics, and Sections dealing with manpower, the State Planning Machinery remains, in most cases, at a somewhat rudimentary level.

The Planning Commission has from time to time impressed on the States the importance of developing an effective State planning organization through establishing State Planning Boards. This, however, has not found favour with most States. The ARC also recommended the creation of State Planning Boards[5], more or less on the pattern of the Planning Commission—a recommendation supported by the Planning Commission. Except in one State, however, no Planning Board of the type envisaged by the ARC has been set up. The States also are apparently not convinced of the necessity of having any elaborate planning set-up.[6]

II

PLANNING PROCESS

Formulation of Plans

The process of plan formulation— and the pattern of Union-State Relations relating to it—have been evolving since 1950. Without

[4] For a detailed analysis of the working of the Institution of Programme Advisers, see H. K. Paranjape, *Planning Commission: A Descriptive Account*, New Delhi, Indian Institute of Public Administration, 1964, pp. 41-46.

[5] Administrative Reforms Commission, *Interim Report on the Machinery for Planning*, Delhi, Manager of Publications, Government of India, 1968, p. 19.

[6] See *Report of Workshop on Planning at the State Level*, New Delhi, IIPA, (May 19-21, 1968).

going into the whole history of the evolution of the planning process, the principal features of the process as it worked during this period might be indicated. After formulating the overall macro framework for the National Plan and broadly indicating the quantitative magnitudes as well as major policies involved in the adoption of this framework, the Planning Commission attempts to indicate to each State, both financial magnitudes of the outlay for the State Plans and guidelines regarding the formulation of the sectoral proposals. The States then formulate their plan porposals and send them to the Planning Commission. The difficulty has been that the suggested financial magnitudes are exceeded by most of the States in their plan proposals (*see* Table 1). Similar has been usually the case regarding the plan proposals prepared by various Departments as well as Districts in States. In many cases, the plan outlays proposed by different Departments and Districts put together add up to an outlay which is much in excess of the plan ceiling suggested by the Planning Commission for the State.

The NDC is consulted by the Planning Commission at various stages of plan formulation. The initial macro-economic framework as well as policy proposals are placed before the Council, discussed and its general approval obtained. However, the Planning Commission has, not been able to obtain any clear guidelines or firm commitments from the Council. The discussions in the Council, while approving of the goals in general terms, have not led to commitments in terms of acceptance of the discipline required by way of policies, regulations or mobilization of additional resources. It is also not unusual to find that State representatives on the Council use the platform of the NDC mainly to air the grievances of their own States. Chief Ministers of States are by and large content to point out the importance of providing more Central assistance to the States and permitting the States to undertake more schemes; usually they are also vaguely in favour of larger development outlays. At the same time, they are reluctant to make any clear commitments about their share in the proposed mobilization of resources. The Central Government also has generally found it difficult in the early stages of the formulation of the Five Year Plan to take decision regarding the magnitude of the financial mobilization that the Centre would undertake. The tug-of-war between the Planning Commission and the Finance Ministry about the contemplated size of public sector outlay has many times continued almost till the beginning of the Five Year Plan period, thus keeping the question of the size of public sector outlay undecided till a very late stage of plan formulation.

Many other factors also contribute to unrealistic plan formulation.

The system of Central assistance that was gradually evolved, emphasized the distinction between 'Plan expenditure' and 'non-Plan expenditure'—the latter including what came to be known as 'committed' expenditure on development schemes which were already under implementation in the previous Plan period. While Central assistance provided by the Planning Commission was expected to meet the States' deficit on account of Plan expenditure, assistance provided on the basis of the award of the Finance Commission was expected to bridge the gap in the States' finances due to non-Plan expenditure. The award of the Finance Commission normally followed the finalization of the Plan. In order to ensure that the Finance Commission should be more sympathetic in awarding assistance, each State thought it appropriate to show that it has to cover a large gap, the assumption being that the larger the gap the larger would be the assistance recommended. The attitude regarding Plan assistance was somewhat less clear. On the one hand, it was assumed that the larger the gap between approved outlay for the Plan and the expected financial resources that the State can mobilize, the larger would be the Plan assistance. At the same time, the States were also aware that the Planning Commission frowned upon very large gaps and many times insisted on reducing Plan outlay if the State's own resource mobilzation was expected to be inadequate. The assumption in this respect has, therefore, not been clear. In the past, State Governments found that having secured the Planning Commission's approval for a large Plan outlay, and having initiated a number of schemes and programmes on that basis, it was easier subsequently to bargain for larger Plan assistance at the time of Annual Plan discussions. In any case, the result was that the States put forward estimates of Plan outlay far in excess of what could be financed from their own resources, almost assuming that there was no limit to Central assistance.

Apart from regional pressures, sectoral pressures tended to inflate the size of State Plans. In subjects like community development, education, health and social welfare, the concerned Central Ministries suggested programmes and schemes to the States which tended to unduly inflate the proposed State outlays in these sectors.[7] The fact that plan formulation in the case of the first three Plans coincided with the General Election was another factor leading the State Governments to include in the Plan proposals a number of schemes which had not been properly formulated. All these factors contributed to inflating State plan proposals in financial terms and also to including in

[7] This observation is based on an analysis of the reports of the Working Groups and Programme Advisers. Prof. D. R. Gadgil makes a similar point in "Formulating the Fourth Plan", *Yojana*, New Delhi, February 23, 1969.

them projects and programmes which were not ready for implementation.

Plan Discussions

An elaborate system of discussions between the Planning Commission and the State Governments has evolved over the years. As mentioned above, the State proposals were usually far in excess of what was considered practicable and included schemes and programmes the details of which had not been worked out. The examination of these proposals, therefore, created considerable difficulty. Even though attempts were sometimes made to persuade the State Governments to modify their proposals at an early stage, such attempts mostly failed and all these issues remained open till the last stages of Plan formulation. All the matters had then to be decided within a comparatively short period of time—two or three days. The Sectoral Working Groups representing the Ministries at the Centre and the departments in the States failed to bring about any significant streamlining or rationalization of the State proposals. The task of reducing proposed outlays to some realistic levels was thus left largely to the Planning Commission.[8] The Programme Adviser would formulate his proposals, with the informal understanding, if not approval, of the State finance and planning officers, and these were finally considered in a meeting between the Planning Commission and the State Government. Till recently, as no clear previous decisions were available about the magnitude of Central assistance, each State Government considered it appropriate to go on bargaining for maximum assistance right up to the last stage. The discussions tended to become lop-sided, too much emphasis being placed on needs and too little on resource availability, resource mobilization, and scrutiny of programme proposals. The result of this process of decision making regarding State Plans was that right till the beginning of the Five Year Plan or sometimes even afterwards, it was not quite clear what the size of outlay would be for the State as a whole and, therefore, for each department and for individual schemes and programmes. Large-scale cuts at the last minute or keeping certain matters pending, also led to considerable uncertainty. The result of including projects which had not been properly formulated was that actual implementation of these could not be taken up for some time; at the same time, funds were earmarked for them.

[8] For instance, the Plan outlays suggested by a particular State at the time of the formulation of the Draft Outline of the Fourth Plan (August, 1966) was Rs. 300 crores, the one recommended by the Working Groups was Rs. 258 crores, that recommended by the Programme Adviser was Rs. 176 crores and that finally approved by the Commission was Rs. 190 crores. The corresponding figures for another State were Rs. 1,130 crores, Rs. 1,013 crores, Rs. 860 crores and Rs. 951 crores, respectively. Also see Table 2.

Annual Plans

Partly as a result of the failure in the formulation of Five Year Plans in operational terms and partly because of the realization that the necessary flexibility in development planning could only obtain through a system of Annual Plans, annual planning came to be emphasised from 1957-58. The hope that the Annual Plans would be formulated in a more realistic manner was, however, belied. Annual Plan proposals suffered from defects similar to those mentioned above regarding the Five Year Plans, though to a somewhat smaller degree (see Table 2). The process of discussion and the problems that had to be sorted out were also, therefore, essentially similar. The Annual Plan not being finalized till January or February, and large cuts being then made in the proposals put forward by the States and by various departments in a State, created many operational difficulties in the way of the smooth progress of development schemes and programmes.

The result of all these difficulties was that the Plan expenditure was not phased appropriately and the results of Plan outlays in physical terms were much worse than anticipated. It was alleged in many quarters that an important reason for the distortion in the system of State Planning was the manner in which Central assistance for State Plans was organized.[9]

Plan Review, Evaluation and Control

Because of the considerable financial dependence of State Governments on the Centre for conducting Plan programmes and implementing projects, it was necessary for the State Governments to get their schemes and projects approved by the Planning Commission as well as, in some cases, by the concerned Central Ministry. Progress reports on the schemes and projects so assisted were also submitted and these were used by the ministries as well as the Planning Commission for examining the assistance requirements for the next Plan period—one year or five years. Unfortunately, except in the case of major projects, it has not been possible for the concerned authorities to keep track of the progress of the projects and programmes. Therefore, the progress of actual implementation was not adequately known for a review to be made so as to assist further planning. The evaluation organizations

[9] Three Study Teams of the ARC, those on 'the Machinery for Planning', 'Financial Administration', and 'Centre-State Relationships', as well as the ARC, all reached a similar conclusion. See ARC, *Final Report of the Study Team on the Machinery for Planning*, paras 10.47 & 10.48; ARC, *Report of the Study Team on Financial Administration*, para 14.5; and ARC, *Report of the Study Team on Centre State Relationships*, para 7.10. (Delhi, Manager of Publications, Government of India).

in the States were mostly inadequate for improving implementation and performance. The Programme Evaluation Organization (PEO) of the Planning Commission has been more effective; but its work was largely confined to Community Development programmes and later, to rural development programmes. In these fields, however, the reports of the PEO did provide useful guidelines for helping the planning authorities to improve Plan formulation as well as implementation. The studies conducted by the Committee on Plan Projects were also useful, but they were conducted on an *ad hoc* basis and their coverage was limited.

One of the difficulties in reviewing Plan programmes has been that targets are usually not set in physical terms and there is no period-wise break up of the physical programmes. The result has been that in many sectors the only figures on the basis of which implementation could be judged have been those relating to financial outlay.

The Programme Advisers were originally expected to be able to watch the progress of the most important projects and programmes. It has been found that they have not been able to do this effectively. The knowledge at the Centre about the progress of Plan programmes and projects except in a few fields like irrigation and power has thus remained inadequate.

III

MAIN POINTS OF DISPUTE

Development planning in India since 1950 has given rise to a number of controversies between the Centre and the States. Controversy was somewhat mute in the period before 1961 when development planning was still comparatively new and the States were politically and administratively much more under the influence of the Centre. The points of dispute began to be aired more openly from the time of the formulation of the Third Five Year Plan. They assumed even greater magnitude as a result of the political developments after 1964—the death of Jawaharlal Nehru, the economic difficulties of 1965 and 1966, the interruption in Planning, and the changing political situation, specially after the General Elections in 1967.

One of the major complaints of the States has been that of over-centralization and Central domination in this as in many other fields of Governmental activity. For long, one of the principal points of criticism was the allocation of Central Plan assistance. It was pointed out that not only had the size of the Plan outlay at the Centre been increasing more rapidly than that of all the States taken together, but the manner in which the States should undertake development efforts had also been attempted to be dictated by Central authorities. The advantage that the Centre enjoyed because of the more flexible financial resources allotted to it under the Constitution, and the increasing role of foreign assistance in India's development finance which further increased the funds at the disposal of the Centre, were said to be the factors responsible for Central domination. The result was alleged to be that the States, though responsible for some of the most crucial sectors of national life, such as agriculture, education and health, were starved of financial resources, while there was more than adequate finance available at the Centre even for less essential developments. Even in regard to subjects which were constitutionally the responsibility of the States, the Centre was in a position, through conditional financial assistance to impose its own policies and programmes on States, irrespective of the relevance or priority of the proposal to a particular State. The result was said to be that not only was the essence of the federal system as envisaged by the Constitution subverted but genuine development properly related to the specific resource potential and felt requirements of each State could also not take place.[10] Imposition of a superficial uniformity was in effect a waste of resources. Moreover, undertaking schemes and projects to which the State administration did not feel adequately committed resulted in the projects and programmes not being properly implemented. Instances are known when programmes were discontinued as soon as specific Central assistance for them ceased.

At the same time, it was pointed out that one of the possible advantages that should have arisen out of such centralization, *viz.*, balanced development of the country as a whole, had not been achieved. It was alleged that under the Plans, as in the case of individuals so also in the case of regions and States, the rich had grown richer and the poor, poorer. While not all States pitched their criticism so high, many of them felt that the imbalance in development in the pre-Independence period had not been much corrected through Planning. Central projects not being evenly distributed, the ineffectiveness of industrial licensing for ensuring the location of industries in less industrialized regions and States, the concentration of financial assistance by Central financial institutions in favour of the already developed States, and the inadequate assistance provided by the Centre for the development of less developed States were all mentioned as important factors contributing to the continuance of such an imbalance.

[10] *See* ARC, *Report of the Study Team on Financial Administration*, op. cit, paras 14.2 to 14.5 (pp. 77-78). Also see paras 5.1, 5.2, 8.7 and 8.8 of the ARC, *Report of the Study Team on Centre-State Relationships*, op. cit.

As against this, the Central authorities complained that State planning and development efforts continued to remain at comparatively rudimentary levels.[11] It was felt that in spite of various suggestions made from the Centre, the States had failed to develop a proper machinery for effective development planning. There was also too much short-sightedness in the formulation of plans, too little understanding of the discipline that was necessary, and inadequate political courage and administrative competence to implement the necessary measures. More projects were taken up than could be financed, resulting in thinly spreading investment over a number of projects, and leading to long gestation periods and insufficient or delayed returns. It was said that the States had merely made the Centre a whipping boy for their own failures.

There is considerable truth in such criticisms made on both sides. With the allocation of financial resources being what it is, it is undoubtedly true that the Centre has all along been in a far better financial position. The result has been that not only in respect of subjects under the jurisdiction of the Centre, but even in respect of subjects, for which the responsibility has to be borne by the States, funds are far more easily available at the Centre than in the States. While to some extent, financial devolution is effected on the award of the Finance Commission, an increasing part of financial assistance from the Centre flows to the States on the advice of the Planning Commission. This undoubtedly has given the Centre and the Planning Commission considerable leverage in respect of State Plans and programmes. The Centre's influence on State planning is exemplified by the fact that the pattern of State Plan outlays under successive Five Year Plans increasingly came to be uniform.[12] Because of the system of schematic matching assistance, the States had been almost compelled to accept not only particular schemes but even details, such as patterns of staffing regarding the schemes suggested by Central Ministries. It was not as if the Ministries at the Centre have always had adequate and effective information about the situation in individual States so as to be in a superior position to work out what was good and suitable for their development. It was, therefore, rightly resented by the States that, because of financial strength, Central authorities have been in a position practically to dictate development plans and programmes to them. At the same time, it should be remembered that States which were politically stronger, such as West Bengal under Shri B. C. Roy, were

[11] For a detailed review of Planning in the States see ARC, *Final Report of the Study Team on the Machinery for Planning*, op. cit., Chapter VII.

[12] ARC, *Report of the Study Team on the Machinery for Planning*, ibid, para 7.11 (p. 17). Also see para 14.5 (p. 79) of ARC, *Report of the Study Team on Financial Administration*, op. cit.

able to insist on having their way in certain matters. Moreover, with the inadequate machinery at the Centre for evaluation of projects and programmes and keeping track of their progress, the uniformity that was insisted upon generally proved to be superficial. It had also not been possible for the Central leadership to take a firm attitude when the States failed to implement what they had agreed to at the time of the formulation of the Plans. The net effect of all this was the erosion of initiative as well as responsibility on the part of States in the sphere of development. This also helped to perpetuate a situation where development planning in the States remained at a rudimentary level, much of it not being based on proper examination of local resources and potentialities.

Another important factor which had a deleterious effect on State Planning was that, till recently, there was no clear set of principles on the basis of which Central assistance was distributed among States. This helped create a feeling among States that pitching their demands high, followed by hard political bargaining was a fruitful tactic for obtaining a larger share of Central assistance. At the same time, bad financial management—as instanced by large over-drafts from the Reserve Bank—being tolerated, may be with some feeble protests, created an impression that the Centre would not insist upon financial discipline and that indiscipline would be tolerated.

It is also true that the State Governments had hardly made adequate efforts to strengthen their planning organizations. Only thus could long-term Plans have been prepared based on a study of their own resources and potentials. While the strengthening of the planning organization in States was specifically mentioned in the Third Plan document as a vital step,[13] nothing effective was done either by the Centre or by the States to follow this up. The result was that planning in the States continued to be largely what it was at the beginning of Planning—an *ad hoc* collection of schemes which were not necessarily well-integrated in terms of ensuring best results. The agitations that State Governments supported (if they did not always sponsor them) regarding location of particular industrial projects within their territory also arose at least partly because neither the Centre nor the States had worked out long-term plans of development which would indicate the lines along which development would take place in different parts of the country. When a State did not know that its best potentials lay in particular types of development and that these would be taken up at a scheduled point of time, it was not surprising that an agitational

[13] Planning Commission, *Third Five Year Plan*, Delhi, Manager of Publications, Government of India, p. 289.

approach of grabbing a part of anything that was happening appealed to the State leadership. The failure here was not that of the State Governments alone; the Centre had a major share in it. The failure to formulate long-term plans, industry-wise and region-wise, was almost an invitation to the agitational approach.

In discussions about unbalanced regional development and specially the handicaps from which certain States suffer, attention came to be mainly concentrated on Central assistance and the location of public sector projects. The location of private sector projects as well as the financial assistance provided by Central financial institutions for industry also received some attention. But the unequal distribution of bank credit among different regions and States hardly received any attention in the past. More recently, it has been pointed out that one of the major defects of the functioning of the banking system in India has been that its development has been very lop-sided.[14] There is almost over-development of banking facilities in certain States and areas, while certain others are woefully neglected. This, combined with sectors like agriculture and small industry being neglected by banks and the inadequate development of alternative channels of credit, such as cooperatives, resulted in making the development of these sectors and, therefore, of States and areas where large industries were not located, slow. This factor affected the rate of economic growth, not only in the country as a whole, but also specifically in certain areas and States. Unfortunately the planning authorities had not given enough attention to this problem in the past, beyond stating that cooperative credit must be developed to bridge such credit gaps.

The inadequacy of the planning organizations in the States and to some extent in the Centre were mainly responsible for these ills. The very inadequate and superficial consultation between the Centre and the States in the process of Plan formulation had also something to do with this.[15] While the NDC was established in the early years of the First Five Year Plan, it never developed a method of functioning under which there would be well-informed and full-scale consultation at professional and administrative as well as ultimately at the political levels so as to ensure that Plan formulation proceeded in the States as well as at the Centre in step with each other. Because of the high political status of the membership of the NDC, it was not possible to have frequent meetings of that body. The result was that no real discussion of specific

[14] *Report of the Study Team on Banking Institutions and Indian Economy—a Critical Review.* (Report submitted by a group of economists—Dr. S. K. Goyal, Convener—to Secretary, Congress Party in Parliament), 1967.

[15] ARC, *Final Report of the Study Team on the Machinery for Planning*, op. cit., p. 11.

problems was possible and no clear guidelines worked out for the formulation of policies and Plans.[16] The fact that, unlike at the Centre, in most States no special expertise in planning was developed and maintained in position, also undoubtedly contributed to the lack of a proper and sustained dialogue at the professional level between the Centre and the States. The institution of Programme Advisers, though well conceived, in practice failed [17] to provide an effective instrument for liaison between the Centre and the States.

IV

SUGGESTIONS FOR REFORM

These various defects in the system of planning as it developed over the years, and especially the distortions and anomalies that crept in as a result of the scheme of Central Plan assistance, came to be increasingly criticised in various quarters and most State governments were at the forefront of these critics. As early as 1964, the Planning Commission itself realized that the plethora of patterns of assistance and Centrally sponsored schemes were not serving the purpose for which they were initiated and that much simplification and liberalization in this regard was necessary. Thus, as a part of the formulation of the erstwhile Fourth Five Year Plan, the Commission initiated a dialogue on this subject with the State Governments as well as the Central Ministries. While this exercise was under way, some of the State Chief Ministers, during discussions in 1965 on the preliminary memoranda of the States' Fourth Five Year Plan, suggested that a set of principles should be evolved for the distribution of Central assistance among the States for the Fourth Five Year Plan. As it happened, when this matter came up before the NDC no agreement could be reached on the precise criteria that should be followed in the allocation of Central assistance. Therefore, the responsibility for this shifted back to the Planning Commission. As a result of the studies and discussions on the problems of Centrally aided and Centrally sponsored schemes and the patterns and procedures of Central assistance, a number of changes therein were brought about. The number of patterns was reduced and the remaining ones were made simpler. The revised patterns were generally related to the heads and sub-heads of development or groups of schemes, except in the case of a few schemes under education and health where

[16] ARC, *Interim Report on the Machinery for Planning*, Delhi, Manager of Publications, Government of India, para 39 (p. 22). Also see paras 6.8 & 6.9 of the ARC, *Report of the Study Team on Centre-State Relationships*, op. cit.

[17] ARC, *Final Report of the Study Team on the Machinery for Planning*, op. cit., paras 10.62 to 10.66 (p 135 & 136).

the assistance was related to specific items. As a result of these continued efforts, the number of Centrally sponsored schemes which stood at 147 in the middle of 1966 came to be reduced to 90 by the middle of 1968. But the feeling continued among the States that the simplification and rationalization introduced as a result of these deliberations had not gone far enough.

In the meantime, the Administrative Reforms Commission had been constituted and it was decided that the reorganization of planning machinery and revision of planning procedures might be considered as a part of the overall scheme of governmental reorganization to be proposed by the ARC.

This whole question of planning machinery and process, together with the question of Union-State relations in the field of planning, was gone into at some length by the ARC and its Study Teams on the Machinery for Planning, Financial Administration and Centre-State Relationships. As regards the respective jurisdiction of the Planning Commission, the Union Government and the states in the planning process, the Study Team on the Machinery for Planning was of the view that the Planning Commission should only be responsible for formulating the objectives, laying down priorities, indicating broad sectoral outlays, fixing the basic targets and approving the main programmes together with criteria for selection of projects and schemes. The Team was further of the view that detailed sectoral planning, including elaboration of targets and formulation of individual projects and schemes, their detailed examination, scrutiny and implementation should be the responsibility of the respective Central Ministries, State Governments and other executive agencies. The Study Team further recommended that, as a general rule, greater freedom of action than in the past should be permitted to the States in State subjects except in matters involving national priorities[18]. This view was endorsed by the ARC[19]. It will be observed that the prescription suggested by the ARC and its Study Team for delineating the respective roles of the Planning Commission, the States and other agencies in the planning process was mainly governed by the need to reconcile the conflicting claims of centralization which the logic of overall planning imposes, with the necessity of allowing adequate autonomy and initiative to the constituent units of the Union, to enable them better to carry out development in keeping with their own potentials and requirements.

The recommendations of the ARC and its Study Team on the

[18] ARC, *Final Report of the Study Team on the Machinery for Planning*, ibid., para 2.11 (p. 23).

[19] ARC, *Final Report on the Machinery for Planning*, op. cit., para 84 (pp. 34-35).

subject of Central assistance essentially followed the same logic. The Study Team recommended that the instrument of Central assistance should be used for the purpose of ensuring adequate mobilization of resources by the States, influencing the size and priorities of State Plans in such a manner that all the State Plans taken together satisfied the priorities and targets in the National Plan, and also for reducing inter-State disparities. The need for evolving objective criteria for the distribution of Central assistance was also emphasized. The Team suggested that Central assistance should be related to main heads of development in the Plan and emphasized that there should be no attempt to relate assistance to sub-heads or individual programmes except in the case of a few schemes of national importance.[20]

The ARC's Study Team on Financial Administration was of the view that the proportion of discretionary element in Central assistance should be considerably reduced and the united element increased. The Team recommended a shift from discretionary grants to semi-judicial allocations. To achieve this, it suggested that one and the same body should deal with both Plan and non-Plan assistance. It recommended for this purpose a permanent Finance Commission, with a Vice-Chairman who would also be a member of the Planning Commission, the Chairman and other Members being appointed for a period of six months or so when the award was to be given[21]. Another institutional innovation suggested by this Team was the creation of a National Development Bank for channelizing long-term finance for large and identifiable projects.[22]

The ARC's Study Team on Centre-State Relationships had also gone into this problem. The Team was in favour of giving the States block amounts as Central grants, and the freedom to use these amounts according to their discretion, except in the case of programmes of crucial importance. As regards the respective roles of the Planning Commission and the Finance Commission, the Team was of the view that the Planning Commission should deal with grants, both Plan and non-Plan, and the Finance Commission should be responsible only for the devolution of taxes and duties.[23] It may be recalled that the Second Finance Commission had also referred to the overlap of functions between the Planning Commission and the Finance Commission.[24] The

[20] ARC, *Final Report of the Study Team on the Machinery for Planning*, op. cit., paras 10.42 to 10.48 (pp. 130 to 133).

[21] ARC, *Report of the Study Team on Financial Administration*, op. cit., paras 15.3 to 15.8 (pp. 79 to 85).

[22] ARC, *Report of the Study Team on Financial Administration*, op. cit., Ch. XVII.

[23] ARC, *Report of the Study Team on Centre-State Relationships*, op. cit., paras 7.19, 2.32 & 2.33.

[24] *Report of the Second Finance Commission* (1957), Delhi, Manager of Publications, Government of India, p. 13.

Third Finance Commission had gone a step further and suggested that either the functions of the Finance Commission should be enlarged to embrace total financial assistance to States or the Planning Commission itself should be transformed into a Finance Commission at the appropriate time.[25] [26] [27]

These Study Teams also suggested that the number of the Centrally sponsored schemes should be kept to the minimum; the Study Team on Centre-State Relations actually wanted the total abolition of Centrally sponsored schemes.

The ARC's own approach in recommending liberalization of the scheme of Central assistance was broadly along the lines of the recommendations made by its Study Teams. It, however, recommended a penal clause when it suggested that if there was a shortfall in the implementation of the State Plan taken as a whole and, as a result, the Central assistance utilized by a State was found to be more than what was proportionate to the expenditure to be met by the State out of its own resources as initially settled, there should be a corresponding reduction in further Central assistance.[28]

As regards the respective roles of the Finance Commission and the Planning Commission, the ARC was of the view that there was no inherent conflict in the jurisdiction of the two bodies and, therefore, there was no need to amalgamate their grant-giving functions.[29] The ARC was also against the creation of a financial institution like the National Development Bank as suggested by the Financial Administration Study Team[30].

[25] *Report of the Third Finance Commission* (1961), Delhi, Manager of Publications, Government of India, pp. 35-36.

[26] On the other hand, the Fourth Finance Commission, though it was of the view that the Constitution did not preclude it from recommending Plan grants, chose not to do so as it thought that Plan requirements being specifically the function of the Planning Commission, there should be no division of responsibility in regard to any element of plan expenditure [*Report of the Fourth Finance Commission* (1965), p. 9].

[27] The Fifth Finance Commission, unlike its predecessors, was specifically asked not to take into account Plan requirements of States while recommending grants under Article 275. In spite of the representations made before it, it was not prepared to do anything that would blur the division of functions between the Finance Commission and Planning Commission [*Report of the Fifth Finance Commission* (1969), p. 121].

[28] ARC, *Final Report on the Machinery for Planning*, op. cit., Recommendation 11 (4), p. 30.

[29] ARC, *Final Report on the Machinery for Planning*, op. cit., paras 79 and 80 (p. 31).

[30] ARC, *Final Report on the Machinery for Planning*, op. cit., paras 81 and 82 (pp. 31-33).

V

HAVE THE REFORMS SUCCEEDED

Reforms Implemented—Not Adequately Effective

These suggestions relating to the planning procedures have been mostly accepted by the new Planning Commission. Various instructions issued by the Planning Commission in connection with the preparation of the States' Fourth Five Year Plan indicate that the Commission has urged the States to exercise considerable initiative in working out the lines of their development. The Commission has also made it clear that they need not go in for standardized schemes and should feel largely free to choose their own programmes albeit within the national priorities. The need for working out Plan schemes with a high degree of specificity has been specially stressed so that those concerned with coordination and synchronization would be able to scrutinize the techno-economic feasibility of projects.

The Commission has also decided that block grants of Central assistance would be made to the States. The freedom so granted to the States is only subject to two constraints. Firstly, with a view to ensuring that main Plan priorities are maintained, outlays under certain programmes and specified schemes are to be earmarked and will not be allowed to be diverted except with the prior approval of the Planning Commission. It appears that this provision would make sure that a State does not divert resources made available for a scheme in an advanced stage of implementation, on which ground some additional assistance may have been sanctioned to it, to other schemes thus slowing down the project's near completion. Secondly, to ensure that the States fulfil their part of the responsibility, the actual payment of Central assistance has been made dependent on the State's fully meeting the target of approved outlays. In case there is a shortfall in expenditure in relation to the approved outlay, Central assistance would be proportionately reduced.

The number of Centrally sponsored schemes has been further reduced from 90 to 52; the outlay on these schemes is not now (Fourth Plan—1969-74) expected to exceed one-sixth of the Central Plan assistance to States. Specific criteria for the distribution of Central assistance among the States have been evolved as a result of the deliberations of a Committee of the NDC, specially constituted for the purpose. According to the agreed formula, 60 per cent of the Central Plan assistance to States during the Fourth Plan is to be allocated on the

basis of population and 10 per cent each on the basis of: (*i*) per capita overall tax effort for three years in relation to per capita income; (*ii*) continuing major irrigation and power schemes; and (*iii*) special problems peculiar to individual States. The remaining 10 per cent is to be distributed among six States having a per capita income below the National average Starting with 1969-70, 70 per cent of the Central assistance is being uniformly given in the form of loans and 30 per cent in the form of grants.

At the time of the discussions on the Fourth Plan, a firm idea of the amount of Central assistance to be made available to the States during the Plan period was given to the States even when the size of the total public sector Plan was yet to be decided. The distribution of Central assistance among the States was made in accordance with the above principles. With the scope for bargaining regarding Central assistance being thus virtually eliminated, and the States knowing in advance the amount of Central assistance, it was expected that the States would become more realistic in the formulation of their Plan proposals. The Fifth Finance Commission was appointed earlier than required and was requested to submit an interim report by September 1968. It was thought that removing the uncertainty due to the prospective recommendations of the Finance Commission would help more realistic preparation of the State Plan proposals.

Subsequent experience, however, does not suggest any substantial improvement in the process of Plan formulation as a result of the various steps that have been undertaken. Available information suggests that the actual formulation of the State Plan proposals continued largely in the old grooves. The recent innovations do not seem to have significantly contributed to more realism in the State Plan proposals. The outlay approved in April, 1969, by the Planning Commission as practicable, on the basis of its own estimate of the State's proposals for resource mobilization and Central assistance, as a proportion of the outlay proposed by the State itself, did not exceed 90 per cent in the case of any State, exceeded 80 per cent only for four States and 70 per cent for another five. There were seven States where the proportion was between 50 per cent to 70 per cent and one where it was below 50 per cent. This suggests that these remedies have not proved very effective uptill now. The States continue to ask for larger Plan outlays without being prepared to observe the financial discipline necessary for the purpose. In November, 1968, when the Committee of the NDC met to consider the proposed resource mobilization effort by the States, and when the NDC subsequently met in April, 1969, to discuss the draft of the Fourth Plan, the States almost unanimously voiced a demand for increased Central assistance on the plea that the resource mobilization suggested by the Planning Commission for the States was not practicable. When the NDC met in March, 1970, finally to approve the modifications to the Draft Fourth Five Year Plan, most States' representatives again expressed the opinion that adequate attention was not being paid to their needs. This was despite the fact that as a result of the reappraisal of the resource position, as promised in April, 1969, the total States' Plan outlay had been stepped up by Rs. 540 crores as compared to the draft Plan. Some States continue to express themselves firmly against the limitation regarding State plan outlays suggested by the Planning Commission and approved by the NDC.

In respect of unrealistic planning and lack of will to accept the necessary discipline for larger development effort, one cannot discern any significant difference among the States governed by different political parties. It may be noted that of the two States governed by leftist United Fronts in 1969-70, neither one suggested an outlay which according to the Planning Commission was realistic—in both, the approved outlay was below 70 per cent of the proposed one. (See Col. 8 of Table 3)*. The justification put forward by the State Governments in this respect was that, in their view, the Central share of overall plan outlay should be decreased and the States' share increased. They even suggested a drastic reduction in the size and activities, if not abolition, of Central Ministries such as Agriculture, which deal with subjects in the State List.[31]

Communication Gap Between the Centre and the States

It is important that the States feel assured that what is being suggested by Central authorities, and especially by the Planning Commission, is based on valid techno-economic considerations. It was observed in November, 1968, that the States were asked at an NDC meeting to accept certain outlay figures, including those for Central assistance for the States, without being told what the Central Government's own commitment regarding resource mobilization or overall outlay for development was. The States did not appreciate this. The distribution of total outlay among different sectors, and that of public sector outlay between the Centre and the States, are matters of vital interest and importance to the States and they cannot easily be persuaded to accept the Planning Commission's recommendations unless the total logic behind these is explained to them. The attempt to

*The approved outlays of States as indicated in the proposed final version of the Plan submitted to the NDC in April, 1970, are given in Col. 9 of Table 3.

31 These suggestions were made by some Chief Ministers at the time of the NDC meeting in April, 1969.

involve the States through the NDC in the process of Plan formulation from an early stage requires that proper organization and procedures for consultation at professional and administrative levels must be developed. Unless this is done, in the political situation as it is evolving, it would be too much to expect that the States would agree to what may be thought to be an *obiter dictum* of the Planning Commission. That even in April, 1969, the Planning Commission could not secure from the NDC a unanimous approval of the draft Fourth Five Year Plan was an indication of how difficult the task is. The attempt is not made any easier by vacillations and lack of clarity at the Centre.

The nature of the debate in the National Development Council in March, 1970, at the time of finally approving the Fourth Five Year Plan, re-emphasizes the conclusion that without a much more radical improvement in the whole nature of planning and Plan discussions, the differences between the Centre and the States in Plan formulation can only be superficially 'papered over', not genuinely resolved. While the Plan was approved by a general consensus, various State Governments expressed their reservation about different aspects of the Plan proposals. While all States were unanimously demanding that there should be more Central assistance to the States, each State also felt that it was not being fairly treated as compared to others. Considerable controversy developed as a result of the proposal put forward by the Planning Commission for special assistance outside the Plan to nine States which were expected to have large deficits on non-Plan account. The States which were not benefitting from this scheme felt that they were being made to suffer for having managed their finances better and that this scheme was a kind of bonus to improvident States. Fears were also expressed in some circles that the provision would be used for giving discretionary assistance to States, and that this would be provided on political grounds.

There is no doubt that this proposal to some extent negated the earlier decision that Central Plan assistance would be distributed on the basis of specified principles. But the difficulty seems to have been that in spite of the Finance Commission's award, which was expected to meet the non-Plan deficit of States, it was observed that certain States would continue to suffer from large non-Plan deficits during the Fourth Plan period. It was feared that unless something was done about this problem, with some non-Plan demands having almost a prior charge on the finances of the States, their Plan outlays would to that extent suffer and thus adversely affect the overall scheme of national development under the Fourth Plan. Hitherto, States faced by such difficulties have resorted to unauthorized overdrafts from the Reserve Bank which the Centre has been almost compelled to make up through *ad hoc* loans. The approach suggested by the Centre in March, 1970, was that it would be much better to take an advance view of such difficulties and provide special loan assistance to help such States tide over them instead of either permitting an erosion in the minimum development outlay required to be undertaken by them or going to their assistance after they have over-drawn from the Reserve Bank. It is felt that the newly suggested scheme would enable the Planning Commission to have a greater influence over the financial management by these States and this might make for better financial discipline.

The vociferous opposition by a number of States to this proposal was a good indication of the communication gap between the Centre and the States in such vital matters affecting development planning. It appears that, as a result of the explanation provided on behalf of the Centre, the criticism was mollified and the Plan proposals of the Planning Commission, including the scheme of special assistance, were broadly approved. The lesson from what happened is, however, clear. First, there must be a much better organized and continuous dialogue between the Centre and the States; and second, such a dialogue can be useful and effective only if the nature of the Planning Machinery in the Centre as well as in the States is improved.

It also needs to be realized, even more than in the earlier years of planning, that the political impact of Plan proposals would have considerable influence on the attitude adopted by the State Governments to them. State Governments are increasingly subject to political pressures for amelioration of the conditions of various sections of the people and their very survival depends upon their being able to show that the development plans formulated and implemented by them are such that some impact on the acute problems facing the State would be visible within a short period of time. This is not always reconciliable with the long-term requirements of growth either of the particular State or of the country as a whole. It is, however, essential that the Plan proposals suggested and supported by the Planning Commission should be such as would marry the long-term requirements of growth with the short-term requirements that the State Governments cannot but be interested in. It is true that the Planning Commission's new approach does not come in the way of any State making a bold attempt at a much greater development effort if it has the ingenuity, competence and courage to mobilize the resources necessary for such an effort. Such a negative approach may, however, not be enough. It may be necessary for the Planning Commission to put forward specific alternatives for the States

to attempt and even suggest to the Centre that some incentive for the States to follow the alternative which requires greater resource mobilization or gives larger weightage to long-term growth, might be provided. Unless the Planning Commission acts in this manner as a 'lobby' for growth—if it merely continues to make "realistic" estimates for what the States are likely to do—the present drift under which the States do not undertake to do what they are expected to do and only go on demanding more and more Central assistance is likely to continue.

Unbalanced Development

The other main point of criticism, as noted earlier, has been regarding unbalanced development among different States and regions arising out of an uneven distribution of industrial projects both in the public and the private sectors. As a result of the efforts of the two Study Teams appointed by the Planning Commission on the recommendation of the NDC, certain steps for ameliorating the backwardness of some of the more backward States and regions have been agreed upon.[32]

One of the Study Teams had specifically suggested that special assistance should be provided for the development of industries in the backward States which had been named on the basis of certain criteria. The Group did not dispute that there were backward areas in the so-called more developed States also. The country as a whole is backward. But the idea was that the somewhat better-off States could provide assistance for the development of their own backward areas. Central assistance for this purpose should be confined to the backward States because it could then be somewhat larger in magnitude and thus could make some clear-cut impact in a short time. However, in the NDC Sub-Committee, a compromise had to be reached under which backward as well as other States would obtain a share in this special assistance for industrial development of backward areas—the backward States obtaining more assistance than the others. It has also been agreed that other kinds of assistance like special terms for credit from the financial institutions should be available to the backward areas in all States.

Apparently, the State Governments find it useful to support demands for the location of large projects—public sector or private

[32] *See*: (*i*) Planning Commission, *Report of the Working Group on Identification of Backward Areas*, and (*ii*) Planning Commission, *Report of the Working Group on Fiscal and Financial Incentives for Starting Industries in Backward Areas*, Delhi, Manager of Publications, Government of India.

sector—in their own territories in spite of the well-observed phenomenon that the economic growth of different States has not been much related to the location of large projects in them. Punjab which has shown probably the best development among all the States has few major industries located there. The creation of the necessary infrastructure, provision of technical assistance and credit facilities, development of proper technical training and the building up of a climate where enterprise and entrepreneurship thrive, are known to contribute far more even to industrial development than the location of a few prestige projects. However, it is much easier either to put pressure on the Central Government to locate a major project in the State or to support public agitation about it. Many State Governments have fallen prey to such temptations. Moreover, where large projects have already been located, few State Governments have been able to plan the development of complementary and ancillary industries so as to take advantage of the large projects. Unfortunately, the approach has sometimes been to treat the project as a milch-cow, pressurizing the management not only for the employment of local personnel even at higher professional and technical levels but also supporting demands for excessive employment. Such short-cuts have only worked to the detriment of the genuine economic growth of the States as well as of the country as a whole. As already mentioned above, such short-sighted approaches are, however, inescapable as long as no genuine long-term plans for development are prepared for the different States.

Constitutional Amendment?

A suggestion is frequently made that the Constitution be amended to provide a better balance of financial powers between the Centre and the States. Many protagonists of State autonomy feel that the inadequate tax powers allotted to the States and the very narrow base of statutory devolution of revenues need a substantial modification. It has also been suggested that grants under Article 282 have become predominant even though these are non-statutory and entirely within the discretion of the Centre. This is objected to as making the States over-dependent on the Centre.

As against this, it has been pointed out that the States have not effectively been able to utilize all the tax powers allotted to them—agricultural income tax being the most prominent example. Even in sources like the sales tax, as well as various levies on land, States have found it difficult to adopt rates of taxation significantly higher than those adopted by their neighbours. The Centre has been frequently urged to provide a lead in coordinating the tax policies of

States and to some extent this has been attempted. The replacement of the sales tax by excise duties whose proceeds are distributed among States has in the case of a few critical commodities been found to be very useful from the point of view of uniformity as well as revenue collection. It has even been suggested that if no distinction had been made in the Constitution for tax purpose between income from agriculture and that from other sources, the present anomalies in income taxation and the hesitation felt in imposing taxation on agricultural incomes would not have existed. The reluctance of most State Governments either to undertake taxation of agricultural incomes or to raise it to levels comparable to those imposed on non-agricultural incomes, the tendency to abolish land revenue even though its incidence has become nominal in the case of even the poorest farmers, and the reported reluctance of some State Governments even to assist the Centre in collecting the levy on agricultural wealth, all point to the difficulty that the State Governments experience in resorting to taxation which would hurt significant sections of their voters. Any further devolution of tax powers might in such circumstances only reduce the possibility of mobilization of financial resources. A much better approach would be for the Union Government, which is a little less affected by such pressures, to continue to have these tax powers—and if possible, even the additional power to tax agricultural incomes—but ensure that a substantial part of the finances so mobilized are distributed among States on a statutory basis.

Another contention that has sometimes been raised in this context is that too much emphasis in the grant of assistance has come to be placed on Article 282 of the Constitution. As a matter of fact, because Plan assistance is provided under this provision, assistance given under it has tended to become far more important than grants provided under other Articles—though the latter are subject to determination by a semi-judicial body like the Finance Commission. It is, therefore, sometimes suggested that grants of this magnitude should either be made subject to devolution through another semi-judicial authority or they should be brought under the Finance Commission's purview. The question of the proper relationship between the Finance Commission and the Planning Commission has also been raised in this context.

While it is obvious that the distribution of Central assistance among States, whether for Plan or non-Plan purposes, must be based on commonly accepted principles, the question whether the distribution should entirely or even mainly be made on the basis of semi-judicial awards needs to be carefully examined in all its implications. While it is only appropriate that the States should obtain a substantial part of Central assistance required to meet their normal (non-Plan or committed) expenses by a system of statutory devolution, and even some proportion of the Plan requirements should be automatically available to the States, it would neither be desirable from the point of view of the requirements of national finance nor in the interest of national development that the bulk of the Plan assistance should be available to the States unconditionally as a matter of right. While in normal times, quite a substantial part of Central revenue should be made available to the States in keeping with the requirements of the States for development in subjects allotted to them under the Constitution, occasions can arise when the Union Government may be required to divert substantial amounts to purposes under its control, such as defence. It is, therefore, necessary that decisions about how much of the total Central revenue over a period of time should be retained for Union purposes and how much should be made available to the States should not be immutable beyond a point; some discretion to the Centre in this matter is necessary. Further, as explained later, the Centre should be in a position to ensure, albeit in broad terms, that a State satisfied certain essential requirements regarding its Plan effort before it becomes entitled to its allotted share of Plan assistance. While it is obvious that the Centre should not arrogate to itself the authority to decide all manner of details regarding the developmental effort of the States, the National Plan as a whole cannot be properly carried through unless the Centre can use the lever of financial assistance to ensure the States' compliance to certain basic directives given in the interest of the development of the country as a whole. To ensure that the Centre does not unduly utilize these powers, it is necessary that the Planning Commission enjoys the trust and confidence of the States as well as the Centre for its professional competence, political integrity, and impartiality.

It is also necessary to make sure that the Finance Commission does not come to operate in a vacuum. For this purpose, maintaining a nucleus secretariat for the Finance Commission, which would be adequately in touch with the studies in State planning and finances being undertaken in the Planning Commission, is essential. The coordination between the Planning Commission and the Finance Commission may take any suitable form; one Member being common may be one alternative to be considered. What is important is that the work of these two bodies should be closely co-ordinated.

Ideology and Centre-State Disputes

It is sometimes felt that with different political parties or party combinations coming into power at the Centre and in different States, a spceial difficulty has arisen in the way of effective formulation of a National Plan. But the experience of the formulation of the Fourth Five Year Plan in the period since 1967 does not suggest that ideological differences among parties in power create any special difficulties in planning. As a matter of fact, almost all States have similar attitude to the Centre. In matters like mobilization of resources, they all want the Centre to do a great deal but are themselves not only reluctant to take the measures suggested by the Planning Commission for the States but are not always ready to provide administrative support to the Centre regarding measures that may be disliked by vocal sections.

Taking the concrete problems that economic development in India faces, especially in the spheres allotted to the States, the possible impact of ideological differences does not appear to be important. The only possible major difference of opinion could have been about land reforms; but hardly any important political party opposes these in principle. The real problem is not one of ideology so much as of a clear understanding of what is required and the building up of effective instruments to carry it out. Political courage to tax certain elements of the population which have benefited from development efforts in the past and without whose contribution further development effort cannot be easily sustained, is also necessary. Concrete measures in this direction might involve some ideological difference. The main difficulties, however, are the absence of far-sighted approach, political courage, and administrative ability.

Political Instability

Political instability seems likely to be in future a much greater source of potential weakness in development planning than ideological differences. Experience regarding the policies pursued by different parties and party combinations that have been in power recently in certain States suggests not only that decision making on a sustained long term development plan suffers with unstable legislative support but also that there is an obvious unwillingness to do anything which might adversely affect any major section of the electorate. Economic development cannot be ensured without the citizens themselves paying the necessary cost, undertaking efforts and making sacrifices. Asking for more Central assistance and putting all blame for various ills on the Centre may appear to be a short term way out but it can obviously solve no real problem. At the same time, it is important that the Centre shows not only tact but also the necessary courage in meeting its own responsibility to solve inter-State disputes which obstruct development. The reluctance of the Centre to use the Constitutional provision available for such purposes, permitting matters like inter-State river disputes to drift for years, cannot but affect development planning adversely.

Some Central Direction Essential

It should not be overlooked that, in attempting to remove the anomalies in Union-State relations in planning resulting from the Union Government's undue domination in the past, the Union Government and the Planning Commission may lose control over the levers through which adherence to an overall National Plan and its essential requirements can be ensured. Both political and administrative influence and the scheme of financial assistance for planning have been responsible in earlier years for ensuring that the States fell in line with overall national policy in some essential respects. This happened, for example, in a major policy like land reforms, though the implementation of this policy left much to be desired. But increasingly, especially in recent years, the Centre's political and administrative influence has declined. At the same time, Central development assistance is coming to be distributed with few conditions. The Centre's ability to ensure that certain essential development plans, policies and programmes are accepted and implemented by the States, is thus being steadily eroded. The best evidence of this is the States' refusal, right since 1962, to improve genuinely their planning apparatus. Another example is the indifference, if not hostility, evinced by most States to the suggestions of the Planning Commission regarding mobilization of more financial resources for development—through more rational charges for irrigation and electricity, limitation of non-developmental expenditure, and tapping important tax resources, especially the increasing income of well-to-do farmers. Unless the Union authorities —both the Planning Commission and the Finance Ministry—are able to insist on a major part of financial assistance becoming available only on certain specific conditions, would it be possible to ensure that States adopt appropriate development measures? Leaving this entirely to the will of the States might be politically expedient but it would constitute an abandonment of National Planning. Moreover, what one State does in a field like Sales Tax, for example, has very much to be related to what the neighbouring States are doing. Large differences among neighbouring States in policies regarding irrigation and power rates create economic as well as political difficulties. It is economically as well as politically undesirable that some States remain far behind in economic progress or that they mismanage their affairs. It is the Union Government which has the ultimate responsibility to ensure that this does not happen; that is why it enjoys superior financial as well as other powers under the Constitution. Using financial powers in time is far better than resorting to coercive ones when things go out of hand.

What is suggested is not a return to the old pattern of detailed Central control. But surely the Centre cannot abdicate the responsibility of ensuring that development efforts are undertaken by all the States up to a minimum degree. Incentives by way of extra payments, or withholding of promised assistance, might both have their uses. As mentioned earlier, the Planning Commission has authority under the new scheme of assistance to insist on non-diversion of outlay on certain specific Heads of Development and also on reducing Central assistance pro-rata if the overall Plan outlay of the State falls short of approved outlay in a Plan period. But is this enough ? Should not the Centre be in a position to induce the States to pursue certain specific policies?

Development Bank

The proposal to create a National Development Bank was put forward by an ARC Study Team as one method through which the grant of Central assistance could be rationalized. Past experience suggests that it is essential to ensure that major projects which are included in the Plan by a State are based on a study of different alternatives. It is also necessary to make certain that the selected projects are undertaken after proper preparation, and that they are executed speedily and economically. One difficulty in ensuring this has been that the assistance for State projects is provided as an inter-governmental transaction. Of course, there is no necessary reason why the Central Government through the Department concerned should not make sure that the project is properly formulated and the organization for execution established before assistance is actually made available; and further that the assistance is so utilized that the project is completed in the stipulated period of time, and within the estimated cost. Experience up to now, however, indicates that the Departments and Ministries of the Central Government are in practice not able to make sure of these conditions being satisfied. Even in irrigation and power schemes, where the Central Government has an excellent technical agency—the Central Water and Power Commission—at its disposal, it has not been possible to ensure that these conditions are satisfied. It has also not been possible for the Union Government to make sure that arrangements for the exploitation of the potentialities of a project are made at the proper time, and that the charges levied are such that the maintenance of the project and the payment of interest as well as the repayment of the principal do not become a further burden on the State Exchequer except in those few cases where subsidy is deliberately sanctioned. Equipping Central Ministries and Departments to undertake these functions may not always be feasible; and political pressures can operate on them directly so that they cannot always insist on such conditions. Reorganizing the approach and functioning of the Central Government ministries and departments for this purpose may, therefore, not be practicable.

It was, therefore, suggested by the ARC Study Team on Financial Administration that a National Development Bank may be set up which will be in charge of the disbursement of Central loans to State authorities for identifiable productive projects. The ARC itself did not support the idea and it has also not found support from other Union authorities. It is not known whether the Planning Commission itself is in favour of the idea, but it has not sponsored the establishment of such an institution. However, what has happened is that institutions in particular fields of activity are coming to operate on these lines. Thus, the Rural Electrification Corporation is operating on a commercial basis—providing loan assistance for schemes, charging differential rates of interest according to the backwardness of the region and insisting on techno-economically sound schemes and levying of proper charges. The fact that the Life Insurance Corporation is coming to play an important role in providing loans for housing, slum-clearance and similar developments, would ensure that a similar commercial approach would be adopted regarding these schemes. Even before the nationalization of major banks, they were expected to play an increasingly active role in financing schemes for the development of agriculture and small industry. After nationalization, this trend is expected to develop faster and the banks would obviously have to make sure that the finance provided by them is properly utilized on viable schemes.

The major gap in this would be in irrigation and power schemes. It is necessary that something must be done regarding a banking approach towards their financing. With political instability facing the Central as well as the State Governments, the temptation for Governments to take decisions on the basis of short-term expediency is considerable. Our experience in the past, when there was greater political stability, suggests that the State Governments may choose projects which are not economically justified, take up more projects than can be simultaneously executed and, in their attempts to court popularity, not levy proper charges on those who benefit from the projects. The Central Government may not always be able to resist such tendencies on the part of the States because of political pressures. An autonomous

financial institution, specifically charged with responsibility to work on commercial lines, might be in a somewhat better position. It may be able to insist on objective criteria for selection of projects and to ensure efficient execution, economic utilization of the capacity created, and the levy of proper charges for the services rendered. Whether even a banking institution would be in a position to do this would, of course, depend not only upon the charter that it is given but also upon the personnel made available to it. This organizational device could, however, be of significant use in our present context. To some extent, this would also be a method of taking such problems out of the field of current party politics—or what is sometimes called 'depoliticization'.

Depoliticization

'Depoliticization' of certain problems is necessary in any democracy to ensure that vital policies and programmes are not adversely affected due to political controversies and changes. This is even more important in a federal country, where the parties in power at the Centre and in the States may be different. We already have such an approach. For example, the Finance Commission is an instrument with the use of which the devolution of certain types of financial assistance is decided upon through the award of an expert, neutral body. The conversion of the Planning Commission in 1967 into a more professional and expert body, less prone to political influence, was a step in the same direction. The creation of a Development Bank for administering loan assistance for identifiable projects would be another similar method. The creation of professional, expert planning agencies in the Central Ministries and also in the States could also increase the possibility of there being a much greater mutual appreciation and understanding of the problems under dispute. Professionally acceptable solutions to many such problems could be worked out either before they come up at the political level or on the basis of certain assumptions or formulae which political leaders might agree upon. While it is true that planning which vitally affects the life of the community—both of the present and the future generations—cannot ultimately be kept out of politics, many aspects of it can be depoliticized in these ways. The more this can be done, the less the possibility of exacerbating Centre-State relations on account of planning.

VI

CONCLUDING REMARKS

Centre-State relations pose difficult problems in all federations. This happens especially because many aspects of these relations, unforeseen or only dimly understood at the time of Constitution making, later come to the forefront. In India, with all the centralizing tendencies which dominated over a century of British rule, centrifugal tendencies could not but become stronger as democracy began to strengthen its roots among the diversity of her millions spread over a vast territory. In spite of all their differences, people come together when faced by external aggression as was evidenced by the unity shown by all the States rallying behind the Centre in 1962 as well as in 1965. If the country is to progress, however, it is not enough to unite for war; it is as important to unite for a common positive purpose, such as that of economic development. Jawaharlal Nehru thought of development planning as the new, strong, and positive bond that would hold the country together. In pursuance of this, institutions, such as the Planning Commission and the National Development Council, were created which, though no statutory basis was provided for them, have struck deep roots and have played a vital role in the working of the federal system in India. Various working conventions have been evolved and major developmental tasks undertaken by common consent through the operation of these institutions.

As happens in any institution, what might succeed in the initial phase of enthusiasm and on a temporary basis may not successfully operate for long. This is evidenced by the difficulties that arose in Centre-State relations in planning specially since the time of formulating the Third Five Year Plan. With Jawaharlal Nehru's death and the economic and political difficulties that faced the country since 1965, the problems became acute and the changed political situation made it obvious that a much better thought out and rational basis for Centre-State relations, in all fields, was necessary. Various attempts have been made since 1964, and specially since 1967, to meet this challenging task. The reorganized Planning Commission has gone a long way since 1967 to put Centre-State relations in planning on a more systematic and rational basis. However, experience of the last two years suggests that what has been done is not enough. Much more needs to be done if development planning is to proceed ahead, firmly founded in a national understanding and acceptance of the challenges involved. It is with a view to meeting this requirement that a few ideas have been put forward for consideration in this paper.

Table 1

ERSTWHILE FOURTH FIVE YEAR PLAN (1966-71)—DRAFT MEMORANDA OF STATES

(*Rupees in Crores*)

Sl. No.	*States*	*Ceiling Indicated by the Planning Commission**	*Outlays Proposed by States*	*Col. (3) as % of Col. (2)*
(1)	(2)	(3)	(4)	(5)
1.	Andhra Pradesh	610	784	128.5
2.	Assam	240	375	156.2
3.	Bihar	674	940	139.4
4.	Gujarat	470	470	100.0
5.	Kerala	340	442	130.0
6.	Madhya Pradesh	600	800	133.3
7.	Madras	582	750	128.8
8.	Maharashtra	780	1186	152.0
9.	Mysore	500	500	100.0
10.	Orissa	320	460	143.7
11.	Punjab	462	500	108.2
12.	Rajasthan	472	438	92.7
13.	Uttar Pradesh	996	1405	141.0
14.	West Bengal	586	618	105.4
15.	Jammu & Kashmir	150	130	85.6
	Total	7,782	9,798	125.9

*For the purpose of preparing memoranda on the Fourth Plan of States, Planning Commission had suggested that an outlay of about twice the outlay in the Third Plan should be regarded as the upper limit for the formulation of the States Plans for the Fourth Plan period. The figures in Column 3 indicate that the ceiling in terms of the original Third Plan outlay for respective States.

SOURCE: Draft Memoranda of States on the Fourth Five Year Plan (1966-71).

Table 2

ANNUAL PLAN, 1966-67

OUTLAYS BY STATES

(*Rupees in Crores*)

Sl. No.	*States*	*As intimated to the States (Plan Ceiling)*	*Proposed by States*	*Working Group Recommendations*	*Programme Adviser's Recommendations*	*As agreed to after Discussions*	*Col. (7) as % of Col. (4)*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Andhra Pradesh	81.70	99.86	92.06	79.25	79.25	79.3
2.	Assam	28.10	34.25	28.63	23.45	26.45	77.2
3.	Bihar	75.40	76.80	80.40	70.83+2.00	71.83	93.5
4.	Gujarat	50.90	52.07	52.11	49.69	49.69	95.4
5.	Jammu & Kashmir	16.20	20.03	19.11	18.80	19.04	95.0
6.	Kerala	40.10	43.01	42.06	41.55	40.35	94.2
7.	Madhya Pradesh	59.20	62.50	58.26	No recommendation	58.00	92.8
8.	Madras	73.10	79.51	77.33	75.33	75.33	94.7
9.	Maharashtra	115.80	134.77	126.55	120.34	120.34	89.2
10.	Mysore	52.60	47.00	56.34	50.72	50.72	107.9
11.	Orissa	48.20	54.20	52.58	45.77	45.77	84.4
12.	Punjab	53.90	55.50	70.81	59.93	59.93	107.9
13.	Rajasthan	42.00	42.75	46.45	37.96+2.00	37.96	88.7
14.	Uttar Pradesh	131.30	161.12	155.63	137.95	133.95	83.1
15.	West Bengal	41.50	76.47	67.47	57.54	57.54	75.2
	Total	930.00	1039.95+6.16 by Nagaland, *i.e.*, 1046.11	1025.69	931.11*	926.35+5.11 for Nagaland, *i.e.*, 931.46	89.0

*On the assumption that Adviser's recommendations were the same as those finally agreed upon.
SOURCE: Programme Administration Division (Planning Commission): File No PC(P)2/65.

Table 3

FOURTH FIVE YEAR PLAN, 1969-74

(*Rupees in Crores*)

Sl. No.	*States*	*Outlays Indicated by Planning Commission*	*Outlays Proposed by States*	*Col. 4 as % to Col. 3*	*Recommended by Working Groups*	*Recommended by Adviser (PA)*	*Outlays Approved in the Draft Plan (April 1969)*	*Col. (8) as % to Col. 4*	*Final Outlays on the basis of Resources (Mar. 1970)*	*Col. 10 as % to Col. 4*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Andhra Pradesh	522.00	660.64	127	651.17	360.00	360.55	54.5	420.50	64
2.	Assam	190.00	394.81	208	260.28	225.53	225.50	57.1	261.75	66
3.	Bihar	545.00	493.74	91	597.60	441.00	441.61	89.4	531.28	108
4.	Gujarat	446.00	565.90	126	562.58	390.00	450.22	79.5	455.00	80
5.	Haryana	168.40	262.00	155	293.59	190.00	190.49	72.7	225.00	86
6.	Jammu & Kashmir	126.00	225.46	179	184.36	145.00	145.00	64.3	158.40	70
7.	Kerala	293.00	466.75	159	400.21	257.37	258.40	55.3	258.35	55
8.	Madhya Pradesh	458.00	552.80	121	554.34	355.00	355.96	64.3	383.00	69
9.	Maharashtra	951.00	1000.22	105	1030.88	810.97	811.80	81.2	898.12	90
10.	Mysore	421.00	440.00	106	446.15	355.00	327.10	74.3	350.00	80
11.	Nagaland	30.00	58.66	196	42.88	34.00	35.00	59.6	40.00	68
12.	Orissa	300.00	321.49	107	303.22	179.16	180.50	56.1	222.60	69
13.	Punjab	280.00	325.00	116	401.28	250.00	271.40	83.5	293.56	90
14.	Rajasthan	313.00	313.00	100	349.73	236.70	238.96	76.3	302.00	96
15.	Tamil Nadu	564.32	623.68	111	604.82	501.00	502.00	80.5	519.36	83
16.	Uttar Pradesh	926.00	1350.00	146	1235.80	950.00	951.00	70.4	965.00	71
17.	West Bengal	492.51	654.74	133	639.41	324.00	320.51	48.9	322.50	49
	Total	7,026.23*	8,708.89	124	8,558.31	6,004.73	6,066.00	69.6	6,606.42	76

*The State Governments were requested not to exceed the outlays which had emerged in old Fourth Plan (1966-70).
SOURCE: Programme Administration Division, Planning Commission.

DROR ON POLICY MAKING

V. Subramaniam

THIS paper attempts to introduce to the Indian reader Yehezkel Dror's *Public Policy Making Re-examined* (Chandler Publishing Company, San Francisco, 1969, pp. 370) probably the most important book on public policy making published in this century. It is a remarkable book by any standard and deserves a ruthless review as well.

It is original in two senses, it puts together with a tinge of passionate urgency a lot of widely scattered material on decision making and policy making at a high level of aggregative originality—and it puts forward original ideas in the pristine sense of that adjective. It is therefore appropriate to draw a detailed outline of the book before launching into appreciation and criticism.

ARGUMENT OF THE BOOK

Dror's point of departure is the patently low quality of public policy making in *all* countries and its continuous deterioration. Knowledge of all kinds, useful and necessary for policy making is being created faster and faster. As things have been till now, only a small part of the *existing* knowledge is *made available* to policy makers and only a small part of the *available* knowledge is *used*. This, at any time, creates a wide gap between actual policy and policy possible in terms of available knowledge, and a still wider gap *vis-a-vis* the best policy in terms of existing knowledge; and the latter widens alarmingly fast as knowledge accumulates faster. Indeed, according to the author, from this view point, the quality of policy making in the more and less advanced nations is *almost* equally bad.

How do we evaluate public policy making? We need to look into this first, before we can discuss improvements. The author finds existing decision-theory-literature alarmingly narrow, sectoral and specialized to help in the study of such a complex, non-deterministic and multi-contribution-made activity as policy-making.

The obviously acceptable method of evaluation is estimating the

net output, that is the difference between the total input into policy making and the total output. In practice, it is extremely difficult to make even a complete list of the outputs, leave alone estimating them quantitatively. Thus a policy of expansion of secondary education—through more schools—has many products and by-products, such as more educated young men, more educated voters, more disappointment, more demand for tertiary education, more skill for production or more unwillingness for manual work. Some outputs are conveniently forgotten, some surface only after years, and some are combined by-products of several policies. Similar difficulties occur in listing and estimating the inputs too.

Dror's solution is to use some secondary criteria which influence the primary criterion of net output (and input) in an evidently proportionate way. Thus the employment of properly qualified civil servants and the use of well indexed reference libraries in regard to a problem increase the probability of a high input of knowledge and, therefore, of a high net output, even as their absence wipes out such a probability. Dror divides such secondary criteria into two groups: (*a*) those related directly to the output, *e.g.*, the feasibility and acceptability of a policy; to the structure of policy making, *e.g.*, units specially devoted to thinking, surveying or researching about policy; and (*b*) those criteria related to input, such as qualified manpower and organized knowledge used in policy making.

Such criteria help ascertain factually the existing quality of policy making. With what standard can it be compared to grade it? Dror discusses six existing standards used in different contexts and dismisses them all as unsatisfactory and some as even dangerous. Comparison with the past is the most widely used as people in general tend to look at today's achievement as an "improvement" on yesterday's. It is also the most dangerous. The past is most often completely irrelevant in a changed situation; as for example, in newly independent countries or in a 'nuclear' world. What was good enough in a less demanding past would be inadequate even for survival now even if it is "improved" twice over. The second standard of comparing with other systems (countries) is in a way the same as the first. The present of a "less developed" system is the past of a "more developed" system. The standard of "desired" quality or quality considered satisfactory by the policy maker, is highly subjective and of doubtful value for objective evaluation. It is useful, however, in "understanding" the mind of policy makers. The fourth standard of "professional" quality can be applied only to limited areas, such as engineering where universal professional standards are developed. The fifth standard of survival quality can be useful—but the snag lies in the difference between objective and subjective needs for survival. If the former is more, it is disastrous, if otherwise, resources are wasted on bare survival. The sixth standard of planned quality is simply, the 'desired' quality made public; but in democracies, there is a tendency to 'plan' what is almost inevitable—to claim success, or plan far too vaguely to avoid pointed criticism. Having thus rejected the commonly used standards, one is left with the optimal standard—of how good a policy can possibly be.

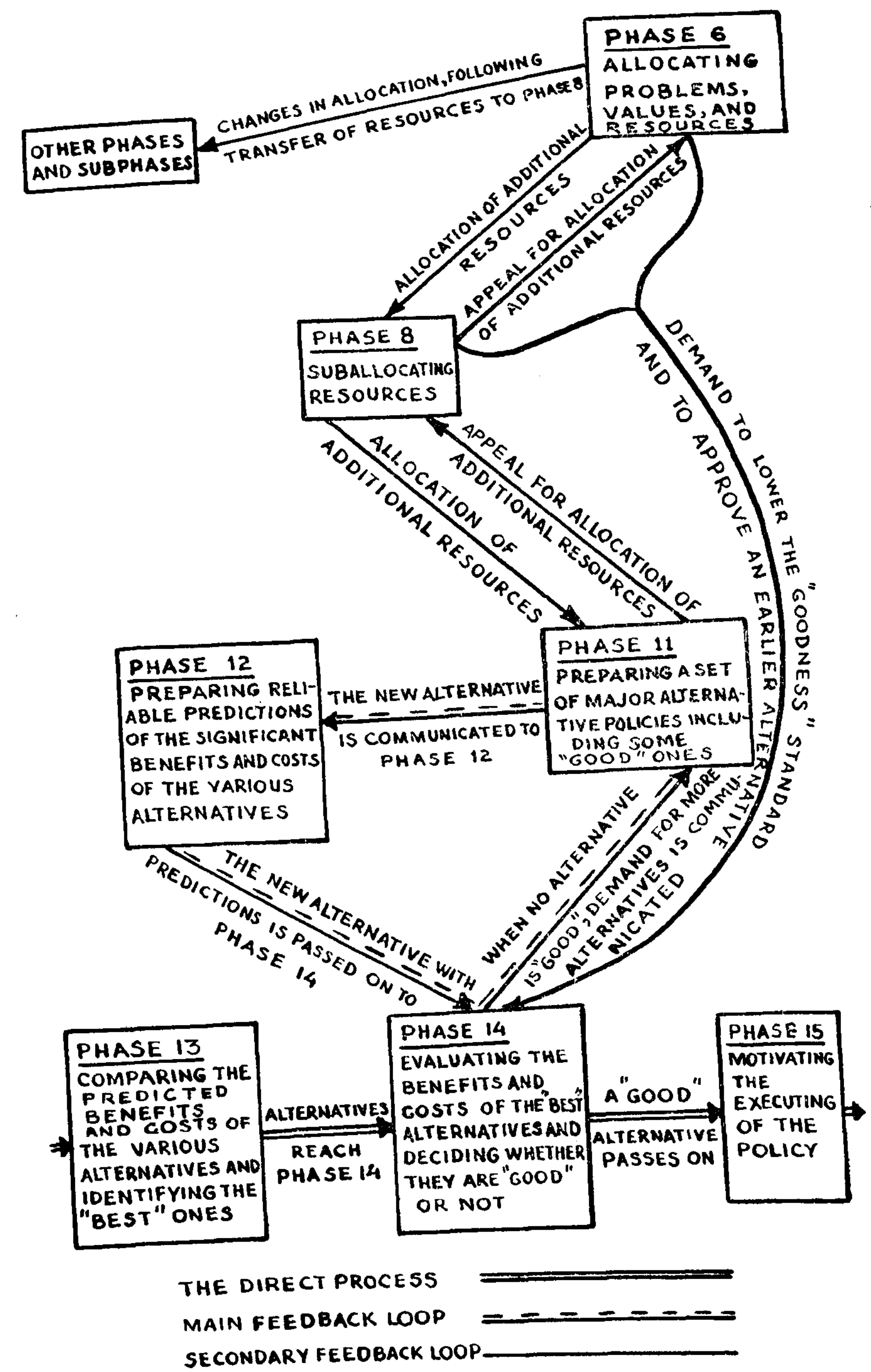
Before going on to describe his optimal model in detail, Dror comes back to his point of departure—the low quality of contemporary public policy making. While this is an interesting section of the book, it is not so important in presenting cogently the argument of the author. We need only refer to the three alarmingly true criticisms made therein. The present "empirical" studies of public policy making, *i.e.*, mainly case studies, are unstructured, unanalytical, unoriented and not related to any theoretical or conceptual framework. Theories of decision-making are highly developed in a narrow way, less developed in regard to collective organizational decisions and refuse to come to grips with the complex policy making process. Actual public policy making suffers from many defects; the author lists sixteen—a formidable list according to himself but still too forgiving.

Before detailing his own optimal model, the author indirectly argues the need for it through a critical survey of six existing (normative models) models. The pure rationality model comes in for most detailed criticism. Its first step, namely, establishing a complete set of operational goals is 'politically' more difficult than stating general goals and then letting operational goals evolve themselves. As a result, politicians abdicate this to administrators who are timid and conservative. The next two steps, namely, making a complete inventory of values and resources and preparing a complete set of alternative policies are even more difficult with the present manpower allocated to policy making. The next three steps, namely, preparing a valid set of predictions of cost and benefit for each alternative, calculating the net differential expectation for each and then choosing the best are in-deed extremely difficult. The steps from four to six are at all attempt-able only for certain quantifiable problems in transportation or business policy. The economical-rational model may be dubbed as the pure rationality model with a tack on it "as far economically possible". The sequential decision model involves trying out two alternatives till one proves obviously better than the other less than half way through the trial. The total cost of carrying out the one alternative finally

chosen and a part of the other on trial is quite often less than the risk of choosing the second one only. The incremental model of step-by-step decision-making, using past experience—advocated by Lindblom, comes in again for very sharp criticism. It can possibly succeed only when the future is a reasonable continuation of the past with small desirable changes but it is ridiculous in the present world situation. It conforms, however, to actual behaviour insofar as the average policy maker depends on the past to study the future as well as to avoid discord arising from any radical change. The satisfying model is essentially Simon's satisficing model of the normal human being choosing the first satisfactory alternative without going further. The extra-rational model is no model as such but is brought in to emphasize the need to use extra-rational abilities. Dror states in the course of this critique that his own optimal model is a fusion of the economical-rational model and the extra-rational model.

The optimal model is best described briefly by using the author's own terms as far as possible. It consists of three major stages, namely, meta-policy making, policy making and post-policy making and each of these is sub-divided into several phases. Thus meta-policy making, that is, policy making about policy making includes: (1) processing values (specifying to a reasonable extent values relating to the policy); (2) processing reality (getting the facts as distinct from subjective images of reality and also evaluating some probabilities); (3) processing problems (distinguishing subjective problems, people may be observed with, from objective problems); (4) surveying, processing and developing resources (an important phase, including the survey of knowledge resources); (5) designing, evaluating and redesigning the policy-making system (this is Dror's most important contribution, that of analysing how to design a policy making structure, sub-divide it into parts and integrate it); (6) allocating problems, values and resources (to the right parts and people); and (7) determining policy making strategy (*i.e.*, asking questions such as: Should it be purely rational, incremental?, etc.). The (middle) stage of policy making itself involves seven phases, namely: (1) sub-allocating resources (to the various phases, *e.g.*, fact collecting, experimenting or support-mobilizing); (2) establishing operational goals with some order of priority (considered most important by the people and civil servants); (3) establishing a set of other significant values (mainly those values likely to be affected within the execution-period of the policy); (4) preparing a set of major alternative policies including some 'good' ones (that is not stopping with the first plausible or satisficing alternative but searching on to include at least one less than common one real *good* alternative ; (5) preparing reliable predictions of the significant benefits and costs of the various alternatives (using extrapolation from the past, theoretical analysis, focussed research, pilot testing, the Rand Corporation's Delphi method —in making these predictions and fixing definite time-limits or "cut-off horizons" for doing it); (6) comparing the predicted benefits and costs of the various alternatives and identifying the best ones (sometimes "synthesizing" the best alternative from a few 'good' alternatives), and (7) evaluating the benefits and costs of the 'best' alternatives and deciding whether they are good or not. The post-policy making state is essentially one of execution, evaluation and feedback and consists of four stages, namely, (8) motivating the implementation of the policy (winning support through coalitions, etc., even in the earlier phases); (9) executing the policy (including interpreting it in detail); (10) evaluating policy making after the policy has been executed (and identifying unexpected results openly and honestly); and (11) communication and feedback channels, connecting all phases (*see* diagram opposite). The author supplements his detailed description of each phase with a chart summary (Appendix B) and a diagram (p. 195) showing the interconnections of the phases through communication and feedback loops. Elaborating his main contribution, namely, the structuring of policy-making (or meta-policy-making), the author admits that the total work needs to be first sub-divided into several specialized units for "sub-optimization" (*i.e.*, getting the best in regard to each special sub-goal) and then aggregated so as to avoid conflict and get the best out of the sub-optimal total. The known aggregative relations between units include: (*a*) the straight and simple hierarchy where each unit is under a larger unit; (*b*) the complex hierarchy where some units are subordinate and others interlace, through staff-advising and committeeing at equal levels; and (*c*) polycentric structures with few or many autonomous units. Without passing judgment on any of these or suggesting a new structure, the author specifies some conditions necessary for the best aggregation—including some *deliberate redundancy* or 'multiplexing' deliberate isolation of some units for independent contributions and the general expectation and the relishing of the necessary complexity.

The rest of the book is devoted to examining the existing barriers against policy improvement (to the level of the optional model). The author attempts a long and exhaustive list but it is sufficient for our purpose to refer to a few interesting ones. In regard to changes needed in knowledge, apart from referring to the need to incorporate the extra-rational, nine barriers are listed particularly in the social sciences, as hinderances to the development of policy knowledge, namely, blaming the complexity of social phenomena as an excuse for



ALTERNATIVE SEARCH FEEDBACK LOOPS

non-research, initiating the physical sciences and thereby looking for certainty, the alienation of academics from policy makers; the favouring of incremental-change in social theory, the divorce of pure from applied knowledge with prestigious stress on the former, the normal isolated disciplinary organization of universities, the youth of the social sciences—and external restraints, such as lack of funds, and restriction by vested interests or social prejudice against research into several social phenomena as for example into the Jury system or the conditions for surrender in case of nuclear war. Two important suggestions are made to correct this situation—the encouragement of inter-disciplinary policy-oriented studies at a high level—creating respectable new fields thereby—and the establishment and pursuit of a definite "policy-science".

Among the changes needed in personnel are included the good old ones of "educating our masters", the politicians, into some policy-knowledge, selecting the best talent for the civil service and training the civil servants more rigorously in university institutions. In regard to changes in structure and process, the main stress on meta-policy-making in the model is reinforced by further suggestions for establishing independent policy analysis organizations, such as the Rand in U.S.A., establishing meta-policy-making and systems management units and explicit specialized staff unit for policy knowledge—apart from greater contact between universities and administration and the better "aggregation" of policy sub-optima at the political level—through functional representation and changes in legislative procedures. The book closes with a passionate plea in the last chapter to choose openly between "shaping the future and muddling through".

POSITIVE CONTRIBUTIONS

As an ambitious pioneering venture covering a wide and complex field, the book has remarkable merits and important defects. Let us, however, look at the positive contributions first.

From the point of view of University teaching and civil services training, the book makes a real break-through so obviously that it will be difficult to find excuses and alibis for continuing the older methods of case study and patchy moralizing. Through several unfortunate accidents in its evolution as a subject, Public Administration teaching both in the Universities and in civil service training institutions, has suffered a measure of vulgarization which no other subject has. It started its career as a subject in the U.S.A. round the turn of the century riding on the crest of a wave of reformism seeking to separate (good) administration from (bad) politics, in practice and in teaching. Swift came the reaction in the thirties under the New Deal and after, with the "discovery" that they were mixed up and cannot be fully separated. The two by-products (not necessarily logical ones) of this reaction have plagued the subject mercilessly since then. The first of these, the re-assertion of an unbridgeable gulf between Public and Business Administration, has insulated the former firmly against any study of the advances made in the latter. The elementariness of all the recent government reports on "machinery of government"—from the Canadian Glassco Report, through the New Zealand McCarthy's Report, on to the Indian Administrative Reforms Commission Report and their unawareness of systems analysis is mainly the result of this policy of mental isolation. The second by-product is the convenient assumption that so "complex" a subject as public policy cannot be "analysed" but only "understood" inductively by a number of case studies. Perhaps, these two by-products would have worn themselves out in due course by critical academic commonsense but for another development in the fifties, namely, the gigantic boom in (public) administration training in countries, developing or developed. Any boom means the multiplication and distribution of the existing product as there is no time for research and quality control, a process which also has created enormous vested interests in academic life as well as administration.

Dror's book is important insofar as it shows that sophistication in the study of public policy need not be the monopoly of its economic and legal aspects alone deriving from the sophistication of the parent subjects but needs to come into the heart of it. It will become more and more difficult to maintain the Peter-panthiest stance that it need not grow out of the case study stage at all.

The second major contribution is the "aggregation" (to use Dror's own phrase) of all the relevant material from varied fields, such as decision-making, political control, behavioural psychology or economics, into a coherent readable exegesis on the improvement of public policy making. In this process, the author has made his own original contributions, the most important of which we are discussing in the next paragraph. But the level of aggregation by itself shows enough originality to spark off good work by others both in aggregation as well as specialized fields. One thinks of the beginnings of scientific psychology in the study of small pieces of behaviour by Pavlov and Watson. While this was precise, dissatisfaction arose with its piece-meal character and led to the study of the whole personality—by personality psychologists and depth psychologists. While the two streams still remain identifiably separate, their regular interaction has been on the whole profitable to the subject. In administration, sound work on decision-making or human relations has been so far of a piecemeal character and aggregative work even when it was practically useful as in management manuals, has been conceptually hollow. A first rate aggregative achievement like Dror's may, let us hope, set in motion some profitable interactions as in Psychology. All this does not amount to saying that Dror's aggregative work is faultless. Indeed the faults are many and varied and we shall look into them a little later.

His discussion of meta-policy making is perhaps his conceptually most original and also most useful contribution. That the structure of any institution determines its policy output to some extent has been well known for a long time. Sociologically oriented history in general tries to explain decisions and events as flowing out of the social structure. Weber's efforts were also directed that way and he seemed to feel that bureaucracy was the final perfect structure of social evolution and, therefore, the most efficient in regard to output. Classical organization theory discussed the achievement of a perfect structure through unity of command and certain 'principles', such as span of control and departmentalization by purpose or process. But the rigidity of the Weberian or classical structure has been experimentally and conceptually shown to be self-defeating from the thirties onwards and criticism and even ridicule has poured fourth aplenty on it. Positive suggestions for change, however, have been few, such as Rensis Likert's, based on interlacing informal groups (*New Patterns of Management*) or Victor Thompson's advocating all round looseness against all round rigidity. To sum up, there has been plenty of discussion about the relation between structure and policy—but only minor isolated conceptual contributions about changing the former. Dror's discussion is fundamental in this regard, for meta-policy making is a continuous re-examination, for every policy question, of the policy making (bureaucratic) structure itself so as to change it, so as to make it produce not a "predetermined policy" but the optimal policy. It is more fundamental than the continuous re-examination of "the machinery of government" advocated by the Brookings report of 1937 to avoid large and showy investigations. It is turning the structure policy flow in the opposite direction so as to control it. We will discuss the shortcomings of the author's concept in a while, but let us first admit that it is fundamental, original and useful.

Another original contribution of a less fundamental and less conceptual character is the author's passionate plea for the establishment and recognition of a "policy science". Inter-disciplinary contact, rapport and collaboration are actually senior common-room 'old hats', useful in reviving conversation, after exhausting the available academic gossip. The author's plea for this inter-disciplinary action-oriented science takes on originality mainly because of its practical basis. One can also vouch for its sincerity—as the author did plead with strong arguments for a policy science institute in his own country, Israel. Even if the institute was not established during his time therein, one can see the success of that "orientation" in Israel's recent history.

I have concentrated on the major contributions and have ignored the several minor ones in my appreciation—but that is enough to demonstrate the importance of the book to policy makers and students of (Public) administration.

Some Criticisms

One can and needs to be ruthless about the shortcomings of such a remarkable book. These are many and again we will concentrate on the major ones relating to his 'aggregation' of relevant knowledge on policy-making and his concept of meta-policy making—and in particular his optimal model born out of his aggregative originality.

No aggregator is effusively thankful to the suppliers of machine parts. In Dror's case, however, this is more apparent than real. Quite apart from his scrupulous and copious footnote-references to earlier contributions, he forgets to claim originality for what is more or less his, for example, meta-policy making. His failure, essentially consists in making a somewhat inflated distinction between precise piecemeal decision theories and complex public policy making—and to this he adds an unawareness of the process of successful aggregation in the social sciences. Let me illustrate this.

It is easy enough to show that many, indeed most of the pieces going into his optimal model have been used discretely both in concept and practice, for some years. The feedback concept apart from its precise use by systems analysts, was employed in a lay fashion by market researchers and policy makers and was indeed specifically made a part of a decision execution cycle by Litchfield.* Benefit cost analysis has been used for about two decades by welfare economists, choice models by psychologists and decision-theorists and even such ideas as the examination of relevant neighbouring values and fixing a cut-off horizon, by Appleby and Keynes. The latter repeated his famous piece of cynicism, "In the long run, we are all dead", often enough to stress the

*Edward H. Litchfield, "Notes on a General Theory of Administration", *Administrative Science Quarterly*, New York, Vol. I, No. I (June 1956).

need to fix a cut-off horizon for any economic policy. Similarly, Appleby's explanation of, how some important values discussed at the top one day are relegated to lower administrative levels another day and values from lower level are suddenly pushed up for examination, in his *Policy and Administration*, is essentially an insightful warning stressing the need to examine several neighbouring values.

All this legitimate borrowing does not in the least detract from Dror's aggregative contribution. What does, is his seeming unawareness of the process of successful aggregation in a social science. To refer back again to the example of Psychology, a total aggregative view of the human psyche as presented by philosophy or even by insightful men like William James led nowhere, till discrete explorations of discrete phenomena by Pavlov or Watson drew Psychology in a new direction. A total view of the psyche, thereafter could not be entirely speculative and even the Freudian view, while evoking strong criticism, still had to base itself on experiments. Other aggregative views of human personality too have drawn profitably from discrete experimenting. Similarly, a total, almost didactic view of management as presented by classical organization theory was a dead end, till discrete behavioural studies either of the manager's decision-making or the reactions of the managed to it, put administrative studies on a new basis. The time was ripe in the sixties for good aggregative work. While Geoffrey Vickers tried and did not exactly make it, Dror, I feel has. But his effectiveness in this regard can only be judged by the extent to which new areas of discrete research are discovered and explored. In other words, aggregation and specialized research need to be looking at each other all the time for mutual profit. A worker in one field is not much good unless he keeps a foot in the other, much the same way as "a chemist, who is not a physicist, is neither"—according to Ostwald.

Fortunately, Dror's work suggests many important special areas for exploration. Yet there are three crucial areas, very central to his own optimal model, which he forgets to mention.

In the first place, he claims his optimal model to be a fusion of the economically rational model with the extra-rational. The former modifies the pure rationality model in two directions: (*i*) with a definitely limited time for the search of alternatives (instead of an endless exhaustive search), and (*ii*) definitely limited supply of resources for the search (as determined in the meta-policy making stage). With these two modifications, there is every danger that only a satisfying (or satisficing) alternative will be found. Yet Dror stresses the need to keep searching till at least one "good" alternative is found and does

little to explain how (p. 179)—except suggesting *all too briefly* some devices, such as generally improving the climate of creativity, operational gaming, random computor synthesis of new alternatives, and (elsewhere) the use of men of extra-rational abilities. Surely, this crucial part of his model deserves more analytical treatment than providing an annotated list of devices.

The problem may be stated thus in a simplified way. In the normal search for alternatives, the human being may have a minimum satisfying standard say S. An alternative below this standard may be denoted by b_1, b_2, etc. (for bad), ones approaching it closely by s_1, s_2, etc., and good alternatives well above it by g_1, g_2, etc. In most cases, according to Simon's satisficing model, the alternatives occur in a series, such as b_1, b_2, b_3, b_4—so long—that as soon as the series produces an s_1 it is grabbed. In some hardy cases, the series may go on—b_1, b_2 b_3 . . . s_1, b_{10} b_{11} . . . s_2 . . . b_{100}, b_{101}—still producing satisficing alternatives of varying marginal qualities. The aim is to produce alternatives in a series where g_1 g_2 and g_3 will start appearing long before the point of psychological frustration or resource exhaustion. While I am sure that improving creativity, by extra-rational resources or computer synthesis of alternatives, will produce alternatives in this desirable way, one needs to do a lot of *specific* research on how the alternatives occur in a particular series, in a particular situation. The nature of the series is probably a function of the searcher(s) and the environment of existing knowledge. We need to know the precise nature of this function—apart from the fact that it improves under certain inducement—through special research. The economist will not help at the moment as they still keep going back to the maximizing model, while changing the object maximized, from profit to sales, to production or to power. The model which I personally use in teaching, the "maxificing" model, assumes that the series improves with every actual decision so that over a given time of similar decision situations, an attempt is made to push up the "satisficing" standard towards the maximizing one. This too is unsatisfactory and the problem needs to be stated as one of identifying the order in which alternatives occur under different conditions and should be subjected to specific intensive research.

Dror's call for the use of extra-rational abilities, while fully justified in theory is unfortunate in some regards in the present state of administrative studies. Life is too short, and every problem situation is so urgent that we cannot wait to get every piece of knowledge from the crucible of reason and so must use extra-rational ability to the safest maximum extent. That is the simple commonsense justification for the condition, will be necessary. Before such assistance (if at all available) is utilized, it is important to make detailed studies on different facets of local self-government in Calcutta Metropolitan District (henceforth to be termed as CMD).

Economic Efficiency, not the only Criterion

One of the basic problems relates to the organization of the local government. In CMD, there are thirty-five municipalities, including Calcutta and one Cantonment (*see* Table 1, p. 109). A question may be asked whether so many separate municipalities should exist or some of them should be combined for economic efficiency. Those who are acquainted with the politics in this area should know that economic efficiency cannot be the only criterion for planning decisions. Community participation is a very important factor. So, the question may be asked as to what should be the optimum size of a municipality for which for a given amount of community participation (appropriately defined) the cost of operation of different services will be minimum. Again, there may be a number of services like water supply, sewage, transportation, etc., for which a regional authority may be the best type of administrative structure.

Cost Curves: Population Size

One simple approach to this problem is to plot the cost of operation of different services, say conservancy, lighting, education, etc., against population for each town, and study the nature of each one of these curves. A hypothetical set of curves are shown in Figure 1. It may be that a curve will have a minimum value at a certain value of the population. So, *on this cost consideration alone*, this population value will be the most efficient. Then, combining the individual cost curves, a total cost curve for all the services can be formulated and the optimum population size can be determined.

Compromise Decision on Optimum Size

At this point, the question of community participation may be considered. If the size of a municipality increases, then for some services, there may be some economies of scale. On the other hand, people may lose interest in the administration of the municipality. This may be reflected, say, in the percentage of people voting in the local elections or some other phenomenon. The problem is to strike a balance between the size variable and participation variable. In fact, in local government administration, greater weight should be given to participation variable and we may have to compromise with more than

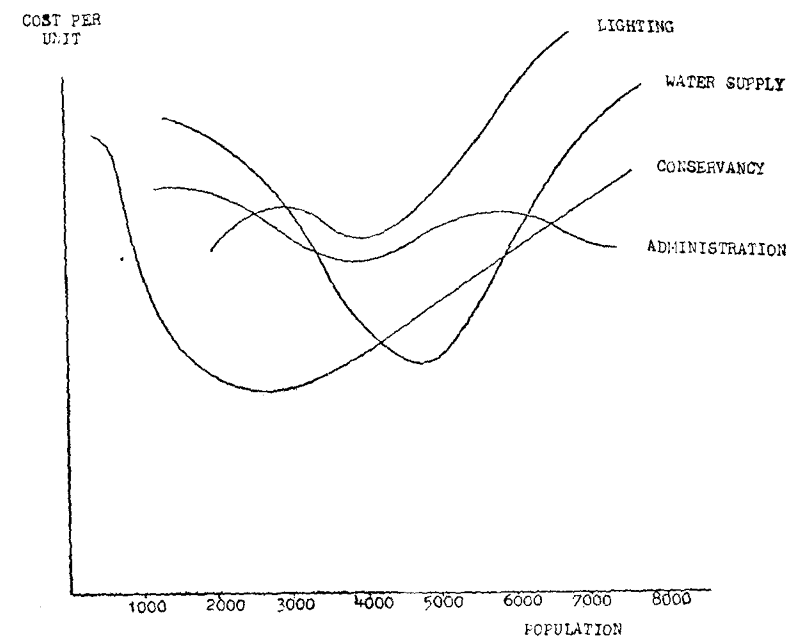


FIG. 1. UNIT COST OF SERVICES FOR DIFFERENT SIZE OF CITIES

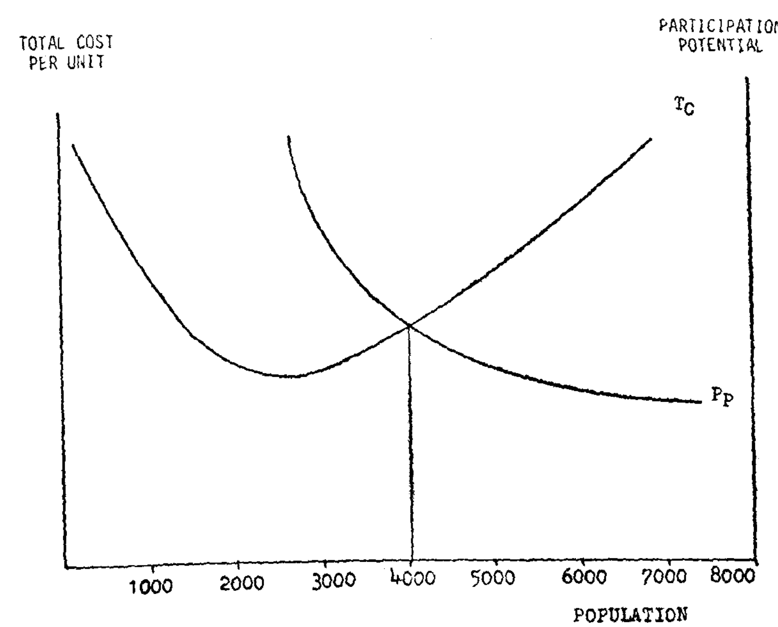


FIG. 2. TOTAL UNIT COST AND COMMUNITY PARTICIPATION

use of the extra-rational. There are, however, some snags. In the first place, extra-rational judgment has itself to be judged continuously and we need to do more than use the Delphi method. Secondly, the author's main suggestion for increasing its use is to discover men with such abilities and use them. The obvious snag is that there are desirable and undesirable types in the category; and the latter cannot often be exposed until it is too late. Thus a man like 'Paniwala Maharaj' who was able to divine water easily was used successfully by the Government of India to find new water resource for a while but one like Adolf Hitler, who also had extra-rational abilities, took control of a nation and brought it to disaster. The central problem of controlling the extra-rationally able person from controlling and destroying others has not been successfully solved. It is unfortunate that the author shelves this problem somewhat casually and gives a handle to the counter-reformationists, who are ready to enthrone the administrator "with a feel for things" and practices "the art" of administration.

In regard to his major contribution, of meta-policy making, again, the author has failed to pinpoint the problems for special research. Basically, all social theory, including the Marxist, has been structurally deterministic in one sense. The social structure is the prime mover dictating policies and events. Marxists simply shift the stress according to the context; a capitalist structure *inevitably* goes on to its own destruction in one sense—and in another sense, the great man gives it a push and the task of philosophers is not to explain but to change the world. Meta-policy making goes against this mainstream of sociological imagination and this reverse action, even in small or medium organizations, is never too easy. On this score alone, it needs closer analysis. Dror reaches something of an anticlimax when he goes over from meta-policy making to simply describing the "existing" structures, such as simple and complex hierarchies, and polycentric structures, very much like a textbook on organization theory. He takes off from there, but not far enough upwards, when he lays down certain conditions, such as deliberate duplication of some units, isolation of other units for independence and ensuring that every *sub-optimized* task has at least one unit to look after it. One must here stress the need for more research into deliberate structural changes and their results on policy. The existing literature almost entirely concentrates on resistance to change and not the aftermath.

I hope, I have said enough about the contents, merits and shortcomings of the book to provoke interest. One can easily notice also its urgent relevance to the Indian situation—but I should now leave it to the reader to pursue this interesting question.

AN ECONOMETRIC STUDY OF MUNICIPAL FINANCES IN THE CALCUTTA METROPOLITAN DISTRICT

M. Chatterji

THE urban centres in India are of vital importance for her economic, social and cultural development. But so far in Indian Five Year Plans, urban planning has not been given its due importance. In the meantime, the problems in Indian cities are multiplying and unless immediate attention is given to them, we have to face an urban crisis in the not too distant future.

Valuable Planning Experience

The situation in Calcutta, in particular, is at the breaking point and at any time it might lead to a catastrophe not only for the problem state of West Bengal but also to India as a whole. The importance of Calcutta to India and her numerous problems are too well known to be emphasised here[1]. The problems in Calcutta are so complex and inter-related that they have no easy solutions. But that should not deter us from making a start in that direction[2]. The planning experience in Calcutta will not only arrest the fast deteriorating condition in a great metropolis but it will be useful for planning in other Indian cities and at the end we may reach at what may be called "basic philosophy of planning in cities in India".

Of the many factors necessary to make a plan successful, financial resources and community participation in the planning process are the two most important ingredients. Of the two, the second, though of crucial importance, is an intangible one. Obviously, financial resources are *the* deciding factor.

The situation in Calcutta has deteriorated to such an extent that international, national, state and local financing, to improve its

[1] For a vivid description of Calcutta's problems *see* Richard L. Park, "West Bengal with Special Attention to Calcutta", *Indian Urban Future*, Roy Turner (ed.), Berkeley, University of California Press, 1962, p. 383.

[2] Fortunately such a start has been made by Calcutta Metropolitan Planning Organization. For details see *Basic Development Plan*, Calcutta, Calcutta Metropolitan Planning Organization.

the minimum cost so that the system of democratic government takes deep root in our society. The community participation curve can be placed against the cost curve and a compromise decision about the optimum size can be made.

Objections to the Approach

We are well aware of the fact that serious objections can be made to the approach. First of all, no two cities are identical and it may be wrong to standardize cities. They may differ in many characteristics, such as industrial composition, income, culture, social organization, consumption patterns, etc. Secondly, all the services need not have equal weights and some form of weighting must be introduced into the problem in a valid analytical manner. A third objective may be the interdependence of different services, so that each cost curve is not independent. However, it is not intended to imply that this is the best approach.

Nature of Planning Problems

Another problem is how to coordinate best the overall planning in the rest of West Bengal and India with that of what is being done in Calcutta. If a number of projects are started for Calcutta, local authorities may be subjected to higher interest charges and it is worthwhile to study its impact on the tax structure and public reaction to it. Again, sometimes it is thought that planning problems in Calcutta are only of physical nature, namely, building a second bridge or a subway, etc. This may be true from a short term point of view. But from a long range planning objective, the socio-economic aspect is equally important. This aspect of socio-economic planning should be kept in mind in devising fiscal planning strategies.

Whatever the nature of the study, a thorough analysis of income and expenditure pattern of each service in Calcutta city and other municipalities, seems to be a prerequisite.[3]

Factor Analysis

One approach will be to associate community characteristics with the community expenditure pattern and measure the percentage of the expenditure explained by local characteristics. For example,

[3]For Calcutta City *See* M. Chatterjee, "Municipal Costs and Revenues in Calcutta Industrial Region", *Quarterly Journal of Local Self Government Institute*, Bombay, Vol. XXXI, No. 3, 1966.

we may say that income, employment, population, number of houses, area of the municipality, tax income, government subsidy, etc., are all important factors in explaining the variation in the expenditures of different communities. But all these variables are interrelated and it is difficult to isolate the effect of one single variable. In this situation, one powerful tool we can employ is the factor analysis. Suppose for example, we collect data[4] for each one of the variables shown in Table 2 (p. 111) for the municipalities in CMD. These variables are grouped under three heads: (*a*) expenditure variables, (*b*) income variables, and (*c*) Demographic and other variables. The means and standard deviation for these variables are given in Table 3 (p. 113). The variables (*b*) and (*c*) together constitute community characteristics—many of them very similar to one another in relation to expenditure levels of the variables in (*a*). In factor analysis, we reduce the variables in (*b*) and (*c*) into a smaller number of community characteristics that are independent of one another and, therefore, can be compared in importance. For example, let us say that we can extract four *factors* out of thirty-three variables included in (*b*) and (*c*).[5] This does not imply that we are just grouping a certain number of variables in their totality within a group. What factor analysis does essentially is that it gathers community characteristics only to the degree that they are correlated with another, *i.e.*, only to the degree that they rise and fall together as one looks from one community to another.

The four hypothetical factors in our case may be termed as: (1) size of the community, (2) tax income from real estate, (3) tax income from service taxes, and (4) government subsidies. Using factor analysis, we can find out what per cent of variation in local-service expenditure can be explained by each one of these factors. When the importance of these factors is thus decided, they can be used for finding out the impact of each of these factors in the future decision making. We did not have time or resources to conduct a factor-analysis study. Besides, we would like to add to (*c*) a number of variables, such as per cent industrial land, residential valuation, medium income, school enrolment, age structure, etc., so as to measure community characteristics truly. At this stage, we could not get the data.

[4] The data are collected from Abhijit Datta and David C. Ranney, *Municipal Finances in the Calcutta Metropolitan District: A Preliminary Survey*, Calcutta Research Studies No. 3 (Institute of Public Administration, New York), Bombay, Asia Publishing House, 1964.

[5] For factor analysis method *see*, Harry Harman, *Modern Factor Analysis*, Chicago, University of Chicago Press. For an application in the field of municipal finances *see* Robert C. Wood, *1400 Government*, Cambridge (Massachusetts), Harvard University Press, 1961.

Alternative Approach: Limited Objectives

As a result, we have taken an alternative approach and confined ourselves to a limited objective. We have identified a number of dependent and independent variables and run a regression analysis with appropriate independent variables. One of the crucial variables is population of the community. If the value of the population at a future date is known then the required expenditure on a specific service can be estimated (assuming we remain at the level of 1960 services quality).

Equations

The first dependent variable considered is expenditure on public health and conveniences. This includes conservancy, health and sanitary, market pounds and public works. *Equation* 1 (*see* List of Equations at p. 104) gives the relationship of this variable to population in each town. It will be seen from that relation that regression coefficient is significantly different from zero and the correlation is high. When we introduce an additional variable, namely, area of each town, the regression coefficient of the population variable is slightly changed, but we get a negative coefficient for the area. This means higher the area of a town lower the expenditure level.

This apparent contradiction can be explained by saying that the system of income and expenditure in CMD is not at an equilibrium state and that higher area means lower density and less expenditure. When we consider the age of the municipality and want to find out whether it has any effect on the expenditure, we see from *Equation* 3 that it did not improve the situation much. The regression coefficient for the new variable is found to be statistically insignificant. If we have some idea about the total expenditure and want to know how much of it has to be spent on public health and conveniences, *Equation* 4 can be used.

Let us next divide this expenditure into its constituent parts. Consider the expenditure on conservancy. This relationship with population is given by *Equation* 5 which has a significant regression coefficient and a high correlation. When we introduce the area and age of the municipality, the resulting *Equation* 6 shows that the last variable is insignificant but area variable has a negative sign. This may mean that the amount of money available for conservancy is more or less decided and that larger area implies inferior service. The relationship between conservancy expenditure and toal expenditure is given by *Equation* 7.

In the case of health and sanitary services, the population comes out as the only significant explanatory variable; area and age variables do not seem to have any significant effect in *Equations* 8-10. As before, the relation between total expenditure and health and sanitary expenditures is given by *Equation* 11.

In the case of drainage establishment expenditure, the same conclusion, follows. The population is an important variable but the correlation is not that high (*Equation* 12). Including 'area' variable, the correlation increases a little and it becomes a significant variable although remaining negative (*Equation* 13). Inclusion of age variables does not change the situation (*Equation* 14). The relationship between public works expenditure and total expenditure is given in (*Equation* 15). Data for the water supply expenditure were incomplete. Hence, we could not have any relationship between this and related variables.

We next turn our attention to the expenditure in general administration. It is seen from (*Equation* 16) that about 5 per cent of the total expenditure is spent on this item of expenditure. If collection charges are included then it is 15 per cent (*Equation* 17). As such, the collection charges are about 10 per cent (*Equation* 18). The relationship between expenditure in: (*i*) collection charges, (*ii*) administration, and (*iii*) collection charges plus administration are given by *Equations* 19-21. In all cases, the regression coefficients are significant and the correlation coefficients are high. If the population of any town is known and we are interested in estimating the three different heads of expenditure then *Equations* 22-24 can be used. If we introduce the number of houses as an additional variable, besides population, then from *Equation* 25, it is seen that the variable has a negative sign while not quite significant. Same is true when we include the "area" variable (*Equation* 26). However, from *Equation* 27 it is clear that the relationship between administration expenditure and the number of houses is a positive one. It is to be noted in this connection that the number of houses refers to the year 1951. When we relate the expenditure on lighting to the total expenditure, we see from *Equation* 28 that it is only 4 per cent of it. The relationship with population and housing variables are given in *Equations* 29-31. It is seen from these equations that, although the sign of housing variables is positive, it is not significant, while the correlation coefficients are reasonably high. If we know the total income of a municipality then the income from taxes on lighting and conservancy taxes are given by *Equations* 32 and 33 respectively. If we have estimates of total tax income and we want to find lighting and conservancy income we can use *Equation* 34 and 35. In all these cases, the regression coefficients are significant and the correlation coefficient is high.

On the other hand, if we have information on income received under different items like house tax, and conservancy tax, and we wish to estimate the total income, we can use *Equations* 36-40 for this purpose. They can also be used simultaneously through *Equations* 41 or 42. If we have different tax rates and want to find out their relationship with the total income *Equation* 36 can be used. *Equation* 43 gives the relationship of government grants to total income where the relationship of per capita taxation and the number of taxpayers with the total income, is given by *Equation* 44.

Not Unsatisfactory

At the end, a few remarks seem to be in order. All the above equations have been estimated on the basis of cross-section data for the first thirty-three towns (*see* Table 1), so the relationships should be taken as an average one. If we square the correlation coefficients, we shall get coefficient of determination which will give the percentage of total variance explained by the independent variables. Admittedly, this is low in many cases. But for cross-section estimation, it is not unsatisfactory. The possible existence of auto and spurious correlations should also be kept in mind.

Sophisticated Technical Approach Necessary

It is not intended to imply in this paper that this is the only approach possible. A great many ways are open to us. The objective was to emphasize the need of more sophisticated technical approach in analyzing municipal finances. We hope more powerful comprehensive 'models' will be forthcoming in the future to facilitate improved urban and municipal research in India.

List of Equations

(Figures in parentheses denote the standard error of the regression coefficient.)

(*a*) *Total Public Health Convenience Expenditure*, 1960-61

(Water Supply+Drainage+Conservancy+Health Sanitary+Market pounds+Public Works)

$$E^{HC} = 1\,253.952\,7 + \underset{(0.503\,2)}{4.535\,9\,P} \qquad R = 0.850\,8 \qquad \ldots\ldots (1)$$

$$E^{HC} = 64\,354.798\,5 + \underset{(0.497\,7)}{5.290\,5\,P} - \underset{(8\,688.947\,8)}{28\,202.896\,0\,A} \qquad R = 0.892\,0 \qquad \ldots\ldots (2)$$

$$E^{HC} = 120\,724.616\,2 + \underset{(0.491\,8)}{5.267\,5\,P} - \underset{(8\,675.933\,0)}{26\,513.350\,0\,A} \underset{(684.296\,9)}{-906.465\,8}\,A^{G} \qquad R = 0.898\,5 \qquad \ldots\ldots (3)$$

$$E^{HC} = 22\,712.300\,0 + \underset{(0.045\,5)}{0.612\,0\,E} \qquad R = 0.924\,1 \qquad \ldots\ldots (4)$$

(*b*) *Conservancy Expenditure*, 1960-61

$$E^{C} = 4\,948.719\,6 + \underset{(0.206\,9)}{1.862\,8\,P} \qquad R = (0.850\,6) \qquad \ldots\ldots (5)$$

$$E^{C} = 30\,816.946\,3 + \underset{(0.218\,8)}{2.120\,2\,P} \underset{(3\,859.908\,5)}{-9\,556.321\,8A} \quad \underset{(304.442\,6)}{67.619\,8\,A^{G}} \qquad R = 0.879\,8 \qquad \ldots\ldots (6)$$

$$E^{C} = 20\,676.510\,7 + \underset{(0.024\,3)}{0.236\,0\,E} \qquad R = 0.867\,7 \qquad \ldots\ldots (7)$$

(*c*) *Health and Sanitary Expenditure*, 1960-61

$$E^{H} = 1\,160.481\,4 + \underset{(0.101\,7)}{0.481\,5\,P} \qquad R = 0.647\,7 \qquad \ldots\ldots (8)$$

$$E^{H} = 7\,004.437\,8 + \underset{(0.113\,7)}{0.551\,4\,P} - \underset{(1\,985.029\,00)}{2\,611.953\,8\,A} \qquad R = 0.671\,8 \qquad \ldots\ldots (9)$$

$$E^{H} = 8\,287.358\,8 + \underset{(0.115\,7)}{0.550\,9\,P} \underset{(2\,040.562\,6)}{-2\,573.501\,4\,A} \underset{(160.945\,3)}{-20.630\,26\,A^{G}} \qquad \ldots\ldots (10)$$

$$E^{H} = 5\,895.514\,0 + \underset{(0.012\,7)}{0.059\,5\,E} \qquad R = 0.644\,8 \qquad \ldots\ldots (11)$$

(*d*) *Expenditure in Drainage Establishment*, 1960-61

$$E^{D} = -4\,777.556\,8 + \underset{(0.160\,4)}{0.553\,5\,P} \qquad R = 0.526\,9 \qquad \ldots\ldots (12)$$

$$E^D = 13\,878.636\,7 + \underset{(0.162\,5)}{0.776\,6\,P} - \underset{(2\,836.674\,7)}{8\,338.378\,0\,A}$$
$$R = 0.662\,7 \qquad \ldots\ldots \textbf{(13)}$$

$$E^D = 11\,668.491\,3 + \underset{(0.165\,3)}{0.777\,5\,P} - \underset{(2\,915.659\,6)}{8\,404.621\,7\,A} + \underset{(229.966\,8)}{35.540\,7\,A^G}$$
$$R = 0.663\,0 \qquad \ldots\ldots \textbf{(14)}$$

(*e*) *Total Expenditure on Public Works*, 1960-61

$$E^R = -9\,590.949\,5 + \underset{(0.033\,2)}{0.158\,6\,E}$$
$$R = 0.651\,0 \qquad \ldots\ldots \textbf{(15)}$$

(*f*) *Expenditure in General Administration*, 1960-61

$$E^A = 2\,739.915\,5 + \underset{(0.033\,7)}{0.041\,9\,E}$$
$$R = 0.896\,3 \qquad \ldots\ldots \textbf{(16)}$$

(*g*) *General Administration and Collection Charges*, 1960-61

$$E^{AC} = -4\,980.801\,0 + \underset{(0.012\,7)}{0.153\,6\,E}$$
$$R = (0.908\,4) \qquad \ldots\ldots \textbf{(17)}$$

$$E^C = -661\,6.390\,5 + \underset{(0.014\,3)}{0.104\,7\,E}$$
$$R = 0.796\,2 \qquad \ldots\ldots \textbf{(18)}$$

$$E^A = 7\,598.155\,5 + \underset{(0.030\,4)}{0.218\,5\,E^{AC}}$$
$$R = (0.790\,6) \qquad \ldots\ldots \textbf{(19)}$$

$$E^A = 12\,895.719\,2 + \underset{(0.050\,7)}{0.215\,9\,E^C}$$
$$R = 0.607\,6 \qquad \ldots\ldots \textbf{(20)}$$

$$E^{AC} = 14\,009.165\,0 + \underset{(0.061\,6)}{1.238\,6\,E^C}$$
$$R = 0.963\,8 \qquad \ldots\ldots \textbf{(21)}$$

$$E^A = 2\,579.181\,4 + \underset{(0.042\,9)}{0.290\,6\,P}$$
$$R = 0.772\,4 \qquad \ldots\ldots \textbf{(22)}$$

$$E^C = 2\,657.139\,9 + \underset{(0.159\,2)}{0.579\,5\,P}$$
$$R = 0.547\,3 \qquad \ldots\ldots \textbf{(23)}$$

$$E^{AC} = 3\,146.965\,4 + \underset{(0.178\,0)}{0.932\,9\,P}$$
$$R = 0.685\,5 \qquad \ldots\ldots \textbf{(24)}$$

$$E^A = 6\,622.546\,5 + \underset{(0.045\,6)}{0.338\,9\,P} - \underset{(795.703\,5)}{1\,807.180\,4\,H^{51}}$$
$$R = 0.809\,8 \qquad \ldots\ldots \textbf{(25)}$$

$$E^A = 16\,039.005\,0 + \underset{(0.045\,3)}{0.337\,0\,P} - \underset{(798.361\,3)}{1\,665.420\,1\,H^{51}} \underset{(62.969\,2)}{-76.056\,4\,A}$$
$$R = (0.819\,92) \qquad \ldots\ldots \textbf{(26)}$$

$$E^A = 7\,948.834\,2 + \underset{(0.255\,8)}{1.302\,1\,H^{51}}$$
$$R = 0.674\,8 \qquad \ldots\ldots \textbf{(27)}$$

(*h*) *Lighting Expenditure*, 1960-61

$$E^L = 6\,944.009\,9 + \underset{(0.004\,3)}{0.039\,6\,E}$$
$$R = 0.858\,4 \qquad \ldots\ldots \textbf{(28)}$$

$$E^L = 4\,290.144\,3 + \underset{(0.036\,0)}{0.331\,0\,P}$$
$$R = (0.842\,0) \qquad \ldots\ldots \textbf{(29)}$$

$$E^L = 10\,294.224\,8 + \underset{(0.236\,0)}{1.382\,0\,H^{51}}$$
$$R = (0.724\,7) \qquad \ldots\ldots \textbf{(30)}$$

$$E^L = 4\,312.752\,1 + \underset{(0.066\,8)}{0.292\,4\,P} + \underset{(0.342\,7)}{0.126\,2\,H^{51}}$$
$$R = 0.842\,8 \qquad \ldots\ldots \textbf{(31)}$$

(*i*) *Income*

$$I^L = 8\,068.827\,4 + \underset{(0.008\,6)}{0.052\,5\,I} \qquad \ldots\ldots \textbf{(32)}$$

$$I^C = 16\,649.822\,5 + \underset{(0.025\,0)}{0.156\,6\,I} \qquad \ldots\ldots \textbf{(33)}$$

$$I^L = 7\,269.596\,9 + \underset{(0.009\,1)}{0.073\,7\,r} \qquad \ldots\ldots \textbf{(34)}$$

$$I^C = 18\,130.198\,9 + \underset{(0.029\,4)}{0.208\,6\,r} \qquad \ldots\ldots \textbf{(35)}$$

$$I = 118\,127.882\,0 + \underset{(25\,353.229\,4)}{8\,867.281\,0}\, r_C - \underset{(53\,463.650\,6)}{131\,036.845\,8}\, r_L + \underset{(24\,604.859\,4)}{18\,453.490\,8}\, r_H + \underset{(0.983\,3)}{6.607\,24}\, P$$

$$R = 0.814\,4 \qquad \ldots\ldots \quad (36)$$

$$I = 115\,177.104\,0 + \underset{(0.276\,6)}{2.607\,7}\, I_H$$

$$R = 0.861\,1 \qquad \ldots\ldots \quad (37)$$

$$I = 132\,128.865\,0 + \underset{(1.701\,7)}{10.420\,1}\, I_L$$

$$R = 0.739\,9 \qquad \ldots\ldots \quad (38)$$

$$I = 153\,662.409\,0 + \underset{(0.569\,8)}{3.542\,3}\, I_C$$

$$R = 0.744\,9 \qquad \ldots\ldots \quad (39)$$

$$I = 197\,111.544\,1 + \underset{(1.420\,2)}{8.209\,8}\, I_m$$

$$R = 0.720\,3 \qquad \ldots\ldots \quad (40)$$

$$I = 58\,601.995\,9 + \underset{(0.349\,6)}{1.991\,2}\, I_H - \underset{(2.311\,01)}{0.375\,28}\, I_L + \underset{(0.700\,9)}{1.691\,5}\, I_C$$

$$R = 0.900\,8 \qquad \ldots\ldots \quad (41)$$

$$I = 33\,805.078\,2 + \underset{(0.282\,6)}{2.007\,9}\, I_H - \underset{(1.911\,7)}{2.013\,77}\, I_L + \underset{(0.593\,4)}{0.979\,8}\, I_C + \underset{(1.026\,3)}{4.152\,17}\, I_m$$

$$R = 0.938\,6 \qquad \ldots\ldots \quad (42)$$

$$I = 313\,133.923\,2 + \underset{(0.398\,5)}{1.672\,3}\, I^G$$

$$R = 0.602\,0 \qquad \ldots\ldots \quad (43)$$

$$I = 71\,990.453\,97 + \underset{(21\,317.482\,1)}{77\,219.704\,5}\, (T/P) + \underset{(6.271\,6)}{18.224\,8}\, N$$

$$R = 0.628\,3 \qquad \ldots\ldots \quad (44)$$

Table 1

EXPENDITURE (IN RS.) BY THE LOCAL AUTHORITIES OF THE CALCUTTA METROPOLITAN DISTRICT ON DIFFERENT SERVICES PER THOUSAND POPULATION

	1961 Population (in '000)	Administration Expenditure	Lighting Expenditure	Conservancy Expenditure	Health and Sanitary Expenditure	Drainage Establishment Expenditure	Total Public Health and Convenience Expenditure	Per Capita Receipts
1. Kanchrapara	57	284	208	1 339	118	398	2 607	4 000
2. Halisahar	35	466	255	2 494	434	221	4 151	6 550
3. Naihati	55	515	536	3 503	717	862	6 764	8 050
4. Bhatpara	135	221	433	2 081	516	1 519	5 541	7 410
5. Gurulia	28	377	298	2 275	388	284	4 817	7 450
6. North Barracpore	32	560	629	3 087	431	395	4 483	6 720
7. Barracpore	43	356	509	2 305	225	647	6 303	6 880
8. Titagarh	72	249	231	2 546	386	961	4 527	6 350
9. Khardah	19	496	848	1 338	581	41	3 929	9 640
10. Panihati	50	679	1 129	1 570	614	697	6 403	10 380
11. Kamarhati	77	373	427	3 174	471	642	6 499	9 180
12. North Dumdum	12	828	779	917	290	773	5 550	8 080
13. South Dumdum	61	554	511	1 729	1 098	554	5 235	8 800
14. Dumdum	14	1 231	713	3 543	413	585	19 271	23 790
15. Barangore	77	616	611	3 862	1 523	513	8 801	13 120
16. Garden Reach	109	668	401	2 656	705	345	8 635	14 370
17. Budge Budge	32	829	850	2 364	2 238	240	7 140	14 010

Table 1 *(Continued)*

	1961 Population (in '000)	Administration Expenditure	Lighting Expenditure	Conservancy Expenditure	Health and Sanitary Expenditure	Drainage Establishment Expenditure	Total Health and Convenience Expenditure	Per Capita Receipts
18. South Suburban	104	360	510	298	780	23	5 667	9 190
19. Barasat	16	277	548	3 218	17	147	6 036	7 260
20. Rajpur	16	270	629	1 384	94	192	3 295	5 870
21. Baruipur	9	234	391	1 971	415	324	3 678	6 660
22. Bansberia	31	287	419	2 237	354	293	8 580	9 850
23. Hoogly-Chinsura	57	351	749	5 213	193	501	8 211	12 010
24. Chandernagore	50	795	903	3 757	294	1 155	8 136	21 170
25. Bhadreswar	36	323	367	2 198	530	346	4 152	6 280
26. Champdany	32	304	649	3 018	263	498	5 593	30 040
27. Baidyabali	25	395	903	3 483	526	244	6 222	10 100
28. Serampore	75	603	444	2 630	464	2 235	7 385	10 320
29. Kishra	27	476	586	2 396	379	210	5 604	11 310
30. Konnagar	20	402	889	4 702	3 184	1 392	10 550	14 260
31. Kotrung	14	401	1 121	4 344	265	12	5 393	8 620
32. Uttarpara	17	728	654	4 129	309	572	9 724	12 170
33. Bally	63	763	719	3 860	1 604	1 137	10 278	14 020
34. Howrah	512	884	—	4 618	969	859	1 070	1 605
35. Calcutta	2 927	—	—	—	—	—	—	—
36. Barackpore Cantonment	16	1 182	1 134	9 621	1 781	353	12 962	15 810

Table 2

LIST OF VARIABLES

A. Expenditure Variables	Symbols
1. General administration expenditure (1960-61)	E^A
2. General administration and collection charges (1950-51) (percentage of total ordinary expenditure of major head)	$E^{AC}_{p.51}$
3. Total expenditure (general administration and collection charges) (1960-61)	E^{AC}
4. General administration and collection charges (1960-61) (percentage of total ordinary expenditure on major head)	$E^{AC}_{p.61}$
5. Expenditure on collection of taxes (1960-61)	E^{CX}
6. Lighting expenditure (1960-61)	E^L
7. Lighting (1950-51) (percentage of total ordinary expenditure on major head)	$E^L_{p.51}$
8. Lighting (1960-61) (percentage of total ordinary expenditure on major head)	$E^L_{p.61}$
9. Drainage establishment (1960-61)	E^D
10. Drainage (1950-51) (percentage of total ordinary expenditure)	$E^D_{p.51}$
11. Drainage (1960-61) (percentage of total ordinary expenditure on major head)	$E^D_{p.61}$
12. Conservancy (1960-61)	E^C
13. Conservancy (1950-51) (percentage of total ordinary expenditure on major head)	$E^C_{p.51}$
14. Conservancy (1960-61) (percentage of total ordinary expenditure on major head)	$E^C_{p.61}$
15. Health, sanitary, etc. (1960-61)	E^H
16. Sanitation medical relief (1950-51) (percentage of total ordinary expenditure on major head)	$E^H_{p.51}$
17. Sanitation medical relief (1960-61) (percentage of total ordinary expenditure on major head)	$E^H_{p.61}$
18. Total public health and convenience, etc. (1960-61)	E^{HC}
19. Roads (1950-51) (percentage of total ordinary expenditures on major head)	E^R
20. Roads (1960-61) (percentage of total ordinary expenditure on major head)	$E^R_{p.61}$
21. Education (1950-51) (percentage of total ordinary expenditure on major head)	E^E
22. Education (1960-61) (percentage of total ordinary expenditure on major head)	$E^E_{p.61}$
23. Water supply (1950-51) (percentage of total ordinary expenditure on major head)	$E^W_{p.51}$
24. Water supply (1960-61) (percentage of total ordinary expenditure on major head)	$E^W_{p.61}$

	Symbols
25. Public instruction—contributions (1960-61)	E^{EC}
26. Total expenditures (1960-61)	E
27. Total (ordinary) expenditure (1950-51)	E_{51}
28. Per capita ordinary expenditure (1960-61)	E_p
29. Expenditure on Public Works (1960-61)	E^{PW}
30. Extra ordinary and debt (1960-61)	E^D
B. Income Variables	
1. Water supply—income (1960-61)	I^W
2. Lighting—income (1960-61)	I^L
3. Conservancy—income (1960-61)	I^C
4. Government grants—subventions (1960-61)	I^{GS}
5. Government grants—M.U. tax (1960-61)	I^{MV}
6. Grants and contributions—total (1960-61)	I^G
7. Per capita government grants (1960-61)	I_P^G
8. Total ordinary income (1960-61)	I
9. Extraordinary debt (1960-61)	I^D
10. Total receipts (including opening balance) (1960-61)	I^R
11. Per capita ordinary income (1960-61)	I_p
12. Number of rate-payers (1963)	N
13. Rates and taxes—houses and land (1960-61)	I_H
14. Rates and taxes—miscellaneous (1960-61)	I_m
15. Rates and taxes—total (1960-61)	I_r
16. Per capita taxation (1960-61)	T/P
17. Percentage of rate-payers (1963)	N_p
18. Outstanding balance as % of col. 6 (total demand) (1960-61)	B_p
19. Rates levied on annual value—holding (1963) (per Rs. 100)	r_H
20. Rates levied on annual value—conservancy (1963) (per Rs. 100)	r_C
21. Rates levied on annual value—lighting (1962) (per Rs. 100)	r_L
22. Closing balance (1960-61)	B
C. Demographic and Other Variables	
1. Area square miles	A
2. Population (1951)	P^{51}
3. Population (1961)	P
4. Percentage growth in population (1941-51)	G^{41-51}
5. Percentage growth in population (1951-61)	G^{51-61}
6. Density of population (1951)	D^{51}
7. Density of population (1961)	D^{61}
8. Total votes against Congress party (1952) (percentage)	V_{52}
9. Total votes against Congress party (1957) (percentage)	V_{57}
10. Occupied houses (1951)	H
11. Age of the municipality in 1961	A^G

Table 3

MEAN AND STANDARD DEVIATION OF THE VARIABLES

A. Expenditure Variables

Variable Number	*Mean*	*Standard Deviation*
1	21 619.968 7	15 801.293 0
2	11.716 1	2.653 3
3	63 565.558 6	57 416.972 7
4	13.273 5	4.471 6
5	39 960.793 0	44 722.054 7
6	24 704.351 6	15 647.121 1
7	4.340 9	3.309 3
8	6.277 6	2.179 2
9	30 886.468 7	44 334.531 2
10	5.601 2	3.905 6
11	7.077 3	7.765 4
12	127 540.969 7	92 059.750 0
13	33.377 5	13.042 1
14	29.918 1	11.341 4
15	32 719.437 5	31 215.625 0
16	8.219 7	7.046 9
17	8.133 8	8.099 4
18	299 766.242 4	227 302.232 1
19	11.086 7	9.121 1
20	8.931 4	6.815 5
21	7.045 3	8.367 9
22	7.618 2	8.475 4
23	7.730 6	8.767 6
24	8.810 9	6.966 8
25	41 770.058 6	89 333.125 0
26	452 729.909 1	343 239.175 1
27	352 965.2	
28	7.316 8	3.875 1
29	60 842.320 3	82 736.062 5
30	70 797.562 5	

B. *Income Variables*

Variable Number	*Mean*	*Standard Deviation*
1	52 096.175 8	89 552.000 0
2	32 814.851 6	25 709.378 9
3	90 067.250 0	76 346.687 5
4	81 379.500 0	
5	13 329.734 4	53 982.972 7
6	96 059.375 0	
7	1.668 8	2.786 1
8	477 703.545 5	366 541.795 8
9	50 434.644 5	51 047.472 7
10	884 026.4	
11	7.717 6	4.375 6
12	7 572.144 5	8 296.863 3
13	139 020.393 9	121 035.892 5
14	33 768.910 2	31 755.890 6
15	351 574.697 0	290 806.276 9
16	5.351 2	2.448 3
17	11.955 8	7.154 4
18	38.174 0	17.507 0
19	7.911 8	1.627 0
20	6.632 4	1.614 6
21	2.163 5	0.759 5
22	72 198.750 0	80 990.312 5

C. *Demographic and Other Variables*

Variable Number	*Mean*	*Standard Deviation*
1	3.922 6	2.444 7
2	44 601.675 8	30 711.445 3
3	64 372.203 1	42 813.039 1
4	39.411 8	30.006 2
5	50.573 4	41.608 9
6	15 192.410 2	13 167.488 3
7	20 286.203 1	14 963.933 6
8	55.647 0	13.080 0
9	59.735 3	7.081 0
10	10 313.968 7	8 312.101 6
11	73.647 0	42.704 0

COMMENTS

(In this feature we give comments received from the readers on the articles published in the previous two issues of the Journal. The comments should be critical and thought-provoking, and confined to the major points made by the author(s), inadequacies in reasoning of data, or any new solution to the problem which suggests itself to the reader. They should not normally exceed 1,500 words.—Ed.)

PROFESSIONALISM IN CIVIL SERVICE*

"The crux of the question then", as pertinently pointed out by Shri B. K. Dey, "is how we can impart to our administration the much needed management-orientation and make the public services embrace the religion of professionalism, and how soon". "The need for adequate doses of professionalism", to use Shri Dey's words, "is inescapable and hence, requires to be straightaway recognized and acted upon".

Under the paragraph entitled 'New Frontiers', Shri Dey has enumerated seven fields (to which could usefully be added three more, *viz.*, Law, International Affairs, and Administration in action) in which the future administrators "must acquire a basic literacy". This, it has rightly been urged, is very necessary and should form "the basic foundation for the professionalism-edifice".

If professionalism in civil services is to be developed "within the generalist framework" as it ought to be, we should, to start with, bring within the orbit of professionalization the All-India Services (I.A.S, etc.) and Central Services Class I (Allied Services) for recruitment to which a combined competitive examination is held by the Union Public Service Commission (U.P.S.C.). What is required is that the candidates aspiring for recruitment to these Services should, either before or after appointment to anyone of these Services, be imparted formal institutionalized education (as different from training) in all the ten fields of study referred to above.

If this formal institutionalized education is to be imparted to a candidate after his allotment and appointment to one of the Services, the chances are that it will degenerate into being an uninspiring and routine affair. Imparting of such education should, if it is to be meaningful and if it is to serve as a sustaining incentive, not only precede entry to the Services, but go a long way in determining the category of Service to which the candidate will,

*The original article of this title by Shri B. K. Dey was published in the Journal in Vol. XV, No. 4 (Oct.-Dec.), 1969.

if at all, be appointed. (It could be a sort of pre-entry vocational education forming a part of the selection examination process.) As to how and at what stage could it be inducted into the recruitment charter could briefly be stated hereunder:

(1) In the competitive examination for I.A.S. and the Allied Services held by the U.P.S.C., the written test should be composed of three compulsory subjects having two papers each. Each paper should carry 100 marks. The subjects and their papers should be: English Language (I: Precis Writing; and II: Expansion and Report Writing), Thought Development (I: Essay Writing; and II: Paragraph Writing), and General Knowledge and Current Affairs (I: India; and II: World). Insofar as optional subjects are concerned, every candidate should be required to offer three subjects having two papers each. Each paper should carry 100 marks. The optional subjects should be of the degree (and not honours) standard and should inescapably cover such a wide range of topics as would enable all degree holders to choose three subjects which have been studied by them for their degree examinations. The written tests would, thus, carry 1,200 marks.

(2) Those who qualify at the written tests, should be called for a Personality Test carrying 300 marks.

(3) Those who qualify at the written tests and the personality test should be considered eligible to undergo a one-year course leading to the award of a M.G.A. (Master of Government Administration) diploma.

(4) The number of candidates to be selected for undergoing the M.G.A. course of studies should always exceed the number of vacancies proposed to be filled up on the basis of results of the competitive examination by at least 25 per cent of the latter.

(5) The M.G.A. course should be a one-year residential course run by the National Academy of Administration (which needs be located in or near New Delhi) in collaboration with the Indian Institute of Public Administration, New Delhi (who have expert teaching staff and have had the experience of running a one year M.D.P.A. course to their credit) under the supervision and control of the U.P.S.C. Every candidate selected for doing M.G.A. should, on joining the course, get a stipend of Rs. 350 p.m.

(6) The curriculum to be devised and formulated for the M.G.A. course should emphasise "the multi-dimensional aspects of administrative problems and administrative decisions". The fields of study to be covered by the M.G.A. course should accordingly be: (*i*) Science and technology; (*ii*) Social and behavioural Sciences; (*iii*) Law (Principles of legislation, Constitution of India, Administrative Law, the Civil Code and the Criminal Code); (*iv*) International Affairs (International Politics, International Economics, International Law and International Organization); (*v*) Economics in government; (*vi*) Management in government (and all that goes to make administration management-oriented); modern tools of management and other numeric aids (or quantitative techniques) to decision-making with particular accent on economic analysis); (*vii*) Human relations in management; (*viii*) Administration in action (Governments at the Union and State levels, and Departmental and local administration); (*ix*) Impact of 'people' on the policy and programmes for change, nature of group dynamics, and public relations; and (*x*) Research and development.

(7) Each one of the ten fields of study should carry 250 marks each spread over 'leaderless discussions', case studies, 'workshops', 'tutorials', class tests, seminars, debates, syndicate exercises and terminal and final examinations which should be the dominant features of the M.G.A. course. (The total number of marks would come to 2,500.) It shall have to be appreciated that "recruitment to superior civil service is a complex problem that must be approached with a battery of tools rather than a single-shot gimmick".

(8) 500 marks should be earmarked as Director's marks (in the award of which the Instructors and the Psychologists of the Academy should also have a tangible say). The U.P.S.C. should have a right to declare a candidate as disqualified if he is seriously adversely reported upon by the Director.

(9) Those candidates who secure qualifying marks out of 3,000 for the M.G.A. and thus gain the M.G.A. diploma should be called by the U.P.S.C. for a final Viva Voce test carrying 500 marks.

(10) The U.P.S.C. should recommend candidates for appointment to different Services, basing their recommendations on the number of marks obtained by candidates out of the grand total of 5,000 (Preliminary written tests 1,200, Personality test 300, M.G.A. 3,000, and Viva Voce test 500) and the preferences signified by them. The Government of India could then make appointments to the different Services and appointees be made to undergo specific types of post-entry in-service training (as different from education).

(11) Those candidates who may not be appointed to any Service could go to the open market with the M.G.A. diploma for whatever it may be worth (and it will be worth a lot), but those candidates who are offered any Service included in their choice-list and decline to accept the offer, could be required to compensate the State by making a payment of a sum of Rs. 5,000.

The scheme outlined hereinbefore undeniably holds out, in its implementation, a promise that insofar as making a modest beginning towards gradual induction of professionalism in Civil Service is concerned, it shall be a step in the right direction. Not only that, conceptually and structurally the one year pre-entry vocational M.G.A. course would be a distinct improvement over the existing four-month post-entry in-service foundational training course run by the National Academy of Administration, Mussoorie, for candidates appointed to the I.A.S. and Allied Services on the basis of the results of the combined competitive examination. Then much of the criticism levelled against the perfunctoriness from 'reliability', 'validity', 'item analysis', and 'factor analysis' standpoints, of the media of written and oral tests employed by the U.P.S.C. for recruitment to these superior services would also vanish into thin air. On the whole, the envisaged changes, "it can confidently be anticipated", are most likely to usher in an era of professionalization in public personnel administration marked by "intellectualization of administration, technological sophistication and long-range thinking and perspective planning".

—G. C. Singhvi

INSTITUTE NEWS

During the quarter under review, the Institute conducted the following courses for middle/senior level officials of the Central, State, Union Territory and Municipal Governments, Public Sector Undertakings, etc.:

(*i*) Second Course on Project Formulation (Jan. 12-17)

(The course was inaugurated by *Dr. John McDiarmid*, Resident Representative of UNDP, New Delhi)

(*ii*) First Course on Training of Trainers (Jan. 19-24)

(*iii*) Training Course in Municipal Administration (Feb. 2-March 13). (Besides 35 Indian participants, a participant each from Mauritius and Kenya and three from Thailand also participated in the Course.)

(*iv*) Special Course on Performance Budgeting for Public Sector Undertakings (Feb. 9-14)

(*v*) First Course on Personnel Administration (Feb. 20-March 4)

(*vi*) Second Course on Budgetary and Financial Management (Feb. 23-March 5)

(The course was conducted at Kohima for Nagaland Government Officials.)

(*vii*) Second Course on Administrative Behaviour (March 9-12)

Besides the Courses, the Institute also organized the following:

(*i*) Seminar on "Planning Problems of Metropolitan Administration" (Jan. 29-30)

(*Shri Asoka Mehta*, M.P., Chairman of the Institute, inaugurated the Seminar which was led by *Dr. Royce Hanson*, President of the Washington Centre for Metropolitan Studies.)

(*ii*) Case Study Workshop (Feb. 11-13)

(*Prof. Edwin A. Bock*, President of the Inter-University Case Program, Syracuse, USA, acted as Consultant of the workshop.)

* * *

The Institute, on March 6, mourned the death of *Shri V. T. Dehejia*, elected member of the IIPA Executive Council (since 1962) and former Chairman of the State Bank of India.

* * *

Two distinguished British economists, *Sir John R. Hicks*, and his wife, *Lady Ursula Hicks*, visited the Institute on January 12. *Lady Hicks* also gave a public lecture on January 15 on "Federal Finance in a Developing Economy". *Prof. M. V. Mathur*, Director General, Asian Institute of Educational Planning and Administration, New Delhi, was in the chair.

* * *

Prof. H. Buch, Director of the Institute for Organization & Management of the Enterprises, and Professor

of Administration and Administrative Law at the University of Brussels, visited IIPA on January 21 and also addressed members of the faculty on "Conseil D'etat—Supreme Administration Court".

* * *

A ten-member Bhutanese delegation visited the Institute on February 20, 1970. *Mr. Ali S. Chambuso*, Mayor of Dar-es-Salaam also visited the Institute on March 3. He was accompanied by *Mr. A. A. Diwani*, City Council Town Clerk.

* * *

The Institute brought out the following publications during the quarter:

(*i*) *Personnel Administration—Implementing the Reforms*, Rs. 10.00, pp. 75; and

(*ii*) *Resource Mobilisation in the States—Conference Proceedings*, Rs. 10.00, pp. 130.

* * *

The following lectures were organized at IIPA Regional/Local branches:

Branch & Date	*Subject*	*Speaker*
REGIONAL BRANCHES		
Madras (Jan. 20)	"Role of Public Servants in a Democratic Set-up"	*Shri V. S. Hejmadi*. Formerly Chairman, UPSC.
Mysore (Feb. 19)	"Philosophy of Service"	*Swami Ranganathananda* of Ramakrishna Math & Mission. (*Prof. T. Reuben*, Member, Mysore Public Service Commission, presided.
LOCAL BRANCHES		
Ajmer (Jan. 7)	"Trends in Indian Administration"	*Shri T. N. Chaturvedi*, IAS, Joint Director, National Academy of Administration, Mussoorie. (*Shri B. K. Hooja, Chairman*, Rajasthan, Board of Revenue, presided.)

RECENT DEVELOPMENTS IN PUBLIC ADMINISTRATION

The Administrative Reforms Commission submitted the following two reports to the Government of India during the quarter under review: (*i*) Report on Railways, and (*ii*) Report on Treasuries.

(*i*) *Report on Railways*—Submitted on January 30, it suggests that the railways must find ways and means of better and more rational use of their manpower, and of improving their technical competence. They need to modernize not only their equipment, but their management practices as well. While the ARC is against Strikes and use of "go slow" tactics, it has recommended setting up of an adequate machinery for redress of grievances and adjudication of disputes.

The Commission favours optimum utilization of manpower through better training, career development, job analysis and placement. It has suggested that a career planning cell should be established and management development programmes, undertaken. Individual performance should be judged more systematically through a new system of performance reports. Advancement must be related more directly to actual performance and demonstrated merit. The promotion quota should be enlarged to 40 per cent of the cadre strength and one-half of the promotion posts should be filled on the results of competitive test, so that the younger elements can move quickly up the ladder on merits.

Major recommendations of the ARC include: (1) The Railways should be enabled to function on sound business and commercial principles within the framework of the policy laid down by Parliament and within the confines of public accountability, but without any interference in its day-to-day working by political or other external authorities; (2) The relationship of the Railway Board *vis-a-vis* the Minister of Railways should in practice be patterned on the lines of the relationship recommended in ARC Report on Public Sector Undertakings as between a Ministry and a Sector Corporation; (3) For ensuring proper and purposeful Parliamentary scrutiny over the working of the transport sector including the Railways, a Standing Committee of Parliament may be set up without in any way affecting the functioning of the existing informal Consultative Committees for the Zonal Railways; (4) For efficient functioning, the Railway Board should be compact in size. The number of Members of the Board, excluding the Chairman and the Member-Finance (Financial Commissioner) should not normally exceed six; (5) The posts of Chairman and Members should be treated as selection posts and merit should be the criterion for selection; (6) The Chairman should have a tenure of at least three years and the Members should normally have a tenure of five years. The total period of tenure both as a Chairman and as a Member should be at least seven years; (7) The delegation of administrative and financial powers by the Board to the General Manager should be the maximum possible; (8) A crash programme may be launched by the Efficiency Bureau and Work Study Units to introduce modern, scientific management techniques to determine the most efficient method of accomplishing the various jobs, the inputs required and the quality and quantum of personnel who should handle them to achieve the best results; (9) Government should consider the question of reducing the disparities of pay scales for comparable posts in the Railways and other Departments on the basis of an evaluation of duties, responsibilities and qualification requirements, in the light of the recommendations made in ARC Report on Personnel Administration; (10) A career planning cell should be established and a management development programme be developed; (11) Officers who have completed eight years of service should be watched more closely and the outstanding ones should be selected at an early stage and exposed to a variety of work experience and training programmes in order to fit them to hold positions of management.

(*ii*) *Report on Treasuries*—This Report was submitted on February 27 and a summary of its Recommendations is given on pp. 141-45 of this issue of the Journal.

* * *

The Constitution (Twenty-Third Amendment) Act, 1969 provides for the continuance of reservation of seats for Scheduled Castes and Scheduled Tribes and the representation of Anglo-Indian community by nomination in the Parliament and in the Legislative Assemblies of the States for a further period of ten years from January 26, 1970. Now, a State Government may not nominate more than one Anglo-Indian member to any State Assembly.

The Government of India has accepted all the unanimous and majority recommendations of the Central Wage Board for Port and Dock Workers. As a result of this, the unskilled port and dock workers at Bombay, Madras and Calcutta would get a minimum wage of Rs. 202, those at Mormugao Rs. 190, Cochin and Visakhapatnam Rs. 187 and Kandla and Paradeep Rs. 172.

These recommendations will be in operation for five years, with effect from January 1, 1969.

The Government of *Bihar* has constituted a committee, under the chairmanship of the Minister incharge of Planning, to review the progress of manpower planning measures with special reference to shortages and to suggest suitable policy-measures in this regard.

The Government of *Assam* has appointed a one-man Commission to review the existing system and orders regarding the allotment of Grade IV staff to officers individually, and to offices, keeping in view the administrative requirements and observance of economy in expenditure.

The Government of *Jammu & Kashmir* has set up a Panel to examine the procedure for promotion to selection posts and to make recommendations for improvements in those procedures. *Shri G. L. Dogra*, Minister for Revenue and Finance, is its Chairman.

A Committee, with *Shri R. Sankaranarayanan Thampi*, Ex-Speaker, Kerala Legislative Assembly as its Chairman, has been set up by the Government of *Kerala* to examine the existing rules governing the recruitment and conditions of service of State Government employees and to make suitable changes. The Committee will submit its report to Government within three months.

As per the provisions of Tamil Nadu District Municipalities Act, 1920 (Section 77-A), the Government of *Tamil Nadu* has constituted Municipal Services (Pensionable), in respect of all the officers and servants in superior service of all Municipal Councils and the Township Committees of Mettur, Bhavanisagar, Courtallam and Kodaikanal in the State, whose minimum scale of pay is Rs. 90 and above.

The Government of *Uttar Pradesh* will in future reserve 10 per cent of its class III permanent vacancies for promoting permanent class IV employees. Departmental matriculate class IV servants (up to 45 years of age) will now be promoted to these reserved posts after a simple departmental test in Hindi essay, general knowledge and an interview. In the case of recruitments in new offices in any district, all eligible class IV employees in other offices in that district will be considered.

* * *

The Central Budget for 1970-71 aims at stability, progress and social justice. The total revenue receipts for the next financial year are placed at Rs. 3,866.72 crores and the expenditure at Rs. 3,152.18 crores. Budget proposals are intended to yield an additional amount of Rs. 170.06 crores from indirect and direct taxes.

A minimum family pension for Central Government and Industrial employees is proposed at Rs. 40 per month.

After taking into consideration the various taxation proposals, the budget deficit will amount to Rs. 225 crores.

The Administrative Reforms Commission submitted to the Government of India a Note on the Reserve Bank of India. At the request of the Commission, certain aspects of the working of the Reserve Bank were examined by *Shri Manubhai Shah*, former Minister of Commerce, who submitted his report some time ago.

The Note deals, in general terms, with the functions and duties of the Reserve Bank, particularly in the field of developmental finance. The Commission has refrained from making any detailed recommendations, but has only formulated its views on certain aspects of the role of the Reserve Bank.

To strengthen Income Tax Department, the Government of India has created a new cadre of officials—Additional Income Tax Commissioners. These officials will take over some of the statutory and non-statutory functions of Commissioners of Income Tax and release senior officials for more important duties, such as accumulation of assessments, arrears of taxes, and tax evasion. Though the Additional Commissioners will draw a lower salary, their status and functions will be the same as those of Income Tax Commissioners.

* * *

The Government of India has announced a new industrial licensing policy, raising the exemption limit for licensing from the existing Rs. 25 lakhs to Rs. 1 crore and dividing industries into sectors as suggested by the Dutt Committee. The exemption will apply to new undertakings and the expansion of existing undertakings with assets—fixed assets in land, buildings and machinery—less than Rs. 5 crores. Companies belonging to the "large industrial houses" as classified by the Dutt Committee will have to obtain licences.

Under the new categorization, the larger industrial houses will be permitted to set up industries in the core and heavy investment sectors. The investments exceeding Rs. 5 crores will be deemed as "heavy investment".

Application for licences from parties other than undertakings belonging to the larger industrial houses will be given special consideration. The Government will not commit itself to provide foreign exchange for maintenance and raw material imports for the units benefiting from the new exemption limit.

The Government has also accepted the joint sector concept in principle. It will henceforth ensure greater degree of participation, particularly at policy levels, of public financial institutions.

The Government of India, on the recommendation of the Administrative Reforms Commission, has set up a Bureau to advise it on important issues relating to industrial prices and costs, undertake studies of inputs, examine possibilities of technological improvements, and proper utilization of capital and materials. The Bureau will also make periodic assessment of import substitution schemes and suggest methods of bringing down the cost.

A Standing Committee, under the chairmanship of Additional Secretary incharge of the Small Scale Industries in the Ministry of Industrial Development, is studying various ways and means for a coordinated development of agro-industries in the Small Scale Sector. In addition to considering the wherewithals required for implementing a coordinated programme, the Committee will also suggest arrangements for providing necessary facilities, such as raw materials, credit, technical assistance, marketing and testing facilities, transport concessions and other incentives required for the development of agro-industries.

To promote the development of horticulture industry in the country, the Government of India has established the Horticulture Development Council. Maharaja of Patiala is the first Chairman of the Council and it consists of representatives of Central and State Governments, horticulturists from different States, trade, industry and other interests closely connected with the horticulture industry in all parts of the country.

The Government of *Gujarat* has constituted an Industry Liaison Board, with Minister for Education as Chairman. The Board will ensure close cooperation and coordination between the industry and technical institutions to evolve training in skills which adjusts itself constantly to the varying needs of the industry. Officers concerning technical education in the State, executive heads of certain public sector enterprises, Vice-Chancellors of the five Universities, representatives of the various professional bodies, Chairmen of Chambers of Commerce and leading industrialists, have been nominated on this Board.

In order to help small industrialists and various credit institutions, the Government of *Haryana* has constituted a forum which will act as a coordinating agency between the credit institutions and the industrialists.

The Government of *Mysore* has appointed a Committee which is headed by the Minister for Industries, to examine and review the difficulties of entrepreneurs of new industries in having their applications processed by various Government Departments.

The Government of *Maharashtra* has appointed an eight-Member Committee, under the chairmanship of *Shri L. N. Bongirwar*, Vice-Chancellor of Punjabrao Krishi Vidyapeeth, to evaluate the work of the Panchayati Raj Bodies in Maharashtra State.

By modifying an 83-year old Notification, the Government of *Haryana* has simplified the procedure for settling land disputes, particularly those relating to land reforms. Hereafter, litigants will be able to file their cases with their local Tehsildars—now designated as First Grade Assistant Collectors.

The Government of *Maharashtra* has appointed an 11-Member Committee, under the chairmanship of *Shri P. K. Sawant*, Minister of Agriculture, with a twin objective of fixing remunerative prices for agricultural produce and sale of the produce to consumers at reasonable prices.

In order to review periodically the progress in implementation of the statutory provisions for land reforms in the State, the Government of *Mysore* has appointed a 14-member high-power Committee, with the Chief Minister as its Chairman. The Committee will examine the progress in the implementation of several items in the land reforms programme and also recommend to Government measures for speeding up the attainment of the objectives of the Land Reforms Legislation in the State.

* * *

The Government of India has appointed a Committee, headed by *Shri G. R. Damodaran*, Principal, P.S.G. College of Engineering and Technology, to inquire into the whole system of polytechnic education *vis-a-vis* the needs of industry for middle-level technicians and to submit a blueprint for its reorganization and development in the next ten years.

By virtue of the newly enacted *Kerala* University Act, 1969, three representatives of students of the colleges, elected from among themselves, will be included in the University Senate.

The Government of Maharashtra has appointed four committees at the divisional levels consisting of non-officials as chairmen and Members and Divisional Social Welfare Officers concerned as Member-Secretary. Each Committee would only enquire into the allegations of breach of provisions of Untouchability (Offence) Act, 1955, in all such cases as are specifically entrusted to them by Government. The Government, on examination of the report submitted by the Divisional Committee, may give such directions to the Police or District Magistrates as are deemed fit. The tenure of these Committees is two years.

The Government of *Tamil Nadu* has constituted a four-member Commission to make a scientific and factual investigation of the conditions of Backward Classes in the State and recommend specific relief measures for their advancement.

The Government of *Jammu & Kashmir* has set up a Commission to examine various aspects of the working of the cooperative movement in the State and to suggest measures for its further improvement.

For exploring its underground water resources, the Government of *Rajasthan* has constituted a Committee. It will chalk out an integrated programme for exploiting these resources in the State.

A Committee to revise the West Bengal Jail Code has been constituted

by the State Government. The Mayor of Calcutta Corporation is its Chairman.

The Government of India has set up a Central Advisory Board on Correctional Services to advise the Central and State Governments in providing correctional services and to develop programmes throughout the country on modern scientific lines in the areas of Prisons, Probation, Youthful Offenders, Juvenile Delinquency, Suppression of Immoral Traffic, etc., *Shri P. Govinda Menon*, Union Minister of Social Welfare is its chairman.

The Board will suggest measures for improving levels of coordination between Administration of Justice, Police Administration and Prisons and Correctional Services. It will also suggest ways and means of creating social consciousness necessary for the rehabilitation of offenders.

DIGEST OF REPORTS

INDIA, REPORT OF THE ADMINISTRATIVE REFORMS COMMISSION ON STATE ADMINISTRATION, New Delhi, Government of India, 1969, pp. 267+iv.

The Administrative Reforms Commission (ARC) gave its Report on State Administration to the Government of India on November 4, 1969. Three Members of the ARC (*Sarvashri H. V. Kamath, T. N. Singh*, and *V. Shankar*) have appended to the Report notes of supplement and/or dissent on some specific points. In formulating its recommendations, the Commission have had before it the reports of the following two study teams set up by it: (*i*) "State Level Administration" (Chairman: *Shri H. M. Channabasappa*); and (*ii*) "District Administration" (Chairman: *Shri Takhatmal Jain*).

A summary of the recommendations made in the report is given below:

Machinery of Government at the Apex

1. (1) The functions assigned to a Governor by statute (*e.g.*, those of Chancellor of a University) should be exercised by him in his discretion. He may consult the Chief Minister if he so wishes but he should not be bound by the latter's advice.

(2) During President's Rule in a State it should be left to the State Governor to decide, in consultation with his Advisers, what matters are important enough to be referred to the Government of India. The Governor and his Advisers should be allowed to function with efficiency and speed without interference from the Centre in the day-to-day administration.

(3) The Consultative Committee set up to advise on legislation for a State under President's Rule should invariably include all Members of Parliament from that State. This Committee should also advise and assist the President/Governor on important matters of State administration. The meetings held by the Committee for his purpose may be presided over by the Governor or a person selected by the Committee.

2. (1) The Council of Ministers should be compact and homogeneous, its size being determined by administrative needs. In big States, the number of Ministers (including Ministers of State and Deputy Ministers) may range between 20 and 25, in middle-sized States from 14 to 18, and in small States between 8 and 12.

(2) Every department must be represented in the Cabinet through a Cabinet Minister.

(3) As recommended in our report on the Machinery of the Government of India and its Procedures of Work, the head of the Council of Ministers (namely, the Chief Minister) should, in selecting his colleagues, give special attention to considerations of political stature, personal integrity, intellectual ability and capacity for taking decisions and sustained application to work. Further, in assigning a portfolio, due regard should be paid to the aptitude and capabilities of an incumbent.

3. (1) As recommended in our report on the Machinery of the Government of India and its Procedures of Work: "For reinforcing the principle of collective responsibility, it is essential that: (*a*) the Cabinet should be agreed on fundamentals and all important issues are discussed and settled by the Cabinet; (*b*) a Minister does not announce a new policy or a major departure from current policy without the approval of Cabinet; and (*c*) a Minister should not ordinarily speak or make announcements on matters not within his portfolio. However, if the circumstances so require of him, he must get himself properly briefed by the Minister concerned."

(2) The Chief Minister should act as the real leader of the ministerial team. It should be his undivided responsibility to ensure smooth and efficient functioning of the Council of Ministers. In case of irreconcilable differences between the Chief Minister and any of his colleagues, the Cheif Minister should call for the resignation of the Minister concerned and in case of non-compliance with such a request he should take appropriate action to remove him.

(3) The Chief Minister should himself set a high standard of public conduct and insist on other Ministers to do so. He should keep an eye on the manner in which the Ministers function and ensure that the business of the government is conducted with dispatch, and with proper regard for public interests and needs.

4. (1) The full Cabinet should meet at least twice a month.

(2) In a single party government, the Standing Committees of Cabinet may be confined to problem areas which require continuous attention, *e.g.*, 'Planning and Development'. In coalition governments, however, Cabinet Committees may usefully be set up to help remove bottlenecks in inter-departmental coordination at the ministerial level.

(3) The budget of the State, excluding taxation proposals, should be discussed and finalized at meetings of the Cabinet.

5. The tours of Ministers need to be systematized and properly regulated. Official tours should be planned in advance

and undertaken for well-defined official purposes only. The Chief Minister should act as the controlling authority of ministerial tours. In consultation with his colleagues, he should fix the maximum number of days for which any Minister may ordinarily be on tour. Avoidable participation by Ministers in ceremonial functions should be discouraged.

6. (1) Ministers should not intervene in the day-to-day administration except in cases of grave injustice, serious default or maladministration on the part of civil servants. Where a citizen's request for complaint calls for revision of a rule, procedure or policy, it should be met by effecting such revision, and not by relaxing the rules to accommodate an individual case.

Secretaries and other civil servants need to show greater sensitivity to and a better appreciation of the Minister's difficulties, and to discriminate between, minor adjustments on the one hand, and acts of political and other forms of accommodation compromising basic principles or likely to have substantial or lasting repercussions on efficiency and morale of the services, on the other.

(2) The official relationship of the Secretary to the Minister should be one of loyalty and that of the Minister to the Secretary one of confidence.

(3) All major decisions with reasons therefor should be briefly reduced to writing, particularly where the policy of Government is not clear or where some important departure from the policy is involved or where the Minister differs from the Secretary on an important issue.

(4) The Chief Minister should, with the assistance of the Chief Secretary, take special interest to arrest the growth of unhealthy personal affiliations to individual Ministers among civil servants.

(5) As recommended in our report on the Machinery of the Government of India and its Procedures of Work, Ministers in States should take a holiday of at least two weeks in a year which they should devote to reading, reflection and relaxation.

(6) Ministers should increasingly participate in suitable discussion groups and conferences which may be organized by University Departments of Public Administration, Political Science, Economics, etc. Seminars on important economic and administrative problems should be organized by professional institutes and Ministers may be specially invited to address such seminars.

(7) The convention that civil servants are faceless and nameless in the legislature should be scrupulously upheld.

(8) The Code of Conduct for legislators adopted by the All India Whips' Conference in October 1967 (and referred to in our report on the Machinery of the Government of India and its Procedures of Work) should be accepted and observed by all the States.

7. Standing Committees of State Legislatures may be set up in selected areas of administrative activity for promoting detailed legislative review. The departments falling within the purview of these committees should be excluded from a review by the Estimates Committee of the State Legislature.

8. Steps should be taken by the Union Government and the State Governments to reduce expenditure on Governors and Raj Bhavans in conformity with the objectives of a democratic socialist society.

State Secretariat

9. (1) The distribution of subjects as between different Secretariat departments should be so effected that such departments would deal with a particular segment of administrative activities. Such activities should be inter-related and be more or less of homogeneous character. A model grouping of subjects is given in Appendix IV of the Report.

(2) The number of the State departments should, in general, not exceed 13.

(3) The basic scheme of grouping of subjects into departments should not be changed to provide for an increase in the number of Ministers' portfolios. A change should be made only on the basis of proven administrative needs and after a thorough study. The situation in which the number of members in the Council of Ministers exceeds the number of departments fixed on the basis of a rational plan should be met by putting in charge of some departments, Ministers of State and Deputy Ministers in addition to the Cabinet Ministers.

(4) Executive functions which are at present performed by the Secretariat and which do not have a close bearing on policy making should be transferred to appropriate organizations.

10. (1) In departments dealing with specific subjects, there should be set up two "staff" cells, namely, (*i*) a combined cell on planning and policy; and (*ii*) a finance cell.

(2) The new Department of Personnel (vide Chapter IX) should be under the charge of the Chief Secretary and be placed under the Chief Minister.

(3) There should be set up in each administrative department a Policy Advisory Committee with the Secretary of the department as its Chairman and the heads of all major executive departments as its members. The existing Secretariat personnel should be suitably oriented in the preparation of self-contained papers or memoranda setting out the problem, its different alternative solutions and the merits and demerits of each alternative.

11. (1) The Secretaries should shed some of their existing

functions and devote more time and attention in (*a*) helping the formulation of long-term or strategic policies; (*b*) ensuring that the policies are translated adequately into operational programmes; (*c*) reviewing the progress in implementation; and (*d*) initiating measures for developing greater organizational and personnel competence both in the Secretariat and in the executive departments.

(2) The Chief Secretary should ordinarily be the senior-most person, due regard being paid to merit. He should have a minimum tenure of 3 to 4 years. He should be relieved of routine and non-essential work and, where necessary, given appropriate staff assistance to enable him to ensure quick implementation of the Cabinet decisions and effective coordination in the policies and programmes of the State Government.

12. (1) (*a*) There should be only two levels of consideration and decision below the Minister, with work assigned to each on the lines of "desk-officer" system.

(*b*) The duties and requirements of various jobs in the Secretariat at each of the two levels should be defined clearly.

(*c*) The officer at the first decision making level should not be assisted with a note from the office indicating the lines on which decision may be taken.

(2) For smooth and effective working of the proposed "desk officer" system, the following measures will be necessary:

(*a*) introduction of a functional file index;

(*b*) maintenance of guard files or card indices which will contain all important precedents;

(*c*) adequate provision for "leave" reserve; and

(*d*) adequate stenographic and clerical aids.

Executive Departments

13. (1) The State Governments should adopt *mutatis mutandis* the recommendations made in our Reports on "Delegation of Financial and Administrative Powers" and on "Finance, Accounts and Audit" in regard to delegations and budgets respectively.

(2) A working group should be set up in each State, which does not already have such a body, to formulate a scheme of substantial delegations to executive authorities.

(3) Each State Government should bring out an up-to-date compilation of administrative and financial delegations, using loose leaf binders in a form which would facilitate addition of amendments made from time to time.

14. (1) The headquarters organizations of executive departments concerned primarily with planning, implementation, coordination and review of a single development programme or several allied programmes, covering a substantial area of the activities of the Ministry and having a direct bearing on policy making, should be integrated with the administrative departments concerned.

(2) The heads of the executive departments which are integrated with the Secretariat should function as principal advisers to the Government in their respective areas and should enjoy a status adequate to the nature of their duties and responsibilities. They may retain their present designations.

(3) In all other cases, the present distinction between policy-making and executive organizations may be continued. Such distinction is vital for protecting the operational autonomy of the regulatory executive agencies and such developmental executive organizations as are mostly engaged in promotional activities, provision of services or production and supply of commodities.

15. (1) The existing executive departments should be so reorganized that needless multiplicity is removed and diffusion of functions and responsibility is avoided. A new function taken up by the State Government should, as a rule, be assinged to one of the existing executive departments. A new executive organization should be created only after a detailed study has shown that the existing executive organizations cannot efficiently handle the new tasks.

(2) The head of each large executive department should be assisted by a deputy to relieve him of the burden of day-to-day administration. This deputy should preferably be a departmental officer who has received special training in management.

(3) Each major executive department should have a manual of procedures and instructions.

(4) Each major executive department, engaged in developmental activities, should have a special cell on "programme, planning and review". This cell should also set up a suitable and adequate progress reporting system.

District Administration

16. (1) In the States where judicial work of the Collector has not yet been transferred to the Judiciary, steps may be taken to get it so transferred. In those States in which only a partial transfer of judicial work has taken place, steps may be taken to make the transfer complete.

(2) The District Administration should be divided into two sectors—one concerned with "regulatory" functions and the other with "developmental" functions. The District Collector should be the

head of the former and the Panchayati Raj Administration should have the responsibility for the latter.

(3) The District Collector and the President, Zila Parishad, should meet at periodical intervals to resolve matters calling for coordination between the regulatory and developmental administration. This procedure should be given official recognition in the legislation dealing with Panchayati Raj.

17. (1) The Collector and the District Magistrate as the head of the regulatory administration in the district should exercise general supervisory control over the police organization in the district. Except in emergency, he should not interfere with the internal working of the police administration.

(2) In the day-to-day work of the police organization and with regard to routine matters like postings and transfers, the District Superintendent of Police should have full control.

(3) The Collector should annually record his views on the performance of the District Superintendent of Police after receipt, from the officer concerned, of a note written by him on his performance during the period under review.

18. It should not normally be necessary for the Collector or any other district officer to wait upon a visiting dignitary unless his presence is specifically required.

19. The Collector and his officers should spend a prescribed minimum number of days on tour with night halts in camp. The tour should be utilized, among other things, for the redress of public grievances on the spot wherever possible.

20. (1) There should be only two administrative units whose heads are invested with powers of decision making in the district administration—the one in the tehsil/talukas or a group of tehsils/talukas or a subdivision (in the States where there are no tehsils/talukas) and the other at the headquarters of the district. The intermediary levels, where they exist, may be abolished.

(2) Powers should be delegated to the maximum extent to the officer incharge of the sub-district administrative unit.

21. When conditions are more propitious for considering the question of readjusting the boundaries of districts, the State Governments may appoint committees for the purpose of examining the size and boundaries of districts in the light of administrative requirements.

Panchayati Raj Administration

22. (1) While the administration of development work in a district should be separated from regulatory functions and entrusted to the Panchayati raj institutions, adequate safeguards should be provided to ensure that development administration is conducted on sound and proper lines and that there is no abuse of power or authority. For this purpose, the Collector should

have powers to obtain information regarding the working of those institutions so that he may be able to give timely and proper advice when necessary in the public interest. It should be clearly understood that this advisory role does not empower him to exercise supervisory and controlling authority over the working of the Panchayati Raj institutions.

(2) The district level officers in charge of development departments should be transferred to the jurisdiction and charge of the Zila Parishad.

(3) A senior officer, designated as District Development Officer, should be appointed as the chief executive officer of the Zila Parishad. In selecting him, his suitability in the context of the developmental functions devolved upon the Zila Parishad should be the sole criterian, and the selection should neither be confined, nor denied, to any particular service.

23. The Zila Parishad should be the main executive body of the Panchayati Raj administration in the district, with the Samiti and the Gram Panchayat functioning at the Block and village levels. Subject to this, the State Governments may undertake the distribution of executive functions and powers at the district, Samiti and village levels to suit their particular requirements.

24. The area covered by the Blocks may be so redistributed that the territorial unit of development administration may, in general, correspond to the tehsil/taluka or a sub-division as the case may be. If in an exceptional case, more than one Block is to be included in the tehsil/taluka or sub-division, care should be taken to see that the area of any Block does not extend beyond the boundaries of a single tehsil/taluka, or sub-division.

25. (1) There should, as a general rule, be a panchayat for each village. In exceptional cases a single Panchayat may be provided for more than one village, but the combination of villages should be on a voluntary basis.

(2) The outlay of a village panchayat being small in amount, it will not be necessary to have a whole-time Secretary. The Chairman himself can manage the office and be paid a small annual allowance to meet incidental expenses.

26. The power to suspend a resolution, decision or order of a Village Panchayat or a Panchayat Samiti, may be vested with the Collector and that of a Zila Parishad in the Government. But the power to annul any decision or order of any Panchayati Raj institution should vest in the State Government alone.

27. A District Tribunal consisting of the Collector and a Subordinate Judge should hold inquiries in cases where removal of members of Panchayati Raj bodies is involved. Final orders regarding the removal of members or office bearers should be passed only by the State Government after considering the report of the Tribunal.

28. The District Tribunal, consisting of the District Collector and a Subordinate Judge, should hold inquiries in cases involving supersession or dissolution of Panchayati Raj

bodies and report to the Government. The Government will pass final orders with regard to supersession or dissolution of Panchayati Raj bodies after considering the report of the Tribunal.

29. Panchayati Raj institutions need not submit their budgets for approval to higher authorities, if they frame their budgets including obligatory expenses within their resources, *viz.*, revenues expected to be raised and the grants promised to them, the obligatory expenses taking precedence over the optional ones. If they budget for an expenditure in excess of such resources, the budgets should be got approved by the authority which is in a position to meet the excess, *viz.*, the Zila Parishad or the Government, as the case may be.

30. (1) An advisory committee consisting of officials and non-officials may be set up by each State Government for advising on the principles which should govern the grant of assistance to Panchayati Raj institutions.

(2) The committee may also be required to review the working of these institutions and suggest necessary improvements in procedures and amendments of the law.

(3) The appointment of the committee should synchronise with the formulation of the Plan.

31. (1) All officers of Class I and II may continue to be drawn from State Governments on deputation basis.

(2) Panchayat Service should be limited to Class III (Extension), Class III (Ministerial) and Class IV Services. The officers of these Services should, however, be eligible for promotion to Class II and III posts, respectively.

(3) Posts in Class III may also be filled by persons belonging to the State Services sent on deputation. If such persons are not available, personnel may be recruited specially for Panchayati Raj bodies. Recruitment to Panchayat Service Class III (Extension) should be entrusted to the State level Selection Board, while recruitment to Class III (Ministerial) Service may be handed over to a District Selection Board. The composition of these Selection Boards may be decided upon by the State Governments.

32. The Revenue Department should continue to have an official or officials in the villages looking after the work relating to maintenance of land records, collection of land revenue, etc. Where persons previously working in such a capacity have been transferred to Gram Panchayats and continued to do the former work in a part-time capacity, they should be retransferred to the Revenue Department.

33. The present system of elections may be modified as follows:

(1) Every application for candidature must be accompanied by a deposit of Rs. 25.

(2) Every application for candidature must be supported in writing by at least one-fifth of the total number of the village population or 20 voters, whichever is less.

(3) After the time limit for withdrawals is over, if the number of candidates is equal to the number of seats, they may be declared elected.

(4) If there are more applications than the seats, a meeting of the voters of the village may be convened. The Returning Officer may arrange for a meeting at an appropriate place in the village, preferably a place of worship. The Returning Officer and persons commanding respect of the village people may speak persuading the people to have unanimous election and invite withdrawals. If the persuasion succeeds and the number of candidates is reduced so as to be equal to the number of seats after further withdrawals, the reduced number of candidates may be declared as having been elected unanimously.

(5) In case such a persuasion fails and there are more applications than the seats available, lots may be drawn in order to eliminate the extra number of applications. When the stage is reached when the number of candidates is equal to the number of seats, these candidates may be declared elected.

(6) If, perchance, the number of applications is less than the number of seats, all the candidates may be declared elected. For the remaining seats, fresh applications may be called for and a supplementary election held at which the procedure described above may be adopted.

Administration at Supra-District Level

34. (1) The system whereby a Commissioner incharge of a specified number of districts acts as a supervisory and directing officer, occupying an intermediate position in the hierarchy between the District Collector and the Government, may be abolished.

(2) Commissioners may, however, be appointed in large States with jurisdiction over fairly large sized regions which are homogeneous in terms of economic conditions for discharging the follwoing specific functions:

(*a*) regional planning for urban and rural areas with special reference to environmental purity;

(*b*) statutory functions having an inter-district coverage which cannot be assigned to any regional departmental officer; and

(*c*) inspection of district offices including that of the District Development Officer.

35. (1) In the States, where Boards of Reveune decide revenue appeals, the appellate work may be transferred to Revenue Tribunals consisting of a judicial officer qualified to be a judge of the High Court and a senior revenue officer.

(2) In small States, the administrative and advisory

work of the Boards of Revenue may be taken over by the Secretariat. In a large State, where there is no separate Head of Department incharge of land revenue and allied matters, the States may decide, having in view the quantum of work and other relevant factors, whether the administrative and advisory functions relating to tax administration, land revenue and allied matters should be entrusted to a Board or should be left over to the Secretariat itself.

36. (1) Each State Government should make a detailed review of the existing regional offices. Only such regional offices as subserve definite administrative needs and/or help bring the level of decision-making nearer to the people should be retained. The following criteria may be kept in view in taking a decision in the matter:

(*a*) the work of supervision and control thrown up by the local offices is so voluminous that it would not be possible for the Head of the Department to do it effectively;

(*b*) the size of the set-up required for the office of the Head of the Department is such that the work could be devolved on regional offices at no appreciably higher cost;

(*c*) The operations are far-flung geographically, so that central control would involve higher costs of administration on account of touring, etc.; and

(*d*) supervision and control at an intermediate level is warranted by administrative needs and the nature of work devolving on the organization.

(2) No regional office should be established in future unless the criteria mentioned in (1) are satisfied.

37. (1) In formulating the State plans, the State Planning Boards should include a suitable programme for protecting the health of the citizens against hazards of pollution of environments arising from industrialization and urbanization.

(2) There should be set up, at the district level, a committee on town and country planning (including protection from environmental hazards to health). This committee may consist of the President of Zila Parishad, Chairman of Municipalities, Executive Engineer, Public Health Officer, Town Planning Officer or an expert if available, two Members of Legislative Assembly and Members of Parliament by rotation and the Executive Officer of Zila Parishad. Wherever there is a port or a cantonment, the committee should have a representative of each of them. A representative of the Railways and P & T Department may also be invited to participate in the meetings of the committee whenever necessary.

(3) These committees should be presided over by Divisional Commissioners.

(4) Proposals for establishment of new townships or expansion of existing cities, towns and villages should be cleared through these committees and big schemes of regional or city development should be screened by the State Planning Board.

Redress of Public Grievances

38. (1) Action should be taken to vest in the Lokpal when he is appointed, the jurisdiction to deal with complaints against actions of Ministers in the States.

(2) Lokayuktas should be appointed in the States to deal with complaints against State Government officials including Secretaries. Complaints against District Officers, namely, the Collector and the various officers attached to the Panchayati Raj institutions, will be looked into by them.

Personnel Administration

39. (1) The proliferation of personnel under the State Governments must be checked. Organization and Methods Divisions and Staff Inspection Units where they exist must be activised and wherever they do not exist, they must be set up with a view to finding out better ways of organization of work and more efficient methods of doing it and to laying down rational standards for sanctioning of staff in future.

(2) Staff which has been found to be in excess should not be kept on in their old duties but should be brought on to a separate pool which should be maintained on a supernumerary basis. Recruitment to surplus categories should be stopped. Surplus personnel should be re-deployed where vacancies exist or come up. Many could also be trained in new skills, such as stenography, etc., and employed accordingly.

40. (1) A Personnel Department should be set up in each State under the Chief Minister. The functions of this Department would be:

(*a*) Manpower planning, training and career development for all State personnel.

(*b*) Liaison with the State Public Service Commission, Central Government, professional institutions, etc.

(*c*) Talent hunting, development of personnel for higher posts and appointments to the level of Under and Deputy Secretary and Secretary in the State Secretariats and equivalent posts in the field organizations.

(*d*) Research in personnel administration.

(2) An Establishment Board should be established in each State to select officers for the level of Under and Deputy Secretary and

Secretary in the Secretariat and officers of equivalent status in the field organizations.

41. (1) Wherever the number of personnel engaged on a particular function is sufficient to constitute a viable cadre, a service should be set up for that function.

(2) The field to which all the Services should contribute on the basis of equal opportunity should be enlarged and no privileged position should be assigned to any particular service in respect of posts which can be adequately filled by all officers after training and/or experience, if necessary.

42. A regular procedure should be evolved by the Central Government in association with the U.P.S.C. and with the State Governments for the purpose of recruitment of State personnel to Central posts at levels below that of Under Secretary and equivalent in common areas of administration, like agriculture, education, medicine and public health. Such a procedure should apply to appointments in the field organizations as well as the Secretariat.

43. For the posts of Heads of Departments, men with initiative and drive as well as experience and knowledge of the subject matter should be appointed. The endeavour should be to pick out suitable personnel from the corresponding State Service to man these posts. If no suitable men are available from the corresponding State functional services, there should be no objection to consider an IAS officer with the necessary background.

44. Suitable personnel from State Services should also be considered for ex-cadre posts which are presently reserved for IAS officers.

45. (1) Suitable personnel in the functional and specialist services (State as well as all-India) should man those posts of Under and Deputy Secretaries in the State Secretariat in which the predominant requirement is a particular functional or specialist knowledge.

(2) For Secretaries' posts, technical and functional officers of the State Services should not be precluded. In areas, such as agriculture, engineering and industry, there should be no bar to the consideration of relevant specialist officers along with generalist officers for posting as Secretaries.

46. (1) Officers posted as Collectors for the first time should ordinarily have at least 8 years' service to their credit.

(2) District charges should be divided into three categories having in view their workload and complexity. Commensurate remuneration should be attached, after proper evaluation of work content, to each of these three grades which should be fitted into the unified grading structure recommended by us in our report on Personnel Administration. It may, however, not be necessary for each State to have all the three grades of Collectors. Some of them may be able to do with only two.

46-A(1) Where a post carries regulatory responsibilities, like Police and Taxation, periodic transfers should be the rule.

(2) Officers engaged in development activities and management of plan programmes should not, as a rule, be transferred except where a promotion is involved or qualified personnel are needed for new programmes in different locations.

(3) In the case of teachers and research workers, there is no need, generally, to effect transfers.

(4) As far as gazetted officers engaged in administration or mangement are concerned, the scheme of transfers should be determined by the need for the career development of individual officers.

Public Service Commissions

47. A larger number of non-officials belonging to the various professions may be appointed as members of the Public Service Commission, where the number of such non-official members is short of fifty per cent of total membership.

48. A convention should be established whereby the Public Service Commissions are consulted by State Governments before the latter exempt any case or types of cases from the purview of the State Public Service Commissions.

49. The power of making temporary appointments without consulting the Public Service Commission should be used only in very exceptional cases and not by way of circumventing the provisions of the Constitution.

Training & Administrative Reforms

50. (1) (*a*) There should be set up in each State, where it does not already exist, a separate training institution for organizing a common foundational course for fresh recruits to Class I or equivalent State Civil Services, institutional training for the probationers of the State Administrative Service and other generalist services, training in management for different levels of officers, and refresher courses.

(*b*) Each major executive department should have a training cell to organize suitable training programmes for its personnel of different categories. Special attention is to be paid to organizing suitable programmes of training for Class III and and Class IV personnel, designed to improve their job skills as well as attitudes towards the public.

(*c*) Facilities available at the university departments of public administration and other professional institutions may be availed of for organizing some of the training courses.

(*d*) The possibility of regional cooperation among a group of States for organizing common training programmes may be explored. The Central

Training Division of the Union Ministry of Home Affairs, should operate a special programme of assisting the State Governments in organizing training courses, preparation of training materials, securing facilities for training of trainers and organising common programmes on a collaborative basis.

(2) The new Department of Personnel should have a branch on training, charged with the responsibility, of formulating the overall training policy, coordinating different training activities, arranging for training of trainers and promoting preparation of training materials.

(3) Special emphasis should be laid in the foundational course on "building proper values and attitudes among the trainees and inculcating in them a sense of dedication to duty and service-orientation". Living with the people in a village for a first-hand study and observation of rural life and conditions should form an integral part of this course.

51. (1) The O & M/Administrative Reforms Units or Cells in the States should be reactivised and strengthened where necessary. A five-year broad perspective plan of O & M work should be drawn up and within its framework an annual O & M plan should be formulated with a broad scheme in priorities. O & M work should be conceived in a wider perspective covering all the aspects of an administrative organization and it should be closely related to the attainment of its purposes.

(2) The Central O & M/Administrative Reforms Unit at the State level should be headed by a senior officer of the status of an Additional or Joint Secretary located in the Chief Secretary's organization. Its organizational structure and staffing pattern should be research-oriented. Apart from a nucleus staff with qualifications and experience in techniques of management analysis, the Unit should also have some personnel drawn, on short tenure, from functional areas, or services. The latter should be selected in the light of the programme of O & M studies to be carried out.

(3) Each major executive department having dealings with the public should have an O & M cell.

(4) University departments and professional institutes engaged in the teaching and/or study of public administration located in the State should be given adequate financial support to undertake studies on, among others, administrative reforms and improvements in areas, such as rural and urban administration; semi-government organizations; state enterprises; relations with the general public, private trade and industry; inter-relations between the political and the administrative processes and application of new methods and techniques.

INDIA, REPORT OF THE ADMINISTRATIVE REFORMS COMMISSION ON TREASURIES, New Delhi, Government of India, 1970, pp. 65+v.

In view of the difficulties experienced by the citizens in their dealings with the Treasuries, the Administrative Reforms Commission, in December 1967, appointed a Task Force on this subject. It was headed by *Shri B. V. Narayana Reddy*. The Commission also had a study made of "Treasury System and its Procedures of Receipts and Payments" by the IIPA. The study was done by *Prof. M. J. K. Thavaraj*, Professor of Financial Administration, and *Shri K. L. Handa*, Lecturer in Financial Administration. Taking into account the findings of the Task Force and the IIPA study, the ARC submitted its own Report on Treasuries to the Government of India on February 27, 1970.

A summary of the recommendations made in the report is given below.

Procedures of Treasuries

1. (1) Every department concerned with the receipt of taxes or other demands of a known or foreseeable nature which have to be paid periodically or at fixed intervals should issue challan forms to the intending depositor in triplicate with the heads of accounts and other particulars duly filled in so that the party may have only to sign the challan form. When necessary, such challans may also be issued in quadruplicate. The Bank should receive the amount due on such challans direct as is done in the case of dues of income-tax department.

(2) Where the amounts to be paid are not of a periodical or foreseeable nature, the departmental officer should maintain sufficient stock of blank challan forms with him in order to obviate the necessity of a journey by the depositor to the treasury only for collecting the challan form. In such cases a member of the treasury staff should be deputed to sit in the local branch of the bank to carry out the necessary verification of the challan form, etc., before the payment is made.

(3) Intending depositors of Government dues could also be provided with the facility of getting challan forms duly filled in with complete classification of each item of receipt, from authorized challan writers on payment of prescribed fee.

(4) The departments concerned should make necessary arrangements to receive payment in any form it is tendered, that is, whether through cheques, bank drafts, postal order, money order or even in cash (up to specified limits). They should normally receive sums which are not substantial in cash across the counter (for this a monetary limit of Rs. 300 is suggested). In the

case of substantial sums also, the citizen should have the option to remit such sums by money order, or postal order or duly crossed cheques or bank drafts.

(5) The citizens should be encouraged to make payment of small Government dues like licence fees, road taxes, etc., by a wider use of postal orders. Such postal orders should, however, be distinct in colour and design from those in vogue at present since they will be usable only for payment of Government dues.

2. (1) The responsibility for finalizing the various formalities associated with the payment of money to the citizen should rest squarely on the department/office initiating or sanctioning the amount. The departmental officer should arrange to remit the amount by cheque/draft duly crossed or through money order to the person concerned. The facility of receiving small sums in cash across the counter, say, up to Rs. 100, should also be provided to the citizen.

(2) Where it is not convenient for the citizen to receive payment across the counter, the departments should normally remit to him small sums up to Rs. 100 through money order and the charges on account of the money order commission should also be borne by Government.

(3) The State Governments should consider progressively authorizing selected treasuries in the States to make payments by cheques particularly in cases where the payments are heavy or the number of transactions in relation to the public is very large.

(4) The system of making payments through cheques should be extended discriminately to those departments where the volume of transactions in relation to the public is specially large.

(5) The use of the system of personal ledger accounts which permits speedier and easier withdrawal of funds on cheques at the treasury/bank for disbursement be progressively extended to such areas of government transactions where there is a special need for it, *e.g.*, departments dealing in activities with substantial receipts and payments.

(6) Since the system of personal ledger accounts involves the handling of cash by a departmental officer and in some cases the transfer of large sums from the Consolidated Fund to the Public Account Section of the Government Accounts, it should be extended discriminately after careful scrutiny of the needs and circumstance. The system should as a requisite, provide for efficient supervision and prompt and regular submission of monthly accounts to the Accountant-General along with the vouchers and other documents.

(7) The rules for the payment of grants-in-aid, contributions, scholarships, compensation to Government servants and the funds required for Government's

investments in companies, corporations, etc., should be simplified and the procedures prescribed by the Central Government adopted *mutatis mutandis* by the State Governments.

(8) In the Public Works Department, the system of payments by cheque should be extended to the salaries of the gazetted and non-gazetted establishment on the lines of the system obtaining in the divisions of Forest Department.

3. The Treasury Officer should be empowered, in respect of State transactions, to sanction the refund of lapsed deposits, the detailed accounts of which are maintained at the treasury. No sanction of the Accountant-General should be required in such cases.

4. (1) The limit up to which the payment of pensions may be made in cash at the treasuries to the pensioners should be raised to Rs. 300 p.m.

(2) The pensions up to Rs. 100 p.m. should, at the request of the pensioners, be remitted by money order at Government expense.

(3) The officials posted in or having their headquarters in rural areas, for instance, the tehsildars and the block level officers, etc., should also be authorized to attest the written declarations signed by a pensioner who, owing to old age or infirmity, elects to have his pensions paid by money order.

(4) In the case of pensioners drawing their pensions through the scheduled banks, the latter should also be empowered to issue life certificates to such pensioners.

(5) The Collector of the district should be empowered to authorize the payment of pensions on the last working day of a month, if the first two days of the succeeding month are public holidays. The power should extend to the payment of all pensions irrespective of the rate of pension per mensem.

(6) In cases of outstanding arrears of pension which have remained undrawn for more than a year, the Collector also should be empowered to allow the payment of such arrears, if the amount does not exceed Rs. 5,000.

5. (1) The responsibility for the timely remittance of the leave salary to the Government servants should rest squarely on the administrative authorities. It should be for these authorities to make arrangements for the timely remittance of the net amount of the leave salary to a Government servant by means of a demand draft at par at the address specified by him.

(2) In the case of Class IV Government servants, the net leave salary should be remitted by the prescribed officer by money order at Government expense.

(3) A Government servant proceeding on earned leave should not normally be required to appear in person at the place of payment or to furnish a life certificate when claiming the leave salary.

(4) In order to obviate the difficulties at present experienced by the gazetted officers in drawing their salary and allowances either on their initial appointment or on transfer to a new station or district on account of the procedural formalities involved in getting sanction from the appropriate authorities, the heads of offices should be empowered in such cases to grant advances of pay equal to a month's pay, which should be payable for a total period of two months.

6. (1) The object of public policy should be to promote the location in close proximity of the offices of the Bank and the treasury in the districts. In places where the Bank offices are at present located at a distance from the treasury, the Bank should consider the question of opening a branch office in the premises of, or at a place adjoining the treasury.

(2) The treasuries should be relieved of the functions of indenting, storing and distributing the postal stamps and this function should be taken over by the Posts and Telegraphs Department.

Organization of Treasuries

7. (1) In all States there should be in existence a regular Finance/Accounts Service to man the posts of Treasury Officers, Assistant Treasury Officers, etc.

(2) Proper standards of staffing and appropraite norms of work should be evolved for the treasuries and the systems of recruitment should provide for: (*a*) an adequate percentage of posts being filled by means of open competitive examination, and (*b*) certain proportion of posts being filled mainly by promotion, though here also a certain percentage should be reserved for direct recruits.

(3) The training of staff at all levels should be systematically planned and greater care and thought bestowed on the subject. The courses of training should comprise a short period of practical training in the office of the Accountant-General also.

(4) The treasury staff should increasingly look in the future for suitable avenues of promotion in the treasury and accounting organization itself. For this purpose, a separate cadre for the non-gazetted establishment in the treasuries should exist at the district level in all the States.

(5) The State Governments should consider the setting up of a State Directorate of Treasuries manned by officers with adequate experience and training for the purpose of supervising the work of treasuries. To this Directorate should also be entrusted the responsibility of establishing cells within the treasuries for conducting a review of internal checks and controls so that deficiencies or lacunae noticed are rectified at a sufficiently

early stage and the efficient working of the treasuries is ensured. The Directorate should also undertake periodical inspection of the treasuries and sub-treasuries with a view to scrutinizing the technical details of their working and seeing that the norms of work and performce are in fact being achieved.

BOOK REVIEWS

POVERTY AND SOCIAL CHANGE; By TARLOK SINGH, Bombay, Orient Longmans, 1969, pp. 352, Rs. 25.

Twenty-five years ago a young and patriotically-motivated officer of the Indian Civil Service in the undivided Punjab looked searchingly at the causes of rural poverty and came out with "a framework of general ideas and principles" which could serve as a "preface to a plan of economic and social development conceived in the interest of the masses and based upon an understanding of the structure of Indian rural society". He derived his understanding from a survey of 1,132 families in Hissar district in 1940, supplemented by investigations in some other districts in the Punjab as well as three other States. The officer was Tarlok Singh, who later made, in several capacities, a distinct and meaningful contribution to the early phases of planning in free India. His book *Poverty and Social Change*, now reprinted after two decades and a half of its first appearance, made a persuasive and convincing case for major structural re-ordering of the economy and the society in village India. Without any intellectual turnabouts and free from the obscure jargon of the more recent writings on developmental themes, it represented the direct approach and sturdy common sense of the Punjab peasant. Deservedly it became a standard reference on rural India and its most crucial problem—poverty.

It is good to see a reprint of this useful book. Two decades of planning notwithstanding, the basic argument of the book still stands. It is recognized that the much-publicized land reforms have evaded rather than solved the contradictions and problems of agrarian stratification. The landless poor and the small and fragmented agricultural holdings still persist. Agricultural technology and its management continue to remain underdeveloped. Poverty—and all its ugly socio-economic manifestations—are as real even today as they were twenty-five years ago. Experience has confirmed what Tarlok Singh had to say about the dysfunctional and negative role of statutory *panchayats*. But his faith in *joint management*—as the result of some of the halting and hesitating steps we have taken in this direction suggest—was placed a little too high. The realities of the developing situation indicate that idealism and optimism by themselves in this sphere, will not be enough: an effective strategy to operationalize them will have to be evolved.

Part II of the new edition (p. 225 ff.) presents a perspective and an appraisal of two decades of planning in India. These five chapters incorporate new materials and a fresh assessment. In a way, the second half of the book is mini Asian Drama: not by a perceptive and acute but nevertheless distant observer, but by one who had a definite role on the stage as well as behind the screen.

And this part has left me mildly unsatisfied. I have no disagreement with what Tarlok Singh has

said: my complaint is that he has not said enough. He could have illuminated several of the paradoxes—contrary pulls and pressures—of policy planning in contemporary India. Perhaps he could have evaluated the role of bureaucracy in the processes of developmental change. Certainly from a man of his understanding and experience, a deeper analysis of the emerging rural scene could be expected. The book ends somewhat inconclusively: an additional chapter summarising his argument and conclusions would have rounded off the picture.

This admirable book is to be commended for its sincerity and lucidity. It is to be hoped that it will be used widely by social scientists as well as planners and administrators.

—S. C. Dube

THE PRESIDENTIAL ADVISORY SYSTEM; By THOMAS E. CRONIN AND SANFORD D. GREENBERG, (Eds.) New York, Harper & Row, 1969, pp. 375, $ 6.95.

Although the most powerful man of one of the most powerful nations, the American President is after all a very lonely man when it comes to taking critical decisions affecting the destiny and the direction of his nation and to some extent of other countries and peoples. The intellectual and political loneliness has been attempted to be softened by a number of Presidents from Roosevelt onwards through induction from outside of specialists, advisers, special counsels, special assistants, Task Forces, consultants, 'speech-writers', etc., in the White House. The main objectives have been to obtain and cross-check new ideas, new information and establish intellectual, administrative and political communications with the various departments, the Congress and the academic and research world. Policy intelligence, policy planning and the need to identify, mould and choose between, alternative futures of the economy, society and technology have created in the White House an insatiable thirst for creative ideas, scientific management, social engineering and 'futurology'. This demand is being met by formal and informal consultations with experts, professors and the "in-and-outers" oscillating between the White House and the academia for varying spells. Sanford D. Greenberg and Thomas E. Cronin, who are among these "in-and-outers" and have been White House aides—the latter is now a teacher of Political Science—have collected in "The Presidential Advisory System", essays by 34 authors—12 of whom belong to the academic and research line and the remaining 22, including a former Vice-President, have had actual working experience in the White House.

The concept of 'institutionalized Presidency', *i.e.*, a President underpinned by his own staff assistants, counsels, Task Forces, etc., in the White House independent of other agencies and bureaus, started with President Roosevelt when in 1936 he established an Office of Administrative Management and kept it separate from the Cabinet Secretariat which he had established in 1933. He had a Press Secretary, an Appointment Secretary, a Special Counsel and battery of administrative assistants, who would continuously feed him with new intelligence and act as "trouble-shooter, checker-ups, intelligence operatives, 'thought-brigade', etc". With the advent of the War, President Roosevelt strengthened his executive office with specialists and personalities of national stature. The tempo was kept up by Truman, Eisenhower, Kennedy and Johnson with the difference that Franklin D. Roosevelt's lawyers in the White House launching a New Deal Government with a regulatory outlook were gradually replaced by management and economic analysts to help the President in manipulating the great levers of economy and social change.

Is it a mere fad or fashion that the corridors of White House have to resound with the footsteps of long-haired professors and Deans or sleek, well shod management and business analysts? If the whole thing were a sham, the Americans would have definitely called the bluff. The system has met some of the felt needs apart from the need to fill up the intelligence gap in the White House. The President occupies a unique position in being the only co-ordinator with a national and international perspective not available to any of his cabinet colleagues or Congressmen or Bureau or Agency Chiefs, who are immersed in their departmental and regional commitments. It is only at his level that decisions on the departmental proposals have to be taken with a sense of national and futuristic direction. This sense of direction can come only from a detached, integrated and creative study and analysis of the information collected for him. The President can ill afford to adopt the 'adversary' type of approach generally followed by a judge or most of the bureaucrats in giving decisions on the basis of whatever information the parties choose to give. The President's has to be an 'inquisitorial' approach. He has to ferret out all relevant and inter-related facts, ideas, evolve his own alternatives and then give a decision. This will be a tremendous job for a single man to handle. He must have the 'backroom boys' working as special assistants, members of Task Forces, and temporary consultants. The use of outsiders to evolve new policy culminated in the various Task Forces of President Johnson so much so that the centre of gravity of policy planning shifted from the various departments to the White House from where the Task Forces operated. In 1967, there were as many as 50 Task Forces. The whole process starts with the White House Assistants visiting the University and the Research Centres for brand new ideas with topical interests. Bright officers in the various departments are also invited to send their ideas direct to the White House irrespective of their official status. All ideas thus collected are screened by a White House group. The ideas which are feasible or have topical interest are sent to the President with the recommendations of the group. The President discusses the paper with the Special Assistants and the ideas accepted by him are further developed by consulting outside consultants, the departments or assigning them to Task Forces. The members of the Task Forces are selected partly from the departments concerned, more from the academic line, still more from the interest-groups affected, and finally from the Business and the Law. Each Task Force is assisted by a small secretariat, mostly staffed by the Bureau of Budget officials. Each Task Force has a White House liaison officer to act as a bridge between the President and the Task Force. The report of the Task Force is considered by an inter-departmental committee, so that there is no departmental resistance to the recommendations made. The Committee recommends action programme to the President. The reports of the Task Forces are kept secret or published at the discretion of the President. After the President takes a decision on the action

programme, the policy is launched through messages and corresponding Bills are presented to the Congress. The whole process takes less than one year.

The need for the President to fall back upon outsiders in policy formulation exposes a tragic phenomenon in all modern governments. The permanent civil servants when they reach the top are found wanting in creative ideas and sense of direction and, even if endowed with an urge to innovate, have only foggy ideas and inadequate conceptual framework for innovation. As has been stated in one of the essays 'one of the paradoxes of bureaucracy is that the qualities rewarded in the rise to eminence are less and less the qualities required once the eminence is reached'. Further, the combination of unreflectiveness produced by the style of life of the most eminent people in and out of Government and the conversational approach to policy account for many of the gaps in policy framework.

Alas, the charisma of the 'action intellectuals' co-opted in the White House either as Special Assistants or Counsels or members of the Advisory Committees is also wearing thin by the same process which takes the shine off the bureaucrats. The intellectuals of national and international fame available in the U.S.A. are being so much overtaxed by advisory and consultancy assignments, conferences and commissions that their pace of life may be no different from that of the bureaucrats. Intellectual obsolescence may overtake most of them. The other alternative of having fulltime "in-and-outers" for short spells appears attractive and part-time consultancy is being replaced fast by having intellectuals on a whole-time basis for two or three years and sending them back to their professional fields.

Also, when consulting outsiders becomes a ritual, the results are depressing. The experts or specialists may be familiar with the facts of his discipline but may not be creative. The department may consult experts not for ideas but for endorsement. Insistence by the department on results and speed destroys the intellectual climate needed for creative reaction. Appointment to the Task Force may become a means of political patronage.

The book has a clear message. It indicates that the higher you go in the echelons of government, the greater is the need for creativity, integration, direction and a purpose. Whether it is the President or the Prime Minister, the need is acute and cannot be met completely by the departmental resources. There has to be cross fertilization between the Government, on one hand, and the universities, the business and the management houses and the professional bodies, on the other. The new breed of 'in-and-outers' can be tried out with advantage in this country, also. The Prime Minister's Secretariat could act as a magnet for new ideas and mobilize creative thinkers in topical directions. Though we have been using fact finding commissions, policy commissions, study teams, working groups more and more during the last five years, either their field of action was too limited and interstitial or their working has been so dilatory that their impact on Government policy has not been considerable.

The book throws less light than one would like to have on the question of implementation of the ideas and policy evolved through interaction of the intellectuals with the administration. Implementation is the weakest link in the chain of policy planning. One would have liked to find in the book the reactions of one or more of the living ex-Presidents in regard to the success of the Consultancy System. Similarly the reactions of a few departmental chiefs from whom the function of policy formulation is being taken over by the White House, would have put the system in a clear perspective.

The book is divided into four sections, each section preceded by a small editorial note. It would have been perhaps helpful if the first editorial note had indicated the various focii of policy making in the Amercian Administration and the normal channels of communication between the President and these focii. This would have set out the role of the White House aides more clearly. The essays throw little light on the role of the Vice-Presidents and that of the Governors of the various States in policy making. This analysis would have been of interest to Governments with a federal or quasi-federal set-up. Similarly, the channels of communication between the President and the Heads of the various Independent Regulatory Commissions, like the Inter-state Commerce Commission, etc., which monitor the economic behaviour of the nation to a large extent, have not been reflected. It would be surprising if it is found that in policy formulation at the White House, there is no formal or informal contact with these regulatory commissions. A very interesting case study one misses is about the formulation of the policy about space research and the implementation of President Kennedy's forecast of placing a man on the Moon by the end of sixties, which actually came true!

In the essay by Rockefeller, it has been suggested that there should be established an Executive Office of the President to look after both policy as well as structural efficiency of the Administration. This will perhaps be an impossible combination of functions. Experts in Management analysis and Organizational efficiency cannot by the very limitation of their discipline advise on economic and social policy. Nobody, in any case, has so far asked the O & M Unit or a Department of Administrative Reforms to lay down, say, Industrial Licensing Policy of the Government. It is better that we distinguish between these two functions and keep them separate.

The Editors could have analysed two strands of thought coming out of the essays in regard to the separation of the function of policy formulation in the White House from that of policy implementation in the departments. The point is this. An outsider is disqualified to advise on policy because of his *non-involvement* with the programme. The insider bureaucrat is disqualified because of his narrow involvement with the programme. Taken together these two theses lead one to a '*cul-de-sac*'. The White House aides to the President are not involved in departmental programmes: can they still advise on policy? Get them involved: will they remain detached from programme loyalties? To bring home the point—will the Ministry of Industrial Development allow its policy to be thrashed out by a Special Assistant to the Prime Minister and resign itself to the role of implementing whatever policy is thrashed out by the 'blue-ribbon' boys of the Prime Minister's Secretariat? A compromise has perhaps been effected in the White House through the medium of Task Forces in the formulation, consideration and implementation of whose reports the White House aides involve the departmental representatives also. But the White House has also experimented with a single Special Assistant with a small staff formulating policy. It would have been interesting to know how the departments have reacted to it and committed themselves to its implementation!

Another point of doubt is whether by institutionalizing the President's office by the induction of Specialists, the President has not merely substituted the departmental bureaucrats by another set with a different lable but with equal limitations and commitments. In surrounding himself by a battery of specialists and academicians hand-picked by him, is not the President replacing the Parliament of legislators by the Parliament of experts with the only difference that whereas the choice of legislators is not entirely in his hand, the choice of experts is entirely his? What is the guarantee that political commitments of these specialists are no consideration for their selection? What is the guarantee that the information analysis and policy suggested to the President by these aides is neither biased nor politically motivated? No policy recommendation can be divorced from value judgment and no value judgment can be divorced from political convictions. Apart, therefore, from what comes out of the Computer or from the Operation Research Workers or PPBS practitioners, most of the stuff that comes to the President from his aides is likely to be pickled in politics.

In any case, the book provides an interesting raconteur of the thirty years of White House's courtship with the academic world. There is a streak of sweet nonsense about the whole affair. It has made sense so far only because the aura of romance continues to scintillate between the two worlds still unassimilated still unconsummated—the earthy world of action and the ethereal world of ideas.

—S. P. MUKERJI

DELIBERATIVE AND EXECUTIVE WINGS IN LOCAL GOVERNMENTS; By R. B. DAS and D. P. SINGH (Eds.), Lucknow, Institute of Public Administration, Lucknow University, 1968, pp. 168, Rs. 20.

This book is a record of the proceedings of an All India Seminar sponsored by the University Grants Commission at the University of Lucknow during October 1966. The Working Paper prepared by Dr. D. P. Singh, as well as the other papers read by the experts—mainly professors and lecturers—at the Seminar, form a part of the book itself.

The working paper, in its limited space, carefully surveys the functioning of various types of urban and rural local bodies in the country, spot-lighting the salient features, which enabled the participants to exchange views thereon. The background papers also make an interesting reading as a lot of study seems to have gone into their preparation.

It seems that the concept and the arrangements for this Seminar had been ambitiously laid on but the end results did not emerge very succinctly. This, perhaps, is true of all such seminars. The points for discussion are properly marshalled before the start of each session, the background papers are thoroughly prepared and distributed in advance. Only the participants do not confine their observations to the points under discussion. And then, at the end, the conclusions in regard to the points at issue are not clearly stated. One is left wondering about the ultimate recommendations of the Seminar on the stated items.

The subtle distinction between the "deliberative" wing and the "executive" wing exists only in local bodies. The conflict starts between the two wings mainly because one wing—usually the former—wants to dominate the other, especially when some defined responsibility, with or without authority, has been given to the Executive wing also. The "Deliberative" wing is the policy-maker—consist as it does of the elected representatives of the people; the "Executive" wing is the doer to implement that policy. Where then is the trouble? The trouble arises when the policy maker wants things done his way in the day-to-day execution of policy. No policy can and does visualise all possible situations and provide for the same—there are inherent limitations of coverage—and discretion has to be used by the doer frequently. Should this be as desired by the deliberative wing?—there lies the rub mainly. The point hardly needs debate in the year 1970 whether the above distinction between the two wings—one independent of the other, in theory—should be allowed to continue much longer. The current thesis is simple to grasp: If full-fledged responsible democratic government is possible in the Centre and the States, why should it not be allowed to have full play in the local bodies also? Why should we suspect or distrust the elected representatives in the Corporations, Municipal Committees, Zila Parishads and Block Samitis—or what have you—and curb their initiative and the urge to discharge their responsibilities as such representatives, in a full-fledged democratic manner? The suggestion is hereby seriously made that a cabinet form of local body administration should be introduced in this country without delay; whatever functions are entrusted to these bodies by Government should be fully dischargeable by the elected representatives of the people in all respects. The half-way-houses existing today should be done away with.

In short, it is time we came to decide in practice that responsibility should lie where authority also lies and not create figureheads who may be prestigious heads of organizations, but without any real authority. Smooth relationships cannot work on conventions in a fast-changing world. Proper and comprehensive definition for powers is absolutely necessary.

The above applies equally to the rural local bodies also—*viz.*, the Panchayats, Block Samitis or Zila Parishads—the three rungs of the Panchayati Raj. The Seminar has tried to deal with some of their problems but one feels that the rural local bodies should have been dealt with separately. In a common discussion, these are likely to be treated somewhat indifferently.

Once the argument regarding the responsibility and authority to vest in one place is conceded, the permanent executive will become subordinate to the political executive by definition and there will not be left much scope for any conflict between the two. Thereafter, "efficiency in Local Government will depend on the extent to which the non-official succeeds in making creative use of the official, which was possible provided the social and economic objectives were balanced with the political objectives".

Some of the background papers (eleven in all) make a very informative reading and contain interesting suggestions. For example, Shri G. Mukherji suggests on p.74 that the repression of local bodies should be with the approval of State Legislature—a point worth pondering over, taking into account the present

political waywardness of the State Governments. Dr. D. N. S. Chauhan observes on p. 95 that:

> "Practical difficulties appear in the implementation of the decision when it is motivated by political considerations. Even after 8 years of working (of Panchayati Raj) both non-officials and officials are not fully reconciled to the system. The lust for power among non-officials and the feeling of status consciousness among officials continue. Secondly, officials cannot reach an agreement when non-officials get themselves involved in active politics. Their partisan approach in dealing with the development programmes also stands in the way. Regional loyalties come in the way of overall development. Thirdly, the officials owe loyalty to their respective departments which often conflicts with the programme of the others. Fourthly, the attendance of non-officials at the meetings of these bodies is poor. Lastly, the non-officials are not responsible for the results. Whenever any programme fails, the Government calls for an explanation only from the officer concerned."

This is all about the Panchayati Raj experiment. How true! But where do we go from here? Experiments are launched in a big way, with a fanfare of loud publicity and then they flop. Why? Social change cannot be brought about suddenly and non-violently at the same time. A process of gradual evolution can be hastened comparatively, provided it is nursed and guided properly. Here, the experiment was too huge and too full of mundane attractions for the rural elite and others to work it out with patience and pride. If the real authority and responsibility had been made to vest in the elected representatives squarely and directly, it is possible, the experiment would have succeeded, at least to the extent the working of democracy has made a headway at other levels in the country.

Shri V. S. Murthi suggests on p. 118 as under:

> "Society needs the services of different people in various capacities. An unresolved problem in politics is how to get both the talent and time of the educated and enlightened persons. Politics is no longer a pastime of the leisured classes. When the society pays for lawyers, doctors, teachers and a host of other services, why should not the politicians be paid for? If this issue is not decided, it will give rise to malpractices and monopoly of power and authority."

Well said indeed, though the future tense at the end is somewhat misplaced!

On the whole, the book is an interesting compilation which may be read with advantage by those dealing with Municipal and Panchayati Raj administration, whether in the field or in the government. In many ways, it provokes the reader's thought—by itself a no mean achievement. One wonders, however, why it should have taken the editors two years to bring out the book (in 1968) when the Seminar was held in 1966!

—R. N. Chopra

TREASURY CONTROL OF THE CIVIL SERVICE, 1854-1874; By MAURICE WRIGHT, Oxford, Clarendon Press, 1969, pp. 406, sh. 80.

To the present reviewer who has spent a life-time of service in the Indian Finance Ministry, the counterpart in India of the British

Treasury, this historical account of "Treasury Control" reads in good part like a recount of his own experience. The narrative starts with 1854 following the publication of the Northcote—Trevelyan Report. Ending with 1874, it concludes that "the Treasury's Control of the Civil Service was positive, informed and founded upon a close collaboration with the Departments; its attitude, constructive, purposeful and conciliatory". Whenever the Treasury demurred, it was not intended to terminate the negotiations begun by a department, but to evoke a response. "It would be misleading and generally inaccurate to describe that control, as some have done, as the exercise of the maximum restraint with the minimum of understanding and knowledge." Supporting this conclusion, there is a detailed account of the unofficial enquiry and report procedure—the Treasury's most successful device for controlling establishments. "If the Treasury are to be responsible for the financial results of any arrangement, they must be allowed to inquire into the details of the arrangement, in order to ascertain whether its advantages are worth the cost it will entail, whether those advantages could be attained at a cheaper rate, and whether the arrangement which is proposed is likely to affect the arrangements already in existence."

The Treasury achieved its most complete and effective control of expenditure through small Committees set up from time to time to investigate and report on the organization of particular departments. The frequency with which these Committees were established, the thoroughness of their investigations and the extension of their enquiries throughout the whole administrative process, made their use by the Treasury the most important method of controlling expenditure. There are references to occasional protests at high level from some departments subjected to such examination, but the Treasury's view almost always prevailed. "Control by Committee of inquiry was no less than that joint working in a common enterprise enjoined on the Treasury and the departments by a later age." It is refreshing to note that there is no record of any attempt to denigrate the Treasury.

The effectiveness of Treasury Control as a restraint has been summed up in three general points. "First, the requirement of prior approval, a precondition of effective control, was generally well observed. Secondly, there were many occasions when without prompting, the departments provided the Treasury with adequate information to enable it to make a 'mature judgment'; no mean achievement, for departments did not relish having to justify their actions and decisions to another department. Thirdly, by insisting upon the condition that a case had to be made out to its satisfaction, the Treasury demonstrated to the departments that approval was not to be had easily."

In contrast with the generous handling of such matters, now-a-days we read that throughout the whole of the third quarter of the nineteenth century the Treasury was firmly opposed to the principle of granting allowances for extra or special duties, maintaining that the whole of a civil servant's time was at the disposal of the public service.

—S. Ratnam

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