

Improving the Capability of the Indian State

Syllabus: GS2/ Polity and Governance

In Context

- The states' role and political and policy trajectories are critical for India's governance.

Position of Indian states & Civil governance

- With 28 states and eight union territories, 22 official languages, and 54 recognized state-based political parties, it becomes significant to improving the capability of the Indian states.
- **Shortcomings:**
 - In the G-20 group, the country has the **smallest number of civil servants** per capita.
 - The **public sector share in total employment** in India (at 5.77%) is half the corresponding figures for Indonesia and China, and just about a third of that in the United Kingdom.
 - With approximately 1,600 per million, the **number of central government personnel in India** pales compared to 7,500 in the United States.
 - Similarly, the **per capita number** of doctors, teachers, town planners, police, judges, firefighters, inspectors for food and drugs, and regulators is the lowest even among countries at a similar stage of development.
 - The Indian state is relatively small on the other metrics, such as the **tax-GDP ratio** and **public expenditure-GDP ratio**.

Challenges

- **Scarcity on all grounds:**
 - Be it public goods provisions, welfare payments, or the justice system, it is a story of scarcity rather than surplus.
 - Due to an **inadequate state capability**, governments at the Centre and States end up outsourcing services that are better provided by the public sector, such as primary health.
- **Low on performance:**
 - The unwieldy state's performance is disappointing on all fronts be it students' learning outcomes, child and maternal mortalities, farm and firm productivity, traffic conditions, and crime rates, among others.
- **Limitation of civil & political servants:**
 - One of the significant problems is the **perverse incentives** created by public institutions and the **skill gap** among officials.
 - These factors have **eroded the ability of the political executive** and civil services to make and implement sound policies.

- **Extreme concentration within departments:**
 - There is an extreme concentration of policy-making and implementation powers within departments.
- **The technocratic gap:**
 - The top policymakers need more **technocratic skills** to govern an increasingly complex economy.
 - In the **absence of adequate capability** to deal with economic, financial, contract and other technical matters, the Centre and the States hire consultancy firms.

Suggestions

- **Separating policymaking and implementation:**
 - Experiences of countries such as Australia, Malaysia and the United Kingdom show that separating policymaking and implementation responsibilities **expedites execution and encourages innovations**, making the programmes **better suited to local contexts**.
 - The Indian case in point is the National Highways Authority of India, which is tasked with executing national highway projects, while policy decisions are made at the ministry level.
 - This arrangement has **drastically reduced delays** and **cost overruns**.
- **Delegating power to frontline functionaries:**
 - Restrictions on the frontline personnel to decide on implementation-related issues foster a **culture of mistrust** and **lack of accountability** for poor implementation.
 - The vicious cycle wherein poor delegation and a deficient state capability feed each other can be broken by **delegating financial and administrative powers** to the frontline functionaries, with clearly defined processes for using them.
- **Filling the technocratic gap:**
 - An **institutionalised and regular lateral entry** at the mid and senior levels can help fill the **civil services' size and technocratic gap**.
 - Qualified officers in **non-IAS services** (such as the Indian Revenue, Economic and Statistical Services) **should get a fair shot** at **high-level positions** if they have the talent and the expertise required.
 - Civil servants at different levels can be provided **subject-specific training under Mission Karmayogi** (National Programme for Civil Services Capacity Building).
- **Providing professional strength to SEBI & RBI:**
 - There is a need to augment the strength of professional staff with market watchdogs, the Securities and Exchange Board of India, and the Reserve Bank of India (RBI).

- The first has just about 800 professionals, whereas its counterpart in the U.S., the U.S. Securities and Exchange Commission, has more than 4,500 experts to govern the corporates.
 - Similarly, the professional staff strength of the RBI, less than 7,000, is tiny when compared to the US Federal Reserve which is assisted by 22,000 odd professionals.
- **Role of oversight agencies:**
 - The oversight agencies must be sensitised to appreciate the context of policy decisions.
 - They should factor in the costs associated with the actual decisions as well as their alternatives.
- **Need of motivated personnel:**
 - It is well known that performance-linked pay and incentive schemes such as bonuses, which work well in the private sector, are not very effective in the public sector.
 - The public sector **must attract intrinsically motivated individuals** to contribute to the social good.
- **Cutting the breeding ground of corruption:**
 - Except at the top, for most of the skill spectrum, public sector salaries are much higher than private wages.
 - It breeds corruption in appointments as it makes government jobs very **lucrative for all, socially driven or not.**
 - The solution lies in **moderate pay raises** by the future Pay Commission and a **reduction in the upper age limit for government jobs.**

Way ahead

- The Indian state is a paradox of too big and yet too small. There is a need for a bigger role for the state
 - Increased public spending on health, education, social security and
 - A larger officialdom to go with it.

Daily Mains Question

[Q] Analyse the role of Indian states in the development trajectory of India. What are the limitations & challenges for the states at the political and policy level?