

Ideas of public service

POLITICS AND PLAY RAMACHANDRA GUHA

Shortly after the 2009 general elections, I attended a lecture in Bangalore outlining a policy road map for the new government. The speaker was Rakesh Mohan, an economist who had held senior positions in the ministries of industry and finance, and was at the time a deputy governor of the Reserve Bank of India. In his lecture, Mohan argued that the first wave of reforms had freed businesses from State control and led to impressive rates of growth. What we needed now was to focus on the quality and capability of public institutions.

Mohan's lecture struck a chord, for I come from a family of public servants. Although I chose a career outside government myself, I have, both as a citizen and as a scholar, had close interactions with public officials of many different states and departments. I have thus been witness to (and occasionally been a victim of) the rapidly deteriorating quality of public services and public servants in India.

In 2009, when the United Progressive Alliance government was re-elected, and Manmohan Singh seemed to be in effective control, there was much talk of the need for a "second generation of reforms". It was argued that for India to grow more rapidly, it had to welcome foreign investment in sectors previously closed to it (such as multi-brand retail and defence production), liberalize labour laws (to make it easier for companies to hire and fire workers), and create a unified national market (through a goods and services tax).

As we know, those early hopes were belied. The UPA government did not actively pursue these policy reforms. However, after the National Democratic Alliance government came to power last year, the hopes were renewed. With a powerful prime minister in Narendra Modi, who had cut down red tape in Gujarat and promised to do likewise at the Centre, the business community hoped — and perhaps still hopes — that the tasks left unfinished by the UPA government would be quickly taken in hand.

In 2015, as in 2009, "second generation reforms" are taken to mean a greater ease of doing business. Now, as then, very little attention is being paid to the reform of the public sector on which so much of India's economic and social well-being still depends. This led me back to Mohan's prescient and still relevant talk in Bangalore. Fortunately, I was able to find a printed version, whose main argu-

ments are outlined below.

Rakesh Mohan begins by acknowledging the impressive achievements of the first generation of reforms. Over a twenty year period, six separate governments have worked to free State controls on private investment and entrepreneurial action. This has allowed the Indian economy to move on to a higher growth path, which, in turn, has reduced poverty, and made our chronic foreign exchange crises a thing of the past.

Mohan then argues that to keep the growth rate going, and to deepen its reach, we need a significant improvement in the functioning of the State sector, especially in the availability and reliability of public services that the private sector cannot or will not provide. Thus, he writes that "just as the first generation of reforms empowered the private sector to perform to the limit of its abilities, the second generation of economic reforms must focus on a similar empowerment of the public sector to deliver public goods and services for the benefit of all segments of the private sector, corporate entities, and the public."

Mohan then highlights four sectors where public services are currently below par, and where their improvement can lead to significant benefits for the economy and society as a whole. The first area is agriculture. While recognizing the need for poverty alleviation schemes such as MGNREGA, Rakesh Mohan argues that the rural sector needs a second Green Revolution, focusing on the rise in productivity and incomes in dairying, horticulture, poultry and fisheries. Here, scientific research must be combined with easier access to markets and credit.

The second area is urban development. India will soon have the largest urban population in the world. Yet, in towns small and large, as well as in the mega-cities of Delhi, Calcutta and Bombay, the bulk of urban residents do not have access to safe housing, sanitation, or drinking water. Public transport services (perhaps with the exception of Delhi) are appalling. In sum, to quote Rakesh Mohan, there has been "a massive failure to provide for public management of cities in India in all its various manifestations". Mohan holds that to make our

towns and cities more habitable (in all senses), we must have strong and empowered municipalities, which can raise their own finances, and be directly responsible to voters rather than (as present) subservient to the politicians and bureaucrats in the secretariats of state governments.

The third sector is human resource development. The state of primary and secondary education in India is abysmal, as authoritatively documented in the Aser reports. Our universities, meanwhile, are underfunded and over-politicized. No one can disagree with Mohan when he says that "there is no way that we can sustain growth of the kind that we envisage, 8 per cent plus annual growth, unless the whole education system — primary, secondary, vocational, and higher — is revamped".



The fourth area is public sector management. The provision of education, transport, electricity, and law and order (among other subjects) are the primary responsibility of the State, yet the personnel in electricity boards, bus corporations, airport authorities, railway boards, and the police and judiciary are largely untrained, incompetent, and unaccountable. They are unable to cope with the technical and logistical demands of the complex tasks they have to undertake. As Mohan remarks, with a touch of sadness, so many of the best and the brightest Indians opt for the private sector (or, one might add, go abroad). Yet, "we need to make public service prestigious again: not for the exercise of power and authority, but for tackling challenges for efficient public service delivery". Meanwhile, at the higher levels of administration, we must encourage the lateral entry of domain experts, rather than (as at present) make all top government jobs the preserve of a generalist civil service.

Like Mohan, I too have long argued for the induction of professionals at the middle and higher rungs of government. Indeed, among the few good appointments made by the UPA regime were those of Nandan Nilekani as UIDAI chairman and of Raghuram Rajan as governor of the RBI (both fiercely resisted by the bureaucracy and even by some cabinet ministers). Unfortunately, those examples have not been replicated. My

own view is that from the levels of joint secretary upwards, all jobs should be filled through open competition. IAS officers should be encouraged to apply, but chosen only if it is clear that they are at least as well suited as the other candidates.

Mohan focused on four sectors, and briefly mentions a fifth. This is health, whose importance he flags but does not elaborate, since he says he doesn't have the relevant expertise in the field. I would add a sixth sector, that of environmental sustainability. India is an environmental basket case — witness our staggeringly high rates of air and water pollution, the rapid depletion of groundwater aquifers, and the chemical contamination of the soil. These varied forms of environmental abuse lead to shortages and conflicts, and to adverse impacts on human health and employment. If not checked or controlled they could greatly undermine the prosperity, security, and stability of India. It is well known (as well as widely demonstrated) that the market alone cannot solve environmental problems. Here, too, a strong and effective public sector is indispensable, in the form of independent regulatory bodies staffed by qualified experts, who can set standards and be able to punish those who do not meet them.

Towards the end of his essay, Mohan writes, "it is not easy to develop a clear path for such public administration reforms, but it is clearly high time that more constructive thought is given to the subject". Sadly, there was little thought (constructive or otherwise) devoted to the subject by the UPA government, and from what we know so far, no thought devoted to all to the subject by the present NDA government. The only reforms that are talked about are those that will further aid the ease of doing business. No doubt those are important, but arguably the reforms of the public sector that this column deals with are more important still.

The lecture that I heard in Bangalore has been printed as the concluding chapter of Rakesh Mohan, *Growth With Financial Stability* (Oxford University Press, 2011). The chapter carries the title, "Economic Reforms in India: Where are We and Where Do We Go?" I would urge that it be read by senior officials in the ministry of finance and the prime minister's office, by the members of the Niti Aayog, and by senior cabinet ministers too. If any of these learned men and women have already read Mohan's essay, perhaps they should read it again, as the approach of the government as presently articulated does not incorporate its ideas in any form.