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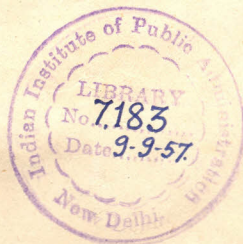
RE-EXAMINATION
OF
INDIA'S ADMINISTRATIVE SYSTEM
WITH SPECIAL REFERENCE TO
ADMINISTRATION OF GOVERNMENT'S
INDUSTRIAL AND COMMERCIAL
ENTERPRISES

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SECTION I—INTRODUCTION

A. Confidence and Concern.

Intervals of about two years between three successive visits to India provide a perspective in which achievements of the new nation appear with a clarity perhaps otherwise not possible. The achievements thus visible are enormous, of a size and quality probably never before or elsewhere approached together.

The democratic character of India does not permit the ruthless disregard of immediate mass interests that has characterized efforts elsewhere which otherwise might be regarded as similar. India has been both building and serving democratic values while at the same time engaging in a monumental program of economic development. Facing tremendous need and many great difficulties, both primary objectives have been served convincingly with vision, wisdom and hard, practical performance. The two Five-Year Plans have been brilliantly conceived in their analyses of needs and their balancing of values. Understanding leadership in the field of financial policy has been as outstanding in this latter, much more complex period, as that of Alexander Hamilton in the early days of the United States. Most of the programmatic fields have been well directed, and the Community Development program as a whole has been successful far beyond any reasonable expectations.

Yet in the face of these achievements, one finds in Parliament, in the press, in the universities, and in many conversations that citizens of pretension, cultivation and influence voice criticisms which tend to suggest a sense of failure and a lack of confidence. Criticisms that would be appropriate enough as counsels of improvement (which is ever to be had and always desirable) are made in such sweeping and extravagant terms, and in terms so little recognizing the nature and means to administrative improvement, as to be damaging and threatening of increasing damage to India's great march forward. One is moved to observe that India's greatest need is for a sense of certainty concerning her own success.

It seems necessary to say these things as an introduction to this paper in order that the criticisms to be uttered here may be properly understood. Here many vigorous and harsh things will be said.

They do not reflect any general, adverse judgment about what is going on here. They are not criticisms which should be publicly made or publicly discussed. They constitute an intra-organizational discussion of essentially technical sort. Made in the American idiom, they will be difficult for Indian ministers and officials to understand in terms of their intended meaning. For those not experienced in and responsibly associated with governmental administration their effect may be largely contrary to their intent.

Subject to such qualifications, it may be observed that the great achievements of recent years have been made beyond the capacity of the Indian administrative system. By working key personnel very excessive hours, by giving special attention to a very disproportionate number of transactions, by stubborn persistence of programmatic officials in the face of frustration, great results have been achieved. There is an early limit, however, to what may be done in this fashion. It puts too much reliance on a very small number of individuals, whereas for a much larger achievement reliance must be on a greatly improved organizational performance of systematic character.

What is said here in criticism applies, in the writer's opinion, to the whole administrative process. It would be unrealistic, however, to assume that reform of sufficient dimensions can be effected rapidly enough throughout the government. The present method, mildly improved, may be expected to produce rather satisfactory results in programs already functioning pretty well. The greatest strain on the government will arise in the area of greatest novelty and newest emphasis, namely, the area of industrial and commercial enterprise. If success is to be attained in this field by the old method of shifting attention of key personnel to an almost exclusive special handling of these new matters, what has been done will become undone, and what is newly to be done will be found to require much more than the personnel resources can make at all possible. Therefore, when procedures are described in general terms and criticisms are so made as to apply to every part of government, it is the intention in this paper to focus these remarks chiefly and finally on the new and special problems indicated in the paper's sub-title. It will be easier, and more acceptable, to adopt new procedures for activities which are largely new, than to try to make over the long-established governmental organs and methods.

B. The Problem Realized.

There is widespread, if rather vague, realization of the need somehow to differentiate administration of the industrial and commercial enterprises from administration of the established programs of the more or less historical ministries. There has been considerable public discussion of the need. Within the government and peripheral to it, many papers have been written and a number of seminar discussions have been held and reported. A good deal of all this has reflected wasteful thinking, doctrinaire arguments, and confusion. Distinctions between "companies", "corporations", "executive ministries" (such as railways), "commissions" and "valley authorities" have been belabored and strained. Many words have been written rather pointlessly about centralization and decentralization. Pages have been written trying to interpret the "General Motors" structure, the "mother-hen conception", even about "line" and "staff" terms which have little present meaning in India. This has involved a hodgepodge of references to a hodgepodge of more or less relevant literature, largely foreign and not well understood. It is true that there is a small relevance in all this. The distinction between "companies" and "corporations", for example, has validity in Indian law, but the distinction is a technical one and not fundamentally significant. It is true, too, that stimulation can be had by considering foreign experience. But much of it is full of terms difficult of translation to the Indian scene, just as the use of "company" and "corporation" here is difficult of translation abroad. And the fact is that the relationship between governmentally conducted commercial and industrial corporations and democratic government abroad is just about as confused in analyses there as the consideration of the problem has hitherto been here.

The very use of the word "corporation" in the governmental area of the United States is an effort on the part of private-enterprise thinking to dominate one section of the public sector. The slogan is to "make government business-like", and the common phrase is "business-type corporations within the government",—a phrase on the face of it anomalous, since any organ of government must be most distinguished by its public character and its public responsibility. A sounder descriptive phrase would be "government-type corporation". But even the resort to a corporate form implied by such a phrase may not signify any value except the transference to the government of a type of private

thinking. This thinking is condensed into insistence on the establishment of a board of directors, in spite of the fact that such studies as Gordon's *Leadership in the Large American Corporations* have shown that in American industry the board of directors is characteristically the creature of the chief executive of the company, whose Indian opposite number is the Managing Director. There is no magic in a board of directors, and none in the word "corporation" or "company". The earliest, and everywhere highly successful public enterprises of the sort here under discussion, have been the postal services, which are quite uniformly structured along the lines of what here would be called executive ministries.

The point of the immediately preceding paragraphs is first of all to argue against any doctrinaire approach to the problem under consideration here, to insist that the decision whether to establish a corporation or a company or an executive ministry is not a fundamental and determining one, that a board of directors is of itself no answer, that the "mother-hen" conception is neither an absolute nor altogether silly, and that to espouse a "pragmatic" approach is not to say that we cannot do well by giving thought and making plans for the great, necessary expansion ahead. Secondly, it is intended to suggest that there is now in India sufficient awareness of the patterns and lacks of patterns abroad for the immediate purpose, enough experience here in enough varieties of forms to point to proper general judgments after a little further general consideration. Solutions appropriate here must be developed by Indians, in terms of the Indian context and very much in terms of the Indian urgency.

C. The Concept of Autonomy.

Much of the confusion in theoretical discussions here turns on concern about need for "autonomy" for the industrial and commercial enterprises and about a presumed conflict between that need and the need for public responsibility and governmental control. (It should go without saying that true autonomy is out of the question and not seriously proposed by any informed person. In democratic government, government can always and should always be able to intervene in any matter really important to the government. Advocacy of autonomy simply highlights the need to educate responsible top organs of government in the ordinances of self-denial which would restrict their intervention to really important concerns. It may be flatly asserted that in spite of the wide variety of practices in such matters,

including very high delegation of decision-making to organizations described as autonomous, no democratic government in the world has been seriously impeded in its real needs for fundamental controls. The fears have been many and continuous, but the record nowhere discloses a clear instance in which government was undesirably without the power it needed. The writer of this paper believes that there is no danger whatever that grants of power to Indian enterprises will be too great. On the contrary, the danger is that the government and Parliament will be much too fearful and will grant insufficient "autonomy".

In this paper the word autonomy is used to mean a wholly unprecedented degree of delegation of authority to make decisions. Indeed, it does not appear that the word ever is used here in any other meaning. The fear with which the word is used is not due to insistence on its literal meaning so much as to the feeling that delegation of responsibility somehow impairs the responsibility of the delegating body or individual. (The fact that the reverse is true has nowhere been so cogently elucidated as in the writings of Chester I. Barnard, the philosopher *rara avis* among American business executives. (Barnard shows that delegation not only increases the total responsibility of an institution but enlarges the responsibility of those who delegate it. One of his dicta that specifically points to the root of India's administrative problem is an insistence on the avoidance of the making of decisions which should be made by others—notably by subordinates. Here, traditional practice is so far in the other direction that there has been a monumental failure to develop in subordinates the capacity needed to accept and use delegated responsibility.)

Application of these remarks cannot be well considered without some explanation of the meaning of "subordinates", particularly in the Indian context. A deputy secretary is, of course, subordinate to a secretary, an under secretary subordinate to a deputy secretary, and so on. But this tells only part of the story. The secretary of a ministry is actually, in a very real sense, subordinate to the lowest ranking officer in Finance, Home Affairs or the Planning Commission, who writes a "note" on a proposal referred by him to Finance, Home Affairs or the Planning Commission for approval. In other words, all personnel who give attention to a matter in a reviewing capacity are

functioning more in government-wide terms than the most eminent official in a specialized, programmatic ministry, and all such personnel are, therefore, for the specific purpose and in a special sense the "superiors" of the higher-ranking official whose proposal is being reviewed. It should not be strange, then, to discover that these subordinates do not have the faintest idea of how to act in the capacity of superiors. It is a major purpose of the present paper to explore this phenomenon of review as central to the problem under consideration. It is part of the thesis of this paper that more delegation should be made to the "subordinate" program agencies, and this thesis means among other things that there should be much less review by other ministries and other governmental organs.

D. Special Application of Autonomy to Enterprises.

For purposes of introduction remains only to emphasize the view that there is special validity, particularly in India and particularly just now, in the application of the conception of autonomy to the government's industrial and commercial undertakings. To change administrative practices in this single area is easier than to effect a thorough-going, government-wide change. A pattern of change already has been initiated in this area. The novelty of the operations of these enterprises is in general so great as both to permit and to require change in control methods. The difficulty in the way of making such enterprises quickly successful in India is so great as to argue vehemently for the removal of such procedural difficulties as add to the problem. The need for rapid expansion in the basic enterprises being undertaken by the government is so central to the second Five-Year Plan as to justify very special measures.

India is in fact in a state of emergency quite comparable to the condition that would obtain if the nation was at war. Its success in this emergency depends upon rapid decision-making, rapid action. The present emergency is most acute on the front where new enterprises are in the building. As in war, the emergency dictates the establishment of procedures that have a maximum potential of acceleration consistent with the maintenance of democratic values.

SECTION II.—BIGGER AND BIGGER GOVERNMENT

There is no lack of idealism or of great vision in India or in the Indian government. But far too much of the dynamism and imagination characterizing the setting of objectives is smothered in procedures dominated by small thinking.

In large organizations the porportion of persons willing to assume individual responsibility is small. (The willingness is the first evidence of executive ability. The building of individual responsibility contributes importantly to organizational responsibility. Here, by a curious proliferation of the conceptions of parliamentary responsibility and Cabinet responsibility and by reliance on excessive procedures of cross-reference there has been built an extraordinary evasion of individual responsibility and a system whereby everybody is responsible for everything before anything is done. In large and complex actions no one and no system can be really responsible for many of the actions *before* they are actions, even though responsible *after* the fact.

The process of review here followed will be explored in some detail in the next section of this paper. In this section the intention is to indicate that near the heart of the problem is a failure to realize and understand that the government of India—Centre, State, municipal and rural—will and must grow greatly and rapidly in size, and that this growth compels changes in procedures of a sort directly related to size of government. Where here the thinking is big about social objectives, the thinking is small about the government whose great increase in size is essential to the effectuation of the great purposes.

Growth of government here will be at a tempo approached by other governments in the past only in urgent emergencies of war or under authoritarian power. An understanding of the phenomenon of growth, may be had, however, by compressing the view of total governmental growth occurring over a considerable period of time. This compression may be effected by comparing administration of the government of the United States, say, in the period of George Washington's presidency with administration of the same government

today. Professor Leonard White has provided the materials for such a comparison in his book, *The Federalists*, which is an administrative history of the first twelve years of the government of the United States.

AS a simple example, one finds that both the President and the Secretary of State in the beginnings of the American government personally signed each patent issued on a new invention. Today, the Patent Office is a bureau within the Commerce Department. Not only does the President not sign a single patent, the Secretary of State signs none, and the Secretary of Commerce signs none. Very rarely does the Commissioner of Patents personally sign a patent; they are signed in great numbers by subordinate civil service personnel working under the general direction of the Commissioner of Patents. Nowadays, in other words, the President holds the Secretary of Commerce responsible for the way in which patents are handled, the Secretary of Commerce holds the Commissioner of Patents responsible, and the Commissioner of Patents holds a subordinate hierarchy responsible. Any one in the line of control may inquire into the propriety attending the issuance of any patent, or into the methods generally obtaining, and may either direct a change in methods and principles, or may modify or reverse a particular ruling. Indeed, both the President and the Secretary of Commerce maintain staffs which are continually engaged in after-the-fact scrutiny of the propriety and efficiency of the Patent Office and other bureaus under their general control, and the patent business even though having a volume beyond the dreams of Washington now is handled fully as responsibly as it was when the President gave it his personal attention. Indeed, if the President had not long ago given up the signing of patents and many other activities carried on by Washington the office of President would be much less responsible, much less able to deal adequately with modern business than the nature of modern governmental problems demands. One of the constant duties of the Bureau of the Budget, which is a part of the Executive Office of the President, is to find ever more activities which may be *delegated* so as to free the President for the personal handling of ever emergent, ever more complicated, problems of greater importance.

«Any identifiable task may be performed, if only the responsible organisation is so structured as to make the performance possible. As tasks become more numerous and difficult, the simple structural change that makes their handling possible is a widening and deepening of

hierarchy—the establishment of new subordinate levels to which more tasks, old and new, may be delegated. } The maintenance and enlargement of responsibility is possible only by increase in size of organisation in this way, accompanied by an ever higher elevation of those at the top to make room for the levels inserted below. } A President who should try to function today as Washington did would be swamped with detail, lost in confusion, and limited relatively to his own knowledge, his own physical energies, his own judgment. He would be an utter failure as President. A Congress that would consider legislation today in the same terms as Congress did consider legislation in the time of Washington would be one without competence and without real power, helpless before the endless complexity confronting it.

{ To effect the higher elevation necessary to the management of more and more complex business, a legislative body, a chief executive, a minister or any subordinate official must exercise organizational skill and achieve a mental reorientation. } (In the American Congress, for example, the functions earlier performed by Congress as a body have been preliminarily delegated to standing committees, and by these committees preliminarily delegated to sub-committees. The sub-committee works relatively intensively on the matters referred to it, and then reports and recommends concerning them to the parent committee. } The committee, after much more cursory consideration, reports and recommends to the Congress as a body which, in most instances, acts quickly in accord with the committee recommendation. { At every stage the effort is to sift out and identify really significant points or concern and to secure agreement concerning them in dimensions foreshadowing agreement at the level next higher. } (In addition to the use of delegation in this fashion, however, there is a consolidation of business into terms of greater magnitude. } Thus, for example, while the budget of a single governmental department in 1932 amounted to about \$ 350 million and was considered by the Congress in terms of about 120 different “appropriations”, a dozen years later when the budget of the same department totalled about \$ 1 · 5 billion, it was considered by the Congress in only six appropriations. In other words the magnitude of items considered in the same fashion and in about the same period of time increased about 80 fold in a dozen years. It is this kind of increase which requires intellectual reorientation.

Where increase in size of government is effected gradually, most persons responsibly engaged in it will not be aware of the corresponding, gradual elevation in their own approach to the matters in hand. But when the tempo of growth is very rapid, the change in approach must be consciously studied and courted. Because the designs here are great, the danger in failing to adjust detailed thinking and procedures to the great conception is especially threatening. Small thinking and cheapness in application can completely thwart the public purpose and the public good.

It is of the highest importance here that all leaders, in party, parliament and private life understand that the government must grow rapidly in size—in numbers employed and in annual costs—and that this growth will be greater than, not less than, the estimate it is thought acceptable to publish. The phenomenon is one of a geometrical progression. In the United States, where technical training has been carried far beyond the point it has reached anywhere else and where more than 2,500,000 young people are in college every year, there is today and prospectively a great shortage in engineers, in architects, in teachers, in psychiatrists, in medical doctors, in chemists, physicists, and in many other specializations. The shortage here will grow, not diminish. It is inconceivable that a generation hence India will find itself possessing surpluses of such personnel. The needs will be great in both the private and the public sectors, but the public need will be central and primary, limiting the capacity of the government to grow, and therefore limiting its capacity to achieve. In such a condition anything pretending to be precise forward planning is futile and unnecessary except as such planning is done in terms of enlarging the capacity to produce such personnel to an expanding maximum. Any limitation of recruitment to small and definite cadres in the fear that jobs will not be available and for the sake of economy will be highly wasteful.

Once it is fully realized that the rapid enlargement of government is a basic essential, the necessities may be listed as follows:

1. Provide structurally for new levels of coordination of larger and larger areas of interrelated undertakings, below the level of Cabinet and below the level of Minister.
2. Great enlargement in recruitment and training plans for generalist administrator and technical administrator personnel.

3. Cultivate growth capacity by structural and procedural arrangements.

4. Generally reorient the present practices of review from a preponderantly negative concern for precedent and rupee-pinching to a positive one of expeditious action in pursuit of agreed-upon objectives.

This section is particularly concerned about Item 3 above.

Not very much has been recorded of the learning experience has provided about more and less effective ways of pursuing growth in organizations. A few things may be dogmatically asserted by way of opening-up the subject in an effort to stimulate further attention at it:

1. (There are great variations in the capacity of various parts of a government to expand.) Necessity has called for great and rapid growth most often in military organizations, in which a basic structure that has been traced back to Alexander the Great has demonstrated extraordinary and dramatic expansibility. The basic structural unit is the squad under a corporal; squads are grouped under sergeants, sergeants' units under lieutenants, lieutenants' units constitute companies, companies form regiments, regiments constitute brigades, brigades make up divisions. As the size of military operations increased divisions were grouped and new terms such as "army corps" and "army" came into common usage to identify larger aggregations. To put several armies under a single commander merely continues the process begun long ago in simpler and fewer terms and puts no more really unmanageable administrative burden on the commander than when a brigade commander is promoted to head a division, even though the total strength involved and the activity directed may be several times multiplied. The military organization thus provides the simplest and clearest picture of the all-but-universal hierarchy characterizing effective organization everywhere—easily multipliable, with a clear chain of command and elements in the command flexibly deployable. As size increased there was only one major modification in the basic structure; this was a disproportionate and collateral increase in staff units surrounding commanders at successively higher levels assisting these commanders in the general management of their commands rather than themselves directing specific segments of the command.

It may be observed in this connection that the structures common to governments of the British-parliamentary type are peculiar in that the top executives under ministers are not characteristically hierarchal officers in the Alexandrian pattern. They are pre-eminently "secretaries to government" serving the multiple-head, Cabinet, in its collective responsibility as a peculiar intermediary between Minister, Cabinet, and the operating organizations. Somewhat lateral to the Secretary, thus is the Director General or some other operating head or heads. This arrangement, which is not likely soon to be much changed, makes the problem of expansion rather peculiarly difficult. Informally, however, the position of the Secretary here is undergoing a change which should be consciously accelerated. More and more officials—additional secretaries, joint secretaries, directors and managing directors—deal directly with ministers, thus providing ministers with broader perspective than communication with a single official could provide and at the same time accelerating decision-making. The Secretary, consequently, is becoming more and more an aide to Cabinet, and aide to the Minister, and a co-ordinator and chief of staff among a group of equals or near-equals. A rough rule might be that the Secretary should be strongest under a minister new to his post, and a year or so later should be *primus inter pares*.

Here, as elsewhere, however, some ministries and some other organizations of government can be more rapidly expanded than others. The difference may be attributed to differences in personalities, differences in structure, differences in assignments, differences in quality and amount of work already being done.

2. In general, a large and effective organization can accept and conduct effectively a new assignment requiring additional structural arrangements and additional personnel more certainly and more rapidly than a wholly new organization could be set up to do the same thing. The more such additional assignments given to it in a given period of time, however, the less certain it is that this organization will perform its new duties well. In other words, the amount and tempo of expansion will have its limits. Expansion generally, however, can be carried furthest through competent old agencies than through new ones, and especially when the new assignment has programmatic relevance to old-established functions.

3. Since there will be some tendency for the new function to take second place in an old organization, novelty of function and urgency of its need may dictate the establishment of a new organization for the purpose. The choice almost certainly will be more costly, in terms of money, than the cost that would accrue by giving the assignment to an old organization. But in the larger sense of social need, this larger cost may represent true economy.

4. It follows that there is no single, best means for achieving expansion of the governmental organization. In some instances greater utilization of private organizations may be useful; in other instances delegation to a State or states may be useful; in other instances expansion of an old organization may be desirable; in still other instances establishment of a new organization may be useful.

5. In time, the total consequence, if uncorrected, will certainly be a total proliferation of special organizations within the government of such numbers and variety as to be unmanageable by government. It follows that in every marginal judgment, choice of expansion method should be in favour of expanding a going organization. It further follows that through the years to come there should be a persistent movement of consolidation of the special organizations according to some schemes of "coherent missions". For example, in the field of labour welfare there might be a movement toward grouping together for their higher coordination the separate organizations now in charge of the employee retirement fund, employment health insurance, and other welfare activities of similar sort. In the industrial field, developments might be directed toward grouping together the three fertilizer plants and grouping similarly the three steel plants. At some point consolidation of domestic and international airlines might be considered. At a still later stage some other chemical industries could be associated with the fertilizer organization, and so on. If enough such groupings are effected there will be little likelihood of falling into the error of going to the extreme of consolidating all industrial corporations, or all commercial corporations into single, super-corporations.

6. Of major importance is the achievement of a structure which is in fact manageable by the respective ministers and by the Cabinet as a body. This means that there must be extensive delegation, an elevation of review procedures that will concentrate on concerns really

important at high levels, and the use of new subordinate coordinating and expediter mechanisms.

7. An aspect of dictum No. 6 is that in the early days of a new enterprise the responsible Minister will need to give much more careful and relatively detailed attention to that enterprise than he will when its functioning is well established. It follows that each Minister should be trying to put the new organization in a condition where such close attention will no longer be required, so that he can elevate his relationship to it, turn his attention to other new matters and to matters of general significance to his high responsibility. The Minister who succeeds in this will be an outstanding example of one to whom additional enterprises may be assigned.

The seven dicta set forth in the preceding paragraphs relate to the general problem of growth in number and dimensions of programmatic agencies and are related rather exclusively to such agencies. One of the most important single facts about the Indian governmental system in general is that the drive to expand and to fulfill Plan objectives is extraordinarily confined to such agencies, while the long-established practices of review in Finance, in Home Affairs, in the activities of the Comptroller and Auditor General, in Parliamentary committees and in too frequent references to ministers and cabinets, are definitely hostile to governmental expansion and programme achievement. The result is general delay, frustration and confusion amounting to a subversion of top policy, in a dimension which, while not determining in the period of the First Plan, could well mean the difference between reasonable success and substantial failure of the Second Plan if the delaying system of negation should extend over the enlarged programmatic area, much of which will be occupied by the new industrial and commercial enterprises. It is to this negative and delaying process of review that the next section of this paper is directed.

In the present discussion of governmental expansion it remains to suggest that the existing pattern of job-titles and the rigidities of class, service, cadre, and grade pay differentials are all confining and, therefore, hostile to rapid growth. Growth requires a widening and deepening of hierarchies, and in higher levels a progressive diminution in the importance of professional and technical qualifications and distinctions. More basic is the fact that room must be made for the insertion into hierarchy of new levels to take care of new functions and to receive more and more delegations of responsibility. Patterns of

terminology in existence here were established long ago and are steadily less responsive to structural needs. The primary necessity is to have a close and interacting relationship between each two contiguous levels—not sharp and wide distinctions—thus making for easy movement of abler personnel upward and in general facilitating communication. Top salaries are largely to be determined by the number of levels below them and maintenance of differences as between levels to provide for incentive, to reflect differences in responsibility, and to indicate lines of control and review. When reform is discussed in terms of improving the quality of Superintendents or of Deputy Secretaries the very terminology limits the significance of the reform conceptions. Similarly, too many problems are covered up when so many persons are simply dismissed from mind by referring to them as “clerks”. There are—and should be more—important differences between clerks, between stenographers, between assistants and between other subordinate personnel; they need to be better incorporated into the hierarchies. (What is needed, in other words, is an improvement in *hierarchies*. Improvement in the amount of work is one objective; better quality of work is another; expansibility is another; capacity to delegate is still another.)

Quality of work and expansibility are related objectives, but not identical. More work can be performed in many instances by better utilization of existing energies. More work can be performed in other instances by employing personnel of kinds that are available rather than by trying vainly to hire personnel who are not available. For example, in all professional fields there is waste that arises from a snobbish insistence that no one but a person with full standard training can teach, or do certain work in the field of engineering, or in the field of medicine and health. Fully trained professionals waste their time doing things persons with much less training could do as well; and citizens fail to get services that otherwise would be available to them because the professionals are unwilling to make adequate use of enough varieties of sub-professionals. Here as elsewhere, any professionally-trained person will give lip-service to these declarations, and will assert that he is already doing all of this kind of delegating that can possibly be done. The fact is that in all professional fields here this kind of reform should be greatly advanced. This is only one special aspect of the general need to delegate which is stressed throughout this paper and which has crucial importance to institutional expansibility.

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✓ The sequel to delegation, of course, is the development of techniques for review and control of that which is delegated. Delegation is not abdication of responsibility; it is an enlargement of it. Inquiries into what has been done and what is being done, on a sampling basis, *replaces examination of everything proposed to be done.* Field trips and letters of inquiry and complaint provide supplemental insights which should be handled less by overriding specific decisions than to secure sample views of performance which, added to views developed hierarchally and through the staff of the Secretary—notably through the ministerial finance and business office and through the enterprise finance and business office—justify modifications in delegations or specific new directions, and provide a general judgment of strong and weak features of subordinate performance and of overall effectiveness. It is only by development of competence below, and exercise of skill in utilization of subordinate abilities, that high responsibilities may be upheld.

SECTION III.—AN INDICTMENT OF PRESENT PROCEDURES

Granted prior agreement in principle on kind and dimension of program to be undertaken and the amount of money to be made available for the purpose, specific decisions incident to effectuation of purpose in India are reviewed by too many persons in too many organs of the government in too detailed, too repetitive and too negative terms. Perhaps nowhere else have so many systematic barriers been erected to prevent the accomplishment of that which it has been determined should be done. What is achieved is pushed through to the point of action only by virtue of tireless persistence on the part of program agency personnel who alone have positive functions.

A particular project of substantial size is included in the Five Year Plan, in which allocations of the required foreign exchange, the required steel, and the required funds have been made. Yet the Ministry under whose jurisdiction the project is to be carried forward must get subsequent approval of the Finance Ministry and sometimes also of the Home Ministry, for the personnel initially required and the salaries to be paid in each instance. It must get approval from Commerce and Industry for steel. It must get approval for use of foreign exchange. It must get full concurrence from any other Ministry which has some small function which under some strained theory gives that Ministry a competitive interest in the project and the power to thwart it. These various approvals are not for the entire project originally approved by those primarily concerned, but for each implementing action necessary to that project. And the process of review is unbelievably petty and frustrating.

So many proposed transactions thus come up for review that they must usually of necessity in the Ministries and organs to which they are sent be referred downward to very subordinate staff who have no experience of or knowledge of the kind of project being dealt with. The basic instruction is understood by subordinate staff to be to find out whether the proposal is fully in accord with precedent. The focus on precedent encourages subordinates in a chronically negative and timid attitude.

(It seems a strange thing that this basic concern for precedent has not been challenged by the present government. The primary

function of political leadership—and notably of leadership in a revolutionary stage—is to incite a departure from precedent for the sake of the achievement of new values. Even in a non-revolutionary setting, concern for precedent as such has little value. It is a negative way of expressing concern for fair-dealing and for action which can be publicly defended. But the petty minds of subordinates who have never been trained to exercise imagination and judgment are not relied upon to understand “fair dealing” and “action which can be publicly defended.” They are instructed—or feel themselves instructed—to adhere to precedent, which is quite another matter, and this instruction dictates a literal performance, which is the poorest type of performance in all cases. It is a dictum in professional administrative circles that “the surest way to ruin your boss is to do *exactly* what he tells you to do”—that is, literally what he tells you to do, without intelligence, without discrimination, without judgment, without imagination. Excessive concern for precedent is quite like an excessive concern for the literal. Sufficient conformity to precedent can be taken for granted, as inevitably occurring too consistently, too invariably. The way things have been done is known to everybody in the agencies involved; it is the easy way to go on doing things, but not always a good way to get things done.

The general result of the orientation of review to precedent is to encourage subordinates to search diligently for little novelties which may be challenged. Each challenge occasions an inquiry back to the proposing Ministry. The succession of challenges has the effect of a disapproval until the proposing Ministry has so persisted in its representations as finally to win out.

It is the belief of this writer that far too many proposed actions are reviewed, and that the review is far too often in the useless and frustrating fashion just indicated. (If a project is a part of the Plan and if the project is provided for in the budget, the Finance Ministry should hold subject to review not more than from 10 to 25 per cent of the original appropriation. In the case of an agency that has demonstrated its ability to spend in accord with the Plan, the 10 per cent. review maximum would be adequate for a desirable marginal control. If the agency concerned has not been able to spend up to its programme by a substantial margin, some such review margin as 25 per cent. would seem to be in order. . But the great body of every

scheme should be enabled to move forward without these repetitive reviews. If some such method is not in fact sound, then it can only be that the annual budget was poorly prepared.)

It cannot be over-emphasized that all review functions are high-level functions and must be performed in high-level terms. Review should be limited in volume to what a relatively small staff of high-calibre qualifications can handle. Reviewing agencies should have a higher proportion of high-ranking, high-paid officials than do operating agencies. The most subordinate person presuming to question the wisdom of a proposal endorsed by a minister is, in effect, acting as that minister's superior. It is true that the minister may, by repeated demands, get attention at a higher level in the reviewing agency. In the meantime the very subordinate person has been able to say to the minister, "You may win out in time, but I'm telling you you can't get approval on this proposal now." To a small degree such power to challenge a superior is salutary and necessary. But here it is so built into the system, and the system of review is made so thoroughly applicable, as to shift the entire government into a dangerously negative posture. It is a procedure dedicated to smallness, cheapness and slowness, not serving well the great designs of the nation.

The only justification for a review of any action proposal is that it *requires* consideration in terms which those who have handled it previously are in no position to give it. (If the Ministry of Finance previously has decided broadly how much of the government's limited funds can be made available for a particular program it should have little further special role in the specific allotments of funds to various parts of that program. Such allotments are related to the question of how to achieve the programmatic object within the financial limitations already established. For this, the programmatic agency has superior judgment. Only when the programmatic agency is given wide discretion in the deployment of these already predetermined funds, can it be held accountable for results. Financial control will be ample in the basic determination of the amount to be available and by holding the agency more rigidly than now to that first determination. If the agency decides that something not planned for in its original budget is more important to the program than something that was provided for, let it shift the funds earlier provided to the new

activity. Much more will be saved by forcing agencies to re-examine their own priorities in this way than is saved under the present method, programmatic responsibility will be heightened and action will be expedited.)

The existing procedure is not simply a habit of the bureaucracy, it is not a product of the I.C.S., or of the Finance Ministry, or of the Civil Service generally. Responsibility for this procedure here is shared by everybody and is constantly strengthened by almost everybody—and not least by the Parliament. The remainder of this section will attempt to deal with the reviewing agencies in various terms of detail, in some instances descriptively, in some merely dogmatically, since this document must be brief.

The Ministry of Finance.

Since the writer of this paper has often described the process of financial review in which he has participated in his own country in the way now to be used as descriptive of the Indian process, the description should not be regarded as invidious. Since the Ministry of Finance is the one reviewing agency most universally involved in transactions of the Indian government it is being treated at length. It is in some part illustrative of all other reviewing agencies here.

The Minister of Finance here could assert, as the writer has asserted in respect of his own similar functions, that he does not and his ministry does not either "approve" or "disapprove" any proposal. He could assert that he and his ministry only "advise." This is true, in a sense. Consequently, it can be asserted that when an assistant in the Finance Ministry writes a note raising some question of precedent or cost concerning a matter that has been sent to the Ministry, and an under-secretary or a deputy secretary in Finance uses this question as the basis for negative "advice," the proposal has not been "disapproved." This is true in the sense that the ministry which originally made the proposal can furnish further facts and arguments and perhaps persuade the assistant who wrote the note on which objection was based, thereby persuading the assistant's superiors. Or the proposing ministry can appeal to a higher level. If the advice continues to be negative when the appeal is made personally to the Minister of Finance, it still may be felt to be true that the Minister of Finance is not "disapproving" the action; he is only advising against it and withholding his positive approval of it, for appeal then can

still be taken to Cabinet. There is a certain important significance in this interpretation of the reviewing process, because it describes the workings of *all* hierarchies. Decisions at every point in every hierarchy are tentative, in the sense that they can all be modified or reversed at a higher level since even Cabinet's decisions can be modified by Parliament, and Parliament's decisions modified by popular clamor. *Yet this valid view is not the whole view, and when made to dismiss the whole procedural problem is in reality untrue.*

Time and energy of all concerned are limited. Only a portion of the matters proposed by program agencies can in fact be appealed usefully at even one level higher in the reviewing hierarchy. A still smaller portion can be reviewed at two levels higher, a very much smaller portion at three levels higher, an extremely small number can be taken personally to the Minister of Finance, and an insignificantly small number can be brought before the Cabinet. In reality, then, the question raised by an assistant has the effect of being in a good many instances a "disapproval" by the Ministry of Finance. Similarly, the withholding of approval at each successively higher level is actual and effective disapproval in most instances, and the failure of the Minister of Finance to approve is actually a disapproval in all instances when the Ministry making the original proposal is unwilling to burden Cabinet with the dispute. Even when approval is secured at any of the intermediate levels, the earlier and lower-level questions and withholdings of approval were decisions to delay action. Very often delay is highly wasteful, retards achievement of Plan objectives, and is particularly tragic when it is based only on triviality or downright ignorance.

In some part the present system of expenditures control conceals a serious inadequacy in the development of the government's budget. The expenditures control is used to far too great an extent as a substitute for good budgeting; it is a way of making the actual budget after the putative budget has been presented to and approved by the Parliament. The budget, therefore, is being made all year long for the year rapidly marching toward its close. This is a negation of programming and planning.

Under the present system "schemes" or projects of various kinds are presented to the Finance Ministry throughout the year, some for early clearance and apportionment of funds, some as a hostage to later

budgets. (These schemes are usually not much more than policy ideas; they are almost never actual administrative and expenditure projections ready for serious consideration as such. Their shortcomings are the primary occasion for most of the delay and confusion now rather erroneously charged against the Finance Ministry. As time for making the budget is approached, all of these schemes on file are examined, some are selected, and these, in addition to normal "establishment" expenditures, become the budget of a particular ministry. All schemes remaining in the file have been approved in principle. Those not actually included in the budget remain in the file and may be activated in any subsequent year or at any time within a year. Years after they were first submitted and approved in principle, some one or another may suddenly be activated, although by that time the original rough estimates of cost, and even important elements in the scheme, may be wholly outmoded.

This whole system requires the agencies to submit many schemes; they have little hope of being able to put into action. It establishes a pattern of poor cost estimates and poor budgeting which in turn are justifications for detailed financial intervention.

There is another element in the picture that deserves much attention. (The ministries, knowing that Finance will reduce their requests, are given to loose and extravagant estimates of cost. They are given positive encouragement to do this. When a particular ministry submits a tightly estimated project, Finance has complained, "You put us in a difficult position by making it so hard for us to reduce your figures." Actually a tight and sound estimate should be encouraged in every way possible, and endorsed by quick and unmodified approval. Conversely, the loose estimate should be over-penalized. The primary responsibility of Finance should be to encourage and to stimulate good budgeting in the agencies, and its whole review should be based on a sampling analysis which constitutes a search for poor budgeting. If the sample reveals good budgeting, the request should be given maximum approval.)

It must be said, however, that reforms begun two years ago by the Finance Ministry seem not yet to be realized by the program ministries, whose current complaints are either more historical than they know or reflect the inability of the ministries to convert their proposals into financial projects warranting prompt handling by Finance. Other

extensive and wholehearted reforms are now under way in Finance. Many of these point directly at the heart of the matter by attempting to begin the development of more financial competence in the program ministries. This can be done best on a selective basis, and it will require time. However, initiative properly belongs to Finance, and it is being exercised there. The writer is convinced that, while further steps by Finance will be needed later, as of now (the chief concern should be to develop intraministerial financial competence in the program agencies, to transfer the accounting function to the ministries under the general direction of Finance, to limit the role of the Comptroller and Auditor General, to improve personnel recruitment and arrangement, and to elevate the approach of Parliamentarians to a more general and positive appraisal of administration.) Strong and united Cabinet support can carry reform to satisfactory advances. ✓

The Ministry of Home Affairs.

The Public Service Commission.

Where personnel arrangements not in strict conformity with usual practice are involved, a matter referred to Finance is by Finance referred automatically to Home Affairs, and Home Affairs is in many matters dependent upon the Public Service Commission. Review in Home Affairs is often done at too low levels. Curiously, the problem is reversed at the Public Service Commission, where almost everything requires Commission approval. Acting under the same general forces of public and parliamentary opinion as is Finance, the Home Affairs ministry often is similarly negative, and at the same time confined by some special rules, laws and constitutional provisions, as well as by administrative conventions.

An extraordinary and damaging concern for the "rights" of members of the Secretariat Service and other Services to advance in rank enforces early retirement and puts high barriers in the way of reemployment of a competent retired civil servant. It also is an important factor in limiting the size of cadres to be recruited.

The absurd limitation of selection of a new appointee to a single individual certified by the Public Service Commission hampers proper selection by ignoring differences in individuals important to different kinds of positions, and reduces the probability that a needed person can be immediately engaged. Instead of keeping large registers of eligibles from whom the appointing agency can select with its special needs in

mind, action often must await the whole laborious and time-consuming process of calling for a few and special examination or advertisement and selection. The Public Service Commission's present procedure is one that works well for the recruitment of a handful of persons. It is not designed for the selection of a large number of eligibles and the maintenance of registers that would make appointment expeditious. One Minister has suggested that the Five Year Plan should be made a Seven Year Plan so as to allow for this slow personnel procedure. This is a substantial understatement of the inadequacy of the system as it has been operating. The proper remedy, of course, is not to extend the duration of the Plan; it is to reform procedures.

bay There are more specific difficulties in the personnel field. Admittedly, there must be some reasonable degree of consistency in pay standards, and therefore in grades of positions to be filled; there must be some consistency in workloads so that one agency does not have many officials to handle a relatively small programme while another with a programme of similar size has fewer officials; there must be some systematic method for certifying eligibility to appointment. Concerns such as these are at the very heart of the whole process of reference. But the concerns should not be excessive. Present practice imposed on Home Affairs and Public Service Commission have made for pettiness, unimaginativeness, inflexibility and a tempo in which a calendar has more relevance than a clock.

There are too definite and inadequate notions about entrance salaries so that many qualified persons are not attracted to the public service. There are absurd requirements for fixed periods of service in one grade before promotion to another higher grade will be considered. Once the required period has been spent in a grade, however, there is too much inclination to regard promotion as a right. To have numerous competitors for promotion is a highly desirable condition; here it is regarded as rather undesirable. There are too many special services, and too definite demarcations of classes within services so that altogether there is too little flexibility and mobility. At the other extreme, there are instances in which the movement of key personnel from one assignment to another has been made too rapidly and in too many posts involving a single agency, so that the agency is deprived of administrative leadership having knowledge of its business. There is too little willingness to recruit in intermediate and higher levels, too much reliance

on promotion from below but with promotion limited too strictly to the single "class" to which a person was first appointed. There is too much unwillingness to recruit in sufficient numbers, even for present needs, and too little realization that future needs of far more serious dimensions cannot be met in the future except by additional recruitment and training *now*.

The relationship between persons in the secretariat and persons in the "technical services" is too rigidly remote. It is true that one of the great virtues of the Indian system is the emphasis placed on "generalist" qualifications for officials in top positions. But there is no single source of generalist personnel, no single formula for developing them. Some persons with technical backgrounds become competent generalists. Others are capable of transformation into generalists by a diversification of their experience, and some persons put through the experience conventional for preparation of generalists never develop any real capacity for high-level performance. Some persons in business or in the universities can qualify rather quickly for high-level generalist posts. Conversely, top-level governmental generalists often can be admirable heads of technical or industrial organizations. The persons capable of serving well at high levels are rare birds; they must be sought wherever they may be found, and developed by various means.

The very word "administration" here is too narrowly conceived as relating to financial administration and personnel administration coupled somewhat vaguely with other functions of the secretariat. Administration is basically the conduct of programs important to citizens and to the nation; fiscal administration and personnel administration are merely aspects of the general management of a variety of programs. Administration here seriously needs a much more marked orientation to the conduct of programs, because "administration" here is largely negative. The system of personnel arrangement and personnel management contributes importantly to this bad condition.

The Ministry of Home Affairs is pitched notably toward self-criticism and reform, and indeed is leading in reform stimulation. The same is now true of the Public Service Commission. Yet by themselves these two cannot far advance the movement.

There is still need for a shift away from a system of search for single individuals to a system of certification of eligibility which produces a maximum number of persons for the many kinds of positions needing

to be filled in lists determined well in advance of needs from which appointments may be made with much more discretion and expedition than now is possible. A different, larger more aggressively promotional and imaginative system can produce many more eligibles than now are found. I am informed that there are in business and industry, for example, a considerable number of able persons whose advancement in their present careers is blocked by nepotism of owning families or by foreign ownership. There are able young Indians who have been trained abroad who feel unable to come home because salaries offered by the government are not enough to pay for their professional books and journals necessary to their continued growth whereas pay available to them abroad is from five to ten times as high. There are persons available on university faculties. There are able Indian women working for foreign embassies here, and in similar jobs, for whom—in spite of admirable constitutional provisions—equivalent positions in the Indian government are not really open. There are many other persons here who with special training of various kinds could serve satisfactorily.

Implicit in much that already has been said is the clear indication that attitudes toward pay for public service as an aspect of the eternal search for small savings is a serious deterrent to the dynamic and truly efficient government which is crucially imperative here. The time consumed in the present laborious methods of doing business entails a waste vastly greater than the savings of the present emphasis on small "economies." Frugality and carefulness are always desirable, of course, but concern for them can be carried to a point where there is a vaster wastefulness than is commonly realized.

In spite of everything that can be done, however, there is here, and will long be, a great shortage of personnel sufficiently competent to fill the hundreds and hundreds of key positions necessary to effective government pursuing the goal of a Welfare State speedily attained. This scarcity means that the greatest costs of government are the true per hour costs of key personnel—not their salary costs. When key officials are so overburdened that they delay hundreds or thousands of other persons in getting on with action necessary to the achievement of agreed-upon goals, the waste in the uneconomic use of their time is almost incalculable. All of the amenities which save their time should be provided in the interest of true economy. All of the provision that

permits them time to read and reflect, all of the administrative arrangements that permit them to expend maximum energies on the exercise of judgment really essential to their responsibilities, and salary scales that will permit the filling in of hierarchies so that delegation may be maximized—these things are economical in the most important meaning of the word.

Yet the prejudices, pressures and practices governing these matters are in the exactly opposite direction. Morale of public personnel is deteriorating before repeated Parliamentary proposals to reduce pay. In this situation the inclination to abstract dedication and the sense of engagement in a vital mission wear thin. Pay is by no means the only factor in this, but it is an important factor. With the theoretically top pay of Rs. 4,000 a month now having buying power of only Rs. 726 in 1939 terms, the scale-down has been much more drastic than most people realize. Future mass income in India is thoroughly dependent upon the success of the Indian government. In their own interest, the people must be willing to pay what adequate and successful government will cost.

The Comptroller and Auditor General.

Part I of the Audit Report (Civil) for the Central Government for 1955, which has just been published, is on the whole a sound document, although some transactions made to appear in a bad light could be seen as altogether reasonable if information available to the ministries had been utilized by the auditors. It constitutes substantially the outside limits to which Parliamentary and public attention should be given to audit findings. Part II should be condensed and designed for the use of ministries. The new document continues to cover a too extensive period of time, however. Historical and recent cases should be at least separately treated, and old ones already rectified should be given only summary treatment. Some of the items reported also reflect the inherent limitations of auditing. For example, one of the embezzlements now reported had been conducted over a nine-year span, in spite of auditing. The particular case, interestingly enough, occurred in the Audit Department itself. It makes one ask, "Who audits Audit?" More importantly, who examines the Audit Department with a scrutiny more significant than mere auditing?

The Appendix to Part I is very constructive and in general sound. It illustrates the not surprising fact that all agencies are more thoughtfully critical of other agencies than they are of their own performances. The outside observer, having no vested interest here, is not so confined.

The function of the Comptroller and Auditor General in India is in large measure an inheritance from colonial rule. The function did not impede British rule; it upheld that rule and was an integral part of it. It greatly restricted the Indians who served the government. These restrictions were sought by the government, in a situation of provincial administration largely concerned with police and taxation functions and not engaged in rapid pursuit of Welfare State objectives.

In the first flush of independence, Indian ministries were disposed to disregard the Comptroller and Auditor General, and abuses became vivid. This situation has been fully corrected, but in the process the old restrictive effects have been restored and strengthened at the very time that new policies were calling for more flexibility and more use of responsible discretion. The net of this uncorrected situation is that the Comptroller and Auditor General is today a primary cause of a widespread and paralysing unwillingness to decide and to act.

This repressive and negative influence is in considerable part indirect, impinging on the bureaucracy by way of Parliament because of the exaggerated and unselective attention given by Parliament to the petty exceptions and the inflated pretensions built around the pedestrian function of auditing. About two years ago there were signs of a more progressive approach in the office of the Comptroller and Auditor General. Indeed, not very long ago he soundly recommended the transfer of the accounting function from his jurisdiction to that of the ministries. But latterly he seems to be falling deeper into some of the conventional ruts, and even digging them deeper. On his own motion, he has extended his review to "all existing undertakings in which the Central or State Governments have substantial financial stakes and such others as may be established hereafter" and "in addition to such audit as is required to be carried out under Company law." The underscored language in the instructions sent to ministries shows the extreme to which the assumption of review is extended:

This audit by the Comptroller and Auditor General will be generally directed towards a review of the decisions

taken by the Board of Directors to ascertain to what extent their powers have been exercised in the best interest of the undertakings to see whether the powers delegated to the Chief Executives have been exercised properly.

Nothing could be more calculated to stop the Plan in its tracks, to undermine responsible government and to establish government of, by and for auditors. What special competence for appraising objectives and appraising administrative performance in general has the Comptroller and Auditor General? What is Cabinet for, what is the Prime Minister for, what is Parliament for, what are the individual ministers for, what is a Secretariat for, and what is a bureaucracy for?

Parliament is surely at fault in this. It has a greatly exaggerated notion of the importance of auditing to "Parliamentary responsibility," and so has failed to define the functions of the Comptroller and Auditor General as the Constitution contemplated it would do. Into the vacuum thus left, the auditor has moved.

Beyond legal definition confining his whole function, however, the Comptroller and Auditor General can make his function most useful by confining himself further. Too many of his reports are mere substitutions of hindsight for the kind of judgment possible and necessary and proper at the time of action. Too many merely raise questions that are really questions of differences in judgment.

Central Purchasing.

The central purchasing agency is not in theory primarily or largely an agency of review and control. It has chiefly a service function, providing experience in purchasing and the benefits of quantity purchases in standardized items, and maintaining constant relations with suppliers. It is intended to learn and to enforce good purchasing practices, fair dealing and defensible decisions. When it is overloaded, delays in its procedures make it inadvertently a control agency which gives priority to some purchases and postpones others. It is also likely to fall into an enforcement of literal and inflexible requirements which in individual instances defeat, rather than serve, the basic purposes of Central Purchasing. It is not possible for it to have technical competence covering the whole variety of things the purchase of which is important to the conduct of highly varied governmental programs.

and enterprises. The more technical and more unusual the type of commodity, the more the using agency must be relied upon to provide technical competence.

The initial establishment of centralized purchasing is always a reform of considerable value. Once established, however, a good purchasing agency will confine its direct purchasing to things of quantity and standardized character, delegating other purchasing responsibility and reserving for itself in these matters only a general supervision of method that insures an absence of favouritism. It has a general responsibility to insist upon purchases at lowest bid cost, but this responsibility should be frequently waived when a Ministry justifies the exception in writing and indicates willingness to assume public responsibility for it.

When a purchasing agency is overloaded because of failure to delegate sufficiently, it inevitably becomes a control agency far beyond the original intention. This is clearly the case here. It is notably the case in terms of procurement abroad. In one or two instances experts from the programmatic agency have been attached to the foreign purchasing office, with great improvement. The whole situation calls for extensive improvement, however.

Central Construction.

The kind of thinking just set forth concerning purchasing applies also to construction. Construction is not an activity in which it is possible for a single agency to develop all-encompassing technical competence unless it becomes an extremely large, cumbersome, and wasteful organization. Even when large and diversified enough to claim technical competence in all construction fields, it cannot have the intimacy with programmatic values essential to the wisest use of money. It either must, at many points, use program personnel, or delegate much responsibility to the program agencies. Some multiplicity of construction agencies seems not undesirable. Here I have been told of too frequent instances in which new buildings badly needed and long approved are not under construction. Here the overloading of the construction agency contributes importantly to delay and frustration, and it becomes an additional negative influence.

References to Related Ministries.

In addition to the references so often made to Finance and Home Affairs, many matters are constantly referred to other ministries which

may be thought to have, or which may claim, some impinging interest. Very often the interest is theoretical rather than real, the particular matter actually being one of indifference to high officials. But the reference is sent on its usual course downward to subordinate personnel charged to examine everything critically in terms of precedent and possible ill consequences. Sometimes much is made of little, and conferences have to be held to explain matters that actually need no explanation. Too many references of too many matters are made in this way in harmony with the general concern to get agreement to everything by everybody before anybody risks doing anything. There should be less hospitality to these references, and less inclination to make them. Occasions when there is some good reason for them will be frequent enough to keep everyone sufficiently informed.

The Planning Commission.

India has solved better than any other country known to this writer the problem of national planning. The achievement results largely from the fact that planning here is an important part of administrative policy-making not something done in the political and administrative vacuum so usually the resort of professional planners. Most of the members of the Planning Commission staff are not professional planners in the usual sense of that phrase, especially at higher levels; they are competent as planners but they are more than planners, as they need to be in order to serve the members of the Commission. Membership of the Commission is a small edition of the Government itself. As a result of these things, the development of a Plan is the development of the Government's policy and program. The Commission as such happily assumes no direct responsibility for specific administrative direction but closely follows and appraises performance and lends a facilitating and supporting hand. This pattern should be carefully maintained. The Commission would get bogged down, and its total performance be less distinguished and effective, if it were to attempt a more direct administrative review and control, or if its structure should become more complicated, or if its personnel were to become more narrowly expert. It is somewhat questionable whether maintenance of its "Public Management Studies" unit is wise, since this unit could push in the wrong direction. Support for management studies and facilitating devices in the Cabinet Secretariat and in various ministries and attached enterprises would seem to be more appropriate and more in keeping with the general

pattern which has been so outstandingly successful. A Planning Commission could not ask for more than to be as intimate and important a part of the policy-making process as it is here, where it plans for and with Cabinet and provides Cabinet with an uncommon forward perspective.

The Commission should avoid developing too large and complex an organization of its own, attempting to become "expert" in program fields or in its own general character, and becoming involved in a type of program review and control which would offer the danger that it would constitute still another administrative bottleneck. Its administrative role should continue to be a general one with heavy policy content and otherwise for the most part influential in the making of helpful *general* administrative arrangements. It should, for example, require the development of expenditures data promptly and frequently, and should support arrangements that will make it possible to secure such data. It should continue to make, or have to be made, such evaluating studies as may seem to be required, but such studies should be made by persons experienced in public program administration and not by those who are only qualified academically.

So far as Centre expenditures are concerned, it should be possible to develop a system whereby quarterly reports can be completed within fifteen days after the end of each quarter—not later. The difficult problem of State expenditures will require special treatment and more time, but the time now required is greatly excessive. A variety of changes in present practice will be required in Centre-State expenditures. The recent proposal of the Comptroller and Auditor General that where expenditures are matched the Centre should make all of its expenditures without waiting for matching deserves consideration. However, it might be wiser for the Centre to advance only 40% of the cost, rather than its entire 50% share. Delays occasioned by the slow sanctioning of money at the beginning of a fiscal year, and by uncertainties of concurrent fiscal action at two levels of Government, need to be avoided, and can be, by appropriate legal and sanctioning changes. Such reforms, if not otherwise undertaken, should be stimulated by the Commission.

Program Agencies Themselves.

It is not to be denied that the ministries and their attached agencies charged with programmatic achievements themselves share

most significantly in responsibility for slowing of action through multiple and incompetent reviews of proposals. Schemes originating in a technical attached agency of any kind are generally considered in the parent ministry almost as if it were a colonial power. The proposals are referred downward to very subordinate assistants operating under the prevailing sense of needing to find reasons for delaying or opposing action. Once approved, the proposals are sent on to Finance or other ministries in a form not inviting positive and quick review. The present system has the character of a vicious circle in which exclusive reliance on Finance, and in less degree on Home Affairs, has prevented the program ministries from developing a competence in the translation of technical schemes into sound and convincing budgetary and expenditure proposals. Indeed, the schemes never are so translated; the judgement of Finance officials is a substitute for a systematic formulation. Because the necessary capacities of the ministries have not been developed, it is explained that Finance *must* exercise a programmatic judgement as a concomitant of its financial function, and reliance on the exercise of this function tends to grow instead of diminishing.

The whole pattern, like that of the Comptroller and Auditor General's function, was established in an early day when close central controls were of the essence of colonial rule and when the whole central government was small. It was as if the whole government constituted a single ministry, with the ministries of Finance and Home Affairs serving as intraministerial staff offices. But today the government of India has no such small dimensions, and should have no such distrust of Indian personnel in the bureaucracy as occasioned the system of that earlier period. And the government will grow much more as an incident to its own increasing achievement. Today the Finance and Home Affairs ministries need to move steadily to higher levels of responsibility where they exercise more general and less specific controls in achieving more coordinating character. At the same time, the program ministries need to be helped to build internal competence in financial programming and management.

The writer is inclined to dislike (unless it is only a step toward something better) the system existing here under which the Finance Ministry attaches one of its own employees to a program ministry as "financial adviser." The provision is inadequate for the quality of financial programming and administration that is now essential. And

terms which relate outgo to program objectives can only be closely and usefully achieved in the program agencies. It is only when these agencies have had experience in this superior kind of financial management that they will begin to be able to make budget submissions of a proper sort. It is only after the ministries are thus doing an improved job of budgeting that the Ministry of Finance can produce the kind of budget appropriate to its responsibility. In the next few, transitional years, a degree of relaxation will have to obtain if suitable advances are to be achieved.

Industrial and Commercial Enterprises.

In spite of a vague inclination to realize that the urgency and character of the industrial enterprises require changes in procedures, many of the criticisms stated in preceding pages still apply to the way these operations are conducted.

Members of Parliament express doubts and alarms about new flexibilities and delegations of authority.

Ministers have varying capacities to delegate, and do it on the whole at too timid a pace.

There is fruitless debate over the advantages of companies as compared with corporations, and *vice versa*; they are essentially the same and differ—unimportantly—only in the basis of their legal authorizations.

The "Buy India" requirement often entails costly delay, and sometimes tends to enforce the purchase of inferior equipment when the ultimate product requirements are for superior quality. There are cases where this requirement has caused plants to remain idle for long periods.

Because the attempts to apportion use of foreign exchange in lump sums was unsuccessful, reversion has been almost all the way back to the old pattern requiring clearance on each individual transaction. There is a feasible, more advanced, middle ground.

Purchases both domestic and foreign proceed at much too slow a pace because of various restrictions or organizational inadequacies in the government at large.

Time is wasted in arguments over whether managing directors should be found in the private sector or in the civil service, when agreement should be easy on the necessity of getting the ablest men available, wherever they are, and on the general principle that the ablest general administrators and those most attuned to public responsibility now will generally, but not always, be civil servants.

Similarly, there is an effort to include private persons on boards of directors in the mistaken belief that this is in principle necessary or desirable. Officials representing ministries concerned who are appointed to the boards too often are without real authority to speak for their ministries, thus short-cutting the historical pattern of coordination. The boards should be chiefly coordinating mechanisms.

In many instances single officials, already burdened with many other duties, serve on so many boards of directors that they cannot possibly attend well to these duties in addition. In some cases membership on even one board is undesirable because of too heavy burdens of other kinds. Sometimes alternates sit for them, and often the alternates are not given power to speak and vote in terms sufficiently authoritative for the purpose.

Members of the various boards are equipped variously in advance of meetings with materials giving background information on problems to be considered at board meetings. Some managing directors see that such information is well prepared and distributed sufficiently in advance of meetings; others do not do this consistently. When it is done, board members do not uniformly study these materials in advance.

Some boards require too many matters to come before them; others delegate better and reserve their functions for more general decisions.

In considerable part because of the way their boards and ministries show reluctance to delegate, but in part because of personal lack of willingness to delegate, skill in delegating, and lack of proper structures under the managing directors facilitating subordinate responsibility, the extent to which managing directors delegate varies. Action is slower wherever delegation is not far advanced. The present study has not extended far enough within the companies and corporations to justify particular suggestions about structural and procedural changes within them. The number of enterprises already is so large as to make such a study very time-consuming.

Up to now the tendency seems to have been to establish more separate enterprises than appears wise. Enlargements and consolidations of over-all management should progress rapidly wherever competent general administration is demonstrated. Reports, of course, should continue to be made on individual plants and enterprises as now is done, for example, in the case of the collieries. In the long run, however, it should be kept clearly in mind that governmental and Parliamentary responsibilities will be best served when the total number of enterprises separately managed will be relatively small so that the government can deal principally with consolidated reports, leaving more detailed scrutiny to those instances in which the consolidated reports seem to indicate the need. Under a theory of "coherent missions" every opportunity to substitute enlargement and consolidation for the establishment of a new and separate enterprise should be seized. When an enterprise is well conducted and meeting its own programmatic objectives reasonably well, it is a candidate for enlargement in a related or complementary field.

In general, it is too often forgotten here that nothing happens in action toward the attainment of the objectives of the enterprises except as persons actively engaged in producing their product are freed to act with confidence and expedition. The higher the level at which there is unwillingness to delegate, the more completely is action retarded at every level below because at every level below there is heightened uncertainty whether penalties will not be suffered for the exercise of the judgment essential to action. Conversely, a pattern of large delegation at the top encourages delegation at every level below.

The criteria of general success are too little relied upon, questions of small detail too often raised. The Government's primary concerns are general: Is the enterprise achieving its primary production objectives at the tempo originally contemplated? Are its costs comparable with other costs of similar products, allowing for important differences in the Indian situation? Is it demonstrating capacity for further and rapid growth? But the questions explored in the review which delays action are usually small questions. Review and failure to delegate, in other words, are almost wholly negative.

Some matters of detail undeniably require high-level decisions. But these decisions need much more often to be made in general terms rather than in many, repetitive considerations of similar matters. The problem

of remuneration is an outstanding example. The government must have a policy about remuneration; there must be some capacity to relate remuneration patterns so that they may be generally explained and defended. Yet the governmental policy concerning remuneration may be flexible, and it may be experimental—especially in the field of the companies and corporations where private patterns are especially influential. When a private company is taken over by the government, and the top salaries previously paid in that company have been substantially higher than that of top civil servants, it is likely to lead only to failure if an effort is made to impose the present, normal governmental pay scales on this enterprise. Not only is it impossible to have an orderly transition to a hierarchial differentiation in keeping with the government scale, it will be impossible to plan and effect the kind of organizational structure desirable for the particular enterprise. The government should welcome various approaches to this problem of pay, looking forward to an opportunity to compare results under various types of arrangements. Pay differentials should be thought of wholly as instruments of effectiveness. There is here now much too much doctrinaire and conventional thinking about this matter.

This is said without implying any lack of sympathy for the strong equalitarian sentiment here, and without failing to realize that this sentiment must be deferred to. Capitalist patterns of differentiation in financial reward have been in many respects absurd and uncritically accepted. Even though greatly corrected in recent decades, they still are not thoughtfully enough designed to serve their purpose. It is not suggested that they provide a proper standard for India. The American millionaire who once told the writer that if he had been born at a time when he could have earned only 10% of what he was actually earning he would have exerted himself just as much, pointed to the heart of the matter. The pattern of monetary reward should be such as to put persons in a position to exert themselves fully and provide incentive that will cause them so to exert themselves. Consequently, different pay patterns will be effective in different times and places. But differentials should be enough to meet the two legitimate purposes. The bonus plans partly introduced here in the government printing plants and in the railways afford single, but insufficient, examples of the effective use of incentives in association with intelligent managerial study. And beyond financial incentive, of course, more attention should be given here to the incentive to earn public approbation.

The role of the Secretary of the parent ministry is a difficult one in the whole area of companies and corporations. If he delegates poorly, if he is unimaginative and inflexible, the best efforts on the part of everybody else will come to little success. If he is chairman of a particular board, he may make both the board and the managing director useless instruments. Conversely, he may be able, almost alone, to enforce adequate delegation, if his own Minister has similar attitudes and capacities. The Minister of the parent ministry may fight effectively for the delegating pattern which is essential to success; or he may fight hard for it and still lose most of the battles; or he may permit himself and his ministry to be overwhelmed by the agents of conventionality and complexity in other ministries and in Parliament. The parent Minister, his Secretary and the Managing Director are the crucial trio; they will not get the scope they should have unless they are strong, imaginative, insistent upon results, and skillful in winning support, and then diligent in the practice of delegation.

One aspect of the role of the Secretary involves the question whether he should be chairman of the boards of enterprises under the aegis of his ministry. This depends in part on the number of such enterprises sponsored by his ministry. He can not be an effective chairman of a large number of boards. It depends, too, on his ability to wear two or more hats—his ability to think and act one way for a corporation and another way for the ministry proper. Here is one of the crucial points where it becomes clear that new scope of discretion for the enterprises is dependent upon new scope for subordinate personnel generally. Two hats are not likely to be worn with grace if they are too extremely unlike.

It must be said that the need for a new pattern of delegation and supervision is generally being realized and some substantial progress has been made in some cases. If this advance is sufficiently extended and expedited, the great new emphasis on governmental enterprises may well give the incentive to administrative reform which India much needs.

The Parliament

A complete diagram of the hierarchy—the organizational structure—which is the Government of India would place the whole public of 360 millions or more at the top level, the Parliament at the next-to-top

level, the Prime Minister at the third level, the Cabinet at the fourth level, the Department Secretaries at the fifth level, and so on down to the lowliest clerk, policeman, and village level worker, with the hierarchies of all the State governments somehow injected high into the diagram as part of the unified whole and somewhat laterally structured as quasi-independent entities or attached offices.

Decision-making and execution involves the whole of this hierarchy, and the exercise of discretion by all who participate in government, whether by voting, arresting somebody, handling and delivering mail, or operating a ministry or large government industry. The distinguishing characteristic of a hierarchy is that it patterns a differentiation of responsibilities in decision-making and action. The administrative hierarchies in the States and in the Centre are properly characterized by many levels of differentiation, formulated in a design like a pyramid which progressively narrows particular responsibilities downward under executives of more and more general control in proportion to their elevation upward.

The legislative bodies which constitute single, high levels in the whole hierarchial picture, however, have *within themselves* little hierarchial character. Their members are ultimately all equal to each other, as all citizens are equal to each other, in having only one vote apiece. Decision-making is greatly facilitated by hierarchial structure—a fact recognized since before the dawn of history. Conversely, decision-making is greatly hampered by a lack of hierarchial character. This means that in bodies without precise hierarchial differentiation decision-making can be well performed only when it is confined to very general choices which are usually, in a profound sense, choices as between alternative available administrative leaderships and choices between different possible directions in which to move. The citizens of a nation enjoy democratic values as a result of provisions which enable them to make these fundamental kinds of choices. More precise and specific decisions must be supervised by the leadership the people choose. In very much the same fashion, the fundamental role of legislatures as representatives of the people is to choose leadership which is to be responsible for the more precise and specific decisions and the management of the process by which such decisions are made, and the choice of *direction* in which the leadership is to be confined.

This limitation of the role of a legislative body is attributable in part to its composition by a large number of equals, for it is only in this

way that a large number of equals can make useful and effective decisions. But this limitation is attributable also to the elevation of the level occupied by the legislative body in the whole hierarchy of government. It follows that the role of the Prime Minister in administrative decision-making is confined by his elevation. So much must be done altogether that he can know intimately about and deal with only a relatively small part of the total number of decisions made daily throughout the government. He must delegate responsibility and utilize the intelligence and judgment of many thousands of persons if many things and great things are to be accomplished. He delegates first of all to his Cabinet colleagues. They in turn delegate to their subordinates, who in turn delegate to others. The essential thing in this business is that at each level there be a type of control and supervision adequate to that level. At no level is it possible or desirable to have absolute control over everything.

In general, what this means is that at every higher level in a hierarchial structure decisions tend to be more and more general and have more and more to do with manner and direction of action rather than with precise control of specific actions. The leadership that is most essential is institutional leadership, not the making of a multitude of particular decisions. India is extremely fortunate in having high ability of this sort in its Prime Minister and in a good many of the other Ministers and in having a corps of civil servants who, at top levels at least, are equal to any in the world.

Yet the process, of translating responsibility into more and more general controls is lagging seriously here, and after three visits this writer has come to the conclusion that one of the important negative influences on achievement is Parliament.

Parliament performs quite admirably when it debates the important questions of policy that usually are brought forward by Government legislative proposals. This is the field where legislative functioning is crucial to democracy, and crucial to the development of that social wisdom which alone is wisdom for a democracy. The wisdom of no individual is substitutable for the general judgment of society, and the general judgment of society is more closely approximated by a representative legislature than by any other entity. The *particular* judgment of a citizen is not social wisdom, and the particular judgment of a body of people is not social wisdom. Social wisdom can be approximated

and converted into particular decisions only by the interaction of hierarchially organised institutions of functionally differentiated character, all generally responsive to the general judgment of society; within the institution varied interests, varied functions, varied ideas interacting under a discipline of control and potential control provided by a pyramidal hierarchy produce decisions of specific sort that are relevant, practical and representative in their own fashion, provided that the hierarchy is under the general direction of a body itself subject to popular control.

In its approach to the consideration of particular controls, this writer finds the performance of Parliament as lacking as it is distinguished in dealing with major policy. It greatly aggravates an already excessive tendency in the bureaucracy to avoid taking responsibility for decisions and going ahead to get things done. The writer has been much concerned as he has seen the extent to which this negative approach to administration has retarded action and made achievement difficult. It is not that the Ministers and Secretariat criticise the Parliament. It is that they shake their heads over proposed reforms and say simply that Parliament would not tolerate the changes suggested. It is that over and over again cases of Parliamentary criticisms of small decisions made a year or two or three previously are used to explain the impossibility of taking expeditious action. The reading of reports of the Estimates and Public Accounts Committee and of Parliamentary debates over administration produces in the writer a sense of discouragement.

Criticisms offered in the light of all this are chiefly the following :

First, the members of Parliament greatly exaggerate the importance of the function of the Comptroller and Auditor General, and pay far too much attention to his reports. So doing, Parliament increases the timidity of public servants at all levels, making them unwilling to take responsibility for decisions, forcing decisions to be made by a slow and cumbersome process of reference and conference in which everybody finally shares dimly in the making of every decision, not enough gets done and what gets done is done too slowly.

The Comptroller and Auditor General's function is not really a very important one. Auditors don't know, and can't be expected to know, very much about good administration; their prestige is highest with others who don't know much about administration. What auditors

know is auditing—which is not administration; it is a necessary but highly pedestrian function with a narrow perspective and very limited usefulness. Any deputy secretary knows vastly more about significant problems in his ministry than the entire staff of the Comptroller and Auditor General can discover by auditing. In close observation of various governments during many years the writer has never known of a really important insight produced by governmental comptrollers. Yet here the Comptroller and Auditor General's reports presume to speak as an authority on administration in general. They even presume to speak on the programmatic values of the various undertakings. Parliamentary members take such things seriously as providing a sensible basis for discussing important problems without even securing advice from the ministerial officials who know vastly more about them. Formal reports on finance are made without consulting a single Finance official.

Further, the function of auditing is a strictly negative one. Parliament's most important concern should be with the positive attainment of program objectives the legislative body has espoused. Instead of helping Parliament arrive at general judgments about the ministries and attached organizations and a general appraisal of the way in which social objectives are being attained, audit reports focus Parliamentary attention on little things. This demeans Parliament.

Parliament should give more attention to the development of good budgeting, and should seek more budgetary information, in lieu of spending so much time on expenditures.

Secondly, there is among members of Parliament too much general and vague fear that its responsibilities are not being preserved. Such fear cannot be supported by a bill of particulars really related to the high level of Parliamentary responsibility. Government proposals to Parliament are amended here much more often than in the United Kingdom, and the proposals are drawn originally with much more regard for the sentiments of even small segments of the Parliament. When it is remembered that India is—unlike the United Kingdom—a federal system and that here the Centre government also must and does defer greatly to the States, the role of Parliament here is seen to be most extraordinary. Parliament's chief competitors are the States, not the Centre's bureaucracies. The only danger that the responsibility of Parliament may be lost here is in the tendency of Parliamentarians to

get bogged down trying to judge particular actions and particular decisions it is in no good position to evaluate.

Thirdly, the Parliament often exhibits a prejudice, anomalous in India in 1956, for reliance on the judgment of business men. This inclination goes much beyond any similar tendency in the United Kingdom, even though not so far as it is carried in the United States, where those who know government well know that many of the worst failures in government have been business and industrial leaders put into responsible public posts. There have been exceptions, of course (the writer can identify two notable ones in India), but the business world is far from an ideal place from which to derive administrators of public enterprises. Further if there is any real problem of Parliamentary control of companies and corporations—which I do not believe there is—it will be aggravated by taking Managing Directors from the private sector. The ones to find there should be put in third levels of the corporate hierarchies as Shop and Plant Managers.

Fourth, and somewhat similarly, Parliament here seems strangely inclined to make too ready concessions to some of the self-interest demands of small but influential business interests, and to enforce corresponding changes in Government's decisions.

Fifth, by Parliament's endorsement of the formerly small and narrow approach of the Public Service Commission to its own functions in the mistaken belief that this strengthens the merit system, it undermines the responsibility of the ministries and thereby undermines the responsibility of Parliament. Taking exception to cases in which the Government has chosen some eligible other than the first nominee of the Public Service Commission, for example, is thoroughly contrary to the needs of good administration and inappropriate to the Parliamentary role. Parliament *should* be concerned with the identification of much, much larger groups of eligibles and providing for selection for particular posts by the employing agency. Parliament *should* be concerned about utilization of every retired civil servant of competence, and a much more dynamic search for more competent persons wherever found. Parliament should be concerned to make for great competition for promotion and flexibility in the making of promotions instead of protecting "rights" of small numbers. Parliament should be concerned about breaking down the fixed time limits before promotion is possible,

and thus facilitating the better development of more competent personnel. And these concerns should be expressed, not by interfering with or criticising particular actions but by supporting general arrangements providing for more administrative discretion and flexibility. Parliamentary policing of historic civil service restrictions is one of the important ways in which it retards achievement of programmatic objectives. Parliament's concern really is to avoid the selection of the *unfit*. The Public Service Commission can do that. But it cannot, and should not, attempt to identify the fittest of the fit, for particular positions.

✓ Finally, Parliament is a chief citadel of opposition to delegation of powers, the need for which is the worst shortcoming of Indian administration. Parliament's reluctance to delegate its powers in detail, as it is essential to do if Parliamentary powers are to be important and positive, discourages Ministers from delegating their powers, discourages Secretaries from delegating their powers, and Managing Directors from delegating their powers. The critical references this writer has read in Parliamentary debates to "government by joint secretaries" strike him as alarming. What India needs more than anything else, what Parliament needs most, is more government by joint secretaries, more government by deputy secretaries, more government by under-secretaries, and more government by managing directors and their subordinates. This is the only way in which there can be more government altogether and more achievement for Parliament to give general guidance to.

Concern by members of Parliament is shown over the establishment of relatively autonomous enterprises. This writer has never heard of an instance in which democratic government could not and did not control any such enterprises in any way really important to government. Unless this Parliament accommodates itself to the needs for large action and elevates its own approach to affairs to the appropriate high level of general direction, India's future will be precarious. Parliament needs to become sensitive to the necessity of operating on a *high* level. In respect of administration it almost uniformly functions on a low level. (This is not surprising; legislatures everywhere tend to elevate their functions slowly, and everywhere are least competent when they attempt to deal with specifics in administration. But the writer has seen less consciousness of this than of other great needs in the Indian

governmental situation. The shift from an agitational function directed against government to a positive responsibility for the large-scale operations of a dynamic government has naturally been slowest here among Parliamentarians; it is a difficult shift to make. The lag in this necessary shift entails a lingering distrust of the bureaucracy, and this is hostile to the achievement of the system of delegation necessary to speed and magnify action.

Delegation enlarges and enhances responsibility. This dictum Parliament needs much to ponder.

I am inclined to suggest that the simplest way in which Parliament could reverse its influence on administration from a negative one to a positive one would be for it to stop looking for things to criticise and to begin looking for things to praise. It would then quickly appear, one would hope, that what is praiseworthy is not small, literal compliance with old, detailed procedures but courageous new ways of doing things; praise should be given for actions providing examples of courage, initiative and imagination, and for generally able performance. However, one is led to fear that at the hands of Parliament even this approach would degenerate into something like the American practice of giving awards for single new ideas, notably for proposals which would effect small savings. The beneficial effect of this is small. Parliamentary concern should be to identify and support generally desirable arrangement and overall good results. What is needed here, I think, is a heightened recognition of the utter dependence of Parliament upon Administration for any actual achievement of its own purposes. In the British system the awarding of high honors to British Civil Servants has been most valuable, although even there the awards system has never been carried nearly far enough to give appropriate lesser recognition to outstanding subordinate personnel. But the point is that in Britain the public service has high standing with Parliament and public. Here it stands high with the public, but Parliament tends to be carping, unappreciative and miserly.

Indian leadership has had the tremendous problem of shifting from the negative, anti-governmental attitude that was necessary to the drive for independence to a positive, operating, institutional responsibility appropriate and necessary to program achievements planned by independent and revolutionary India. The shift from participation in colonial rule to participation in India's own rule was never one-twentieth as difficult for the civil servants as for the Parliamentarians,

and this shift was readily made long ago. A strange but logical result of Parliamentary distrust of the civil servants has been to confine them to the rigid processes of colonial administration which greatly reduce their capacity to serve the great policy objectives of the new India. The civil service is the essential tool by which action can be carried forward; if it is used with lack of confidence its actions will be lacking in effectiveness.

If it is at all possible to reduce to a few essentials the question of whether India will succeed in its high endeavours, I should attempt to emphasize two essentials by stating them in two questions:

Will India be able to maintain and develop its national unity and strength in the face of its linguistic divisions and its extraordinary national dependence upon the States for a large part of its administration?

✓ Will the people and the Parliament be sufficiently willing to pay enough and to give through delegation sufficient scope for the discretion and wisdom providing the kind of public service of performance necessary for administrative effectiveness?

In the long run India will get in administration only what she pays for and what she provides scope for. If India confines the bureaucracy to small scope she will confine the nation to small achievements.

These matters the Parliament should have often in mind.

Reversing the coin, it is surely in order to say something in support of the proper needs of Parliament. Members inevitably are going to be approached by numerous constituents concerning governmental matters in which the constituents are involved. At present too many of these constituent inquiries are converted into questions on the floor of Parliament and often in a form not too useful; the members posing the questions are simply trying to find ways of inquiring and naturally do not have the background for framing questions to which answers can be made worth the time of the whole house. More such questions should be handled by correspondence, and the replies from ministries should be imaginative rather than literal. The bureaucracy should be structured to accommodate a substantial increase in this kind of business.

The admittedly great and zealous interest in what is being done which characterizes members of Parliament also should be better met

spontaneously by Government through the frequent submission of administrative reports. The Parliamentarians as a primary means of communicating with the public and interpreting to the public what is going on in government should be much better informed apart from the discussions confined to the floor of the house. It seems possible also that it would be highly useful to designate a single ministry—Home Affairs, perhaps—to which Parliamentarians would be invited to send frequent reports on public attitudes in their constituencies. Such reports might simply be acknowledged as a matter of routine, but they could serve to provide a valuable supplement to other forms of political intelligence. Submitted merely as *reports*, they should nevertheless aid the government in perfecting its dealings with the public.

SECTION IV—THE KEY TO SUCCESS: ADMINISTRATIVE REFORM

The second Five Year Plan in scope and dimensions represents the best possible judgment of what is feasible in the direction of what is desirable. The limiting factors are two: financial resources, domestic and foreign, and administrative effectiveness. Although little more could be desired in the way of financial statesmanship, the dimension of actual financial resources available is itself in significant measure dependent upon administrative effectiveness. Full success of the Plan, therefore, turns rather exclusively on administrative reform to make the government as an organism equal to its identified goals.

That the dimension of financial resources is linked to administrative capacity may not be clearly enough seen. Principal responsibility for revenues to be applied to the Plan rests with the Centre, but the mechanisms ultimately essential for enforcing maximum collection are in an important and excessive degree those of the States. Delinquency in tax collection has been serious ever since independence was achieved, and the rate of delinquency now is steadily rising. State officials are preoccupied with state business, yet when difficulty in collection of Centre revenues arises only such enforcement action of widespread and systematic sort is possible as the state and district machinery for the recovery of public demands will provide. Enforcement action in the courts must proceed through state courts, heavily overloaded with other business and chiefly concerned with other business. The amount that cannot ever be collected even in proved delinquency grows at an accelerated rate during any period of delay in collection efforts.

Evasion, distinguished from delinquency, is a similar story. The two things together are factors significant of a governmental weakness which impairs the moral relationship between a government and its citizens. And these matters can be cured only by administrative improvement. Whatever may be the actual dimensions of revenue lost through them—and they are certainly not insignificant—they reduce by that amount India's certainty of success in the new Plan.

Administrative effectiveness also enters into the question of financial resources in another way. The whole scheme of development

assumes the achievement of economic expansion in a geometric ratio. What is done in the first year makes it possible to do considerably more in the second. Time, in other words, is of the essence, and avoidable delay is waste of tragic character, diminishing both production and the revenues that otherwise might be available next year, the year after next and so on.

At the present stage, therefore, nothing is so important to the success of the Second Five Year Plan and to the possibility of a much more pretentious Third Five Year Plan than administrative reform *now* aimed at accelerating action in every aspect of development and in activities complementing and supporting development.

While reform is a general need of the governmental system, the effort in this paper has been to concentrate attention chiefly on the feature of the Second Plan which offers most novelty and, most urgency—the area of governmental industrial and commercial enterprises.

It has been asserted or implied in preceding pages that a general fault of the Indian administrative process exists in the practice of seeking agreement on everything by everybody before anything is done. Worse, the practice requires that these agreements cover not only general objectives, general allocations of funds, general personnel arrangements, and the fixing of general lines of responsibility, but also cover specific applications of these general determinations in a continuing and heavy flow. The criticism in rather crude terms is that there is much too much sharing of responsibility for action before the fact, and too little review in appropriate terms focussing on accomplishment after the fact.

A more valid criticism because subject to fewer exceptions would be the statement that before and after the fact too much attention is focussed on detail and that, consequently general determinations have too little of their desired effect, which is to clear the decks for action. General determinations are not taken seriously enough. The budget provides an excellent example; it is not determined in fact when enacted, but is actually being made day after day throughout the year. Detailed control after the fact of general determination has the effect of delaying, frustrating and even nullifying decisions made earlier at the highest levels. Programmatic agencies simply cannot be held responsible for their own failures under such a system, because they are not *made* responsible.)

It also has been said in these pages that sufficient reform in procedures needed to serve the special new objective of a great and rapid expansion in public industrial and commercial enterprises cannot be expected unless there is considerable reform in procedures governing more conventional programs and activities of government. It may be, however, that the surest way to speed reforms that will be of benefit in the non-corporate sector of public business --as in programs of the Education, Health and Agricultural ministries, for example—is to focus reform on the special area of urgent need occupied by the public enterprises. Reforms secured in the interest of their success are almost certain to affect governmental procedures in general.

Let us consider the field of budgeting, for example. The Finance Minister himself has insisted on the need for improved budgeting. It will be easier to do this first in a new and differentiated area than it would be to institute a complete reform. But, once achieved in the one area, the reform would almost certainly extend itself because of its attractiveness to the Finance Ministry no less than because of its appeal to the program ministries. Having had the experience of dealing with budgets better calculated and better justified, and having been relieved of most of the thankless chores of detailed review of specific expenditures, the changed method might almost spread itself.

The thing to do is to develop financial and budgetary competence within the parent ministries and under the managing directors *in personnel responsible to them*. A unit having charge of accounts, charged with responsibility for keeping expenditures within appropriations and up to target objectives and thus truly managing expenditures, would develop budgets which would be subject to reduction almost exclusively in terms of competing needs of other ministries and agencies, and not because some officials in Finance challenged or disagreed with program objectives or the administrative methods chosen by the program agencies. This is the only proper goal of those responsible for budgetary review. The negative role of Finance would be confined to a function undeniably belonging to it. By large release of appropriated funds immediately after the funds had been voted, Finance would be at the same time contributing positive support to Plan and other policy objectives and enabling the program agencies to become responsible in the fields of their special competence.

The same principle would lead to a method of making larger lump sum allocations of foreign exchange and other needed things in short supply.

An official of high stature should be designated in the Cabinet Secretariat as Program Expediter, or Plan Expediter, given strong Cabinet support and provided with sufficient staff of maturity and status to enable him to serve as umpire, trouble-shooter, bottleneck-breaker, procedure reformer, and structural advisor. Either under him or in some other appropriate place an officer of special qualifications should be given the special duty of developing more vigorous recruitment and training methods in order to facilitate the hiring now of key personnel needed immediately and for greatly enlarging recruitment and training for the large number of competent persons who will be increasingly needed in the years ahead.

In the Ministry of Finance it would appear useful to designate as a special aide to the Expenditure Secretary another official of stature whose function would be to accelerate decision-making in the ministry. He should have a special relationship with the expediter in the Cabinet Secretariat.

None of the three officials and none of their staff should be regarded as permanent additions to structure. The period of their continuance should be determined by the need for them, which in turn will depend upon the extent to which reform and reorientation of normal processes is early advanced. These officers should not merely deal with complaints, or sit in their offices and call for reports; theirs should be a positive responsibility for speeding up the consideration of matters and reducing the number of reviews on which action is dependent.

Staff of the Public Service Commission should be enlarged so as to enable it to manage the larger recruitment programs envisaged and thus to keep available long registers of eligibles ready to be appointed as needed and cadres of reserves and trainees in employed preparation for later higher service or mobile assignment. Cadre plans now being approved should be early enlarged so as more adequately to meet the needs.

The point in suggestions just made is that the government needs to fix positive responsibilities in reviewing agencies now exercising principally negative influences. These provisions can somewhat

balance the negative stance which is now so universally the cause of complaint. But these officials will need strong backing and facilities. And they should have *no* responsibilities except for expediting actions and matters directly related to administrative improvement.

As already suggested, each of the large programmatic ministries—or at least each which has attached companies and corporations—and each such attached enterprise, should establish their own business and finance offices. Each such office should be clothed with prestige, reporting directly to the Secretary or to the Managing Director as the case may be, and competently equipped with personnel to develop ministerial or enterprise accounts as the case may be to program their activities, to project and control expenditures so as not to exceed appropriations or allotted funds and so as to meet program targets. This office would have responsibility also for developing scheme or program projects as proposed by technical personnel into valid and defensible financial projects and expenditure projections. Out of such functions the office will be enabled to develop departmental and ministerial budgets of a quality requiring a minimum of critical review and permitting the Finance Ministry to make its decisions in terms of its special competence—the availability of funds altogether in view of the total demand upon funds. As a sequel to such intra-ministerial performance, the Finance Ministry could properly make large lump sum allocations of the funds appropriated by Parliament instead of making innumerable small releases. Varying percentages, relatively small, of funds appropriated to the ministries could be kept in reserve, according to the competence of the ministry and the firmness of its scheme for possible release within the year. This, together with the sanction of possibly less generous treatment in the following year, would provide Finance with all the sanctions it needs.

The rate at which these changes can be instituted is perhaps impossible for an observer to ascertain. It is certain, however, that they will not be instituted at all unless a beginning is made and unless for a few years there is allowed an area of tolerance not heretofore thought possible or desirable. The point is that perfection in the new way can be approached only through time and in the next few years not too much should be made of difficulties and errors. In those same years it is certain that much more advance can be made toward Plan objectives than otherwise will prove possible. The dimensions of the Plan are just about as right as they could possibly be—small

enough so that the objectives *can* be attained but so large that they cannot be attained without courage and innovation. The Plan has been adopted. Substantial procedural reform should be next on the agenda.

It is probable that all of the changes herein suggested can be financed without appreciable increases in personnel costs above where they would be in any case. Some personnel costs are to be expected. Good administration costs money and yet saves money. The changes required will be highly economical in terms of improved efficiency and avoidance of the great wastes incident to delay.

Purchasing and Construction, as pointed out in an earlier section, now greatly retard some large undertakings. Improvement in these matters will need to be made in various ways. Assistance in effecting these should be part of the assignment of the Expediter in the Cabinet Secretariat.

The convention of having boards of directors for companies and corporations is so strong that it must be assumed that they will continue here to be the level to which ministries and Government will delegate all authority the latter may be persuaded to extend. Boards themselves must delegate greatly to the Managing Director, and he to his subordinates. Functions reserved by the boards should be primarily—and particularly once the organization has got under way—two: the development of reports which constitute for themselves, their Minister and the government at large bases for making intelligent over-all appraisals of the effectiveness of the organization in volume of business, in tempo, in cost, in capacity to expand further (all these both in current and prospective terms and in terms comparing with previous similar reports); and the making of decisions which in their nature require consideration of the functions and responsibilities of other enterprises or ministries. The first is the function of evaluation. The second is the function of coordination. Expert functions belong at lower levels.

Membership on boards should be determined with these two primary functions in mind. In general, board membership should be confined to the Managing Director and (in the case of large enterprises) *his two principal deputies*, and to high officials in other enterprises or in ministries normally having related, supervising or coordinating interests. In effect, the boards should be organs of

governmental coordination, the members definitely empowered to speak for their respective ministries and capable of judging which matters should, in spite of delegation, be referred to higher authority. The appointment of private persons should be generally avoided. Where desirable such persons with special qualifications should be used as special consultants as experts.

From the time Government decides to establish a company or corporation with a particular mission, more and more decisions should be delegated to boards, more and more decisions should be delegated by boards to Managing Directors, and more and more decision-making power should be delegated by Managing Directors to his subordinates. It is difficult, if not impossible, to say more than this, since delegations are an art and the essence of good administration, worked out specifically in each special setting. The sequel is in the development of adequate reports and an adequate overview of the organization. The existence of a competent business and finance office under the direction of the Managing Director will be a chief means of providing the information required for a systematic view of performance and of enforcing sound financial practice.

Auditing wherever done has hardly more than two purposes. One is to insure propriety in the sense of quite precise adherence to established practices and standards in monetary transactions. Since the administrator of an enterprise has more at stake in a record of defensible propriety than anybody else, where the operations altogether are large and diversified, auditing in each enterprise must be done in a fashion as to fit the nature of its operations. This means that for this purpose auditing should be done at the direction of the board of directors according to principles and methods set forth from time to time by the board. The second purpose of auditing is to provide an independent appraisal of the assets and liabilities of the organization which can certify as to the over-all financial status of the undertaking. *Auditing can be done in ways to satisfy both requirements, in the case of industrial and commercial enterprises operated by the government, by private auditing firms.* The Comptroller and Auditor General is otherwise oriented and too independent, and therefore too little enabled to adjust his approach to many different kinds of operations, to serve the first purpose. His special kind of competence is not a special competence in the second purpose. Hence, a private auditing firm is the proper choice. Whether

auditing is done by a private firm or by the Comptroller and Auditor General, it should be clearly determined that auditors are not judges of either policy, administrative judgments or the public interest.

Accounting is quite another story. It involves much more varied uses of numerical data, and these data can be used as an initial source for a considerable part of the administrative statistics necessary to the control and direction of the enterprise as a whole. Accounting contributes directly to proper programming and budgeting. This function, therefore, should be performed by the enterprise.

Some purchasing necessary for these enterprises may be done usefully by the government's central purchasing agency, but in general it is likely that this amount of purchasing will not be significant, unless foreign purchasing continues to be required to go forward through the government's foreign offices of the central purchasing agency. If this is the case, a representative of each important enterprise or each group of related enterprises should be attached to the most used foreign offices to provide needed technical knowledge and to expedite purchase. Much domestic purchasing of most of the enterprises should be done independently. A sufficient safeguard would be a requirement that all purchases made other than from low bidders would be given detailed justification to the board of directors. In general, the final results of the operation will have to justify or invalidate exercise of judgment in these matters.

All, or many, of these enterprises should be planned and managed from the beginning so as to permit their ready enlargement when they have attained effectiveness in their initial dimensions. Every plant lay-out should be made so that later enlargement will be easily assimilated. Hierarchical structures should be determined with growth in mind. Enlargement will be much more successful than any effort directed toward spreading plant locations merely for the sake of geographical balance. Locations should also be chosen according to the local availability of most bulky raw materials and in view of other transportation considerations such as the relationships of plant site to the points at which product will most often be delivered. Plant location can have a great deal to do with maximizing the utilization of transport facilities. For the spread of employment, small business and industry in which craftsmanship and appealing design and originality are important may be better relied upon.

In a necessarily sketchy treatment of a highly involved subject it may be sufficient to end with a general plea for the encouragement of courage, imagination and dynamism in management, wherever it may be found. An excellent example is afforded by the current proposal of the Managing Director of the Hindustan Machine Tools Company. Built with an investment of Rs. 4.70 crores, its output was scheduled to reach 400 lathes or equivalent a year in the year 1960-61. The Managing Director recently appointed proposes to increase scheduled output, to be attained no later and possibly before, to 1,000 lathes or equivalent, by an additional capital investment of only Rs. 5 lakhs. Even if the proposal should prove somewhat optimistic, it is so astoundingly attractive as to justify prompt support—which it has been given by its board. Not many proposals of such extraordinary appeal are to be expected, of course. But smaller ones of a similar basic dynamism should be welcomed, and a pattern of encouragement should greatly increase their numbers. Improvement of this kind will not come out of Parliamentary debates or Cabinet meetings, or ministerial reviews. It can only come out of individual attention, stimulation and support. The fostering of responsibility and initiative is, however, a top responsibility to which great attention is long overdue.

Essential to growth potential and dynamism in general is the necessity for the adequate underpinning of key personnel. It has been suggested above that the managing director's two principal deputies should share membership on the board of directors in the case of any large enterprise. This is intended first of all to suggest the importance of competent deputies—their importance to the particular enterprise and their availability, under methods which will fully develop their potentialities, for promotion and transfer. One of the functions of each enterprise should be the development of administrative personnel.

One of the essentials to the development of the capacity to exercise discretion wisely and effectively is experience in doing it. In this paper it has been asserted that too much of the reviewing function is now done at "too low a level" in the reviewing ministries. This is a rough and inadequate way of stating the matter. A level is a low level when a man at that level is incompetent or without the power of exercising discretion. "Low level" subordinates now have only the negative function of finding reasons why things should not be done

and have had no chance to learn how to exercise discretion. In the long run much important work and many decisions must be delegated to levels far from the top hierarchial posts. They should be the kinds of decision appropriate to those levels. The number of appropriate decisions will be increased as persons at lower levels are given experience in exercising discretion and suffering the consequences. A gradual extension of discretion all down the line is of the essence if India's achievements are to keep pace with her espoused programs. This is notably true when urgency of performance is high. Urgency is especially pressing in the area of public enterprises.

In number, at least 90 per cent of the decisions necessary to the conduct of a large enterprise should be made below the level of the Managing Director. Perhaps 6 or 7 per cent should be made by the Managing Director, from 2 to 3 per cent by the board, and less than 1 per cent at higher levels. The important, guiding and generally determining decisions thus would all be made at high levels. (The precise figures are in a way absurd, of course, but they have a rough validity which it is important to accept.) The general rule, to which occasional exceptions must be taken, is that "the higher the level of consideration the more general should be the matters that are considered, and the more general the judgment that is expressed." At higher levels there should be great insistence on getting the materials that justify general judgments, and constant selection pointed toward highlighting the more important information.

The Comptroller and Auditor General's function does produce some important and valuable findings, and some of these involve matters of detail. The trouble is that he transmits too much trivial detail, too much that is devoid of judgment about what is important and useful and appropriate to his function. Shorter, more selective reports would justify more attention to them. The same thing holds for other types of administrative audit and review.

It is a paramount necessity that the responsibilities of top leadership—Cabinet and Parliament—be upheld and *made manageable*. This can be done only by an insistence on confinement of reports—or at least the consideration of reports—to the significant and by the large delegation of specific responsibilities under general control and guidance based on adequate general information in which details appear only when they become generally important.

This is the general line of administrative progression which the program goals dictate here, with special application to the more novel and technologically complicated areas of large-scale enterprise.

A FINAL WORD

It should be emphasized that nothing said in this paper is intended to cast blame on any person or on any Minister. The faults here are in a deeply entrenched system.

Similarly it should be clearly understood that this paper does not suggest throwing the present system or any large part of it out of the window wholesale. (Proposals made here point to a direction in which reform can move and underscore the conviction that unless reform is promptly undertaken and diligently pursued as a definite objective the larger reforms otherwise necessary and feasible will *never* be attainable.)

