



## Bureaucratic reforms

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**(Mains GS2 & GS4: Role of civil services in a democracy & Public/Civil service values and Ethics in Public administration: Status and problems; ethical concerns and dilemmas in government and private institutions)**

### **Context:**

- Prime Minister Narendra Modi recently took a swipe at Indian Administrative Service (IAS) 'babus' in Parliament, apparently in a spontaneous expression of frustration with the slow pace of decision-making in the bureaucracy.
- PM's remarks may have been made with an intention to shape the national narrative in favour of the government's privatization drive
- His remark also contains a kernel of truth about the economic cost that a bloated and rules-focused bureaucracy imposes on the country.

### **Bureaucracy: a polarizing figure**

- Our bureaucracy is a polarizing figure in public discourse.
- To some, it is a multiheaded hydra with a limitless appetite for public resources that it consumes voraciously and wastefully.
- To these critics, it is a rent-seeking entity dominated by devious mandarins who employ it for extractive efficiency and not productive service.
- On the other end of the spectrum, some believe that it is the titanium frame of India, and that most bureaucrats are high-minded and competent professionals immersed in the true ethos of public service.
- To be sure, neither of these characterizations is entirely accurate.
- Like any other organization, our bureaucracy is heterogeneous, with a mix of individuals possessing varying levels of motivation, competence and personal integrity.
- However, the Indian bureaucracy is a far cry from the Weberian ideal of a hierarchical but public-minded body, guided by neutral, rational and technically sound policies based on rules, devoted to the administration of services to the people.

- Bureaucracy suffers from corruption and nepotism. Political patronage often governs the actions of bureaucrats more than public service.
- Almost every interaction with a public servant is accompanied by an extractive demand.
- This imposes a significant cost on the economy.

### **Cross country analysis:**

- In a seminal paper titled *Bureaucracy and Growth: a Cross-National Analysis of the Effects of 'Weberian' State Structures on Economic Growth*, findings are that among 35 developing countries. Those with more competent bureaucracies enjoy higher levels of economic growth and prosperity.
- This analysis is supplemented by several case studies, such as the World Bank's 'East Asian Miracle', which attributes the rise of Japan, Korea and other 'Asian Tigers' to a motivated and competent bureaucracy.
- In contrast, Indian bureaucracy has always been characterized as a growth retardant.

### **Shortcomings in various committee's recommendation:**

- The importance of a well functioning bureaucracy has been well understood.
- Several administrative reform initiatives have been taken since independence, and the commissions formed for it have submitted voluminous reports on making the bureaucracy more responsive to public needs, with the latest being the Second Administrative Reform Commission.
- A key shortcoming of their recommendations has been that they have focused largely on the IAS, the topmost echelon of the bureaucratic pyramid.
- With their focus on an elite sliver of administrators, these reports have ignored the welfare ramifications of millions of daily interactions between the public and other government employees.
- Moreover, most have been centred on minor changes to staffing rules, such as lateral entry of experienced professionals, which is likely to have only a limited impact on the overall bureaucratic edifice.
- Another shortcoming is an excessive reliance on monitoring mechanisms to tackle corruption.
- Besides the fact that most of these measures have been ineffective, extra monitoring also leads to procedural excesses that result in greater friction and inefficiency in the bureaucracy.
- This is not to say that tackling corruption should not be a goal; rather, it should be done without increasing procedural density.
- Historically, the recommendations of these commissions have rarely been implemented; the challenge of reforming the bureaucracy has been growing by the day.

## **Radical approach needed:**

- A radical approach is new public management (NPM), as was implemented by the UK, Australia and many other rich countries in the 1980s.
- It envisages a transformative downsizing of the bureaucracy, greater privatization, devolution and decentralization of decision-making, and the introduction of private competition in areas of public service hitherto monopolized by the government.
- The objective is not as much to reform the bureaucracy as to make it irrelevant.
- While NPM is effective, it is unlikely to be politically feasible in India.
- However, this does not mean that India's economy is doomed to carrying the bureaucratic millstone around its neck for eternity.
- At the heart of bureaucratic underperformance lies the question of incentives.
- Harnessing its power can break bureaucratic torpor and spur administrative enterprise.
- In a paper published in The American Economic Review, David Li outlines the role of 'Xiahai' (jumping in to the ocean) in incentivizing local bureaucrats to push the economic transformation of their regions in China.
- The word refers to bureaucrats leaving the government to join private or state enterprises.
- Li argues that Xiahai changes the ex-ante incentives of local bureaucrats before they leave government service, as superior local economic outcomes enhance their own career options.

## **Conclusion:**

- Extracting the best out of a bureaucracy does not necessarily require heavy-handed monitoring or radical downsizing.
- The power of incentives can be a far more effective tool, as studies have shown.
- Thus, by incentivizing bureaucrats and schemes like Mission Karmayogi reincarnate a civil servant into a true "Karmayogi" in the service of nation
- And, at the same time, ensure his continuous uninterrupted growth both at professional as well as personal level.