Come on, liberals: Let's change India!

Time to bury Indian's antiquated bureaucracy

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Over the course of 150 years the British Imperial civil services in India mastered the art of maintaining a semblance of law and order even under difficult circumstances. It was therefore natural for India to continue with these services after independence. They provided a steel frame which held India together.

Even today, these (by now rickety) tenured civil services continue to offer some value. For instance, about half the new recruits in each state to the Indian Administrative Service (IAS) are from other parts of India; this helps in India's integration as a nation.

The great problem with tenured services

Unfortunately, the few benefits we get from such services are overwhelmed by their many shortcomings. Their main drawback is poor performance since it is not merit but sycophancy (and in India's case, corruption) that is rewarded; and punishment for bad performance is not an option.

Thus we have a great dichotomy between our public and private sectors today. While Indian business performance is often second to none, the results of India's public sector are poor beyond description. Delivering simple things like water, electricity, roads, and education is well beyond the capacity even of our elite IAS.

The fault lies with the structure and incentives of our bureaucracy. When seniority is all that matters, incentives for policy expertise and leadership quickly fall apart. In India, this weakness is compounded by relatively low salaries and massive political corruption. The result is simply disastrous. Nothing works, and corruption reigns supreme.

Having worked for 18 years in the IAS and, later, for 8 years in the public services in Australia, I have seen first hand the difference between good and bad bureaucracies. When I started my migrant life in a middle rung of the Victorian bureaucracy in 2001, I was surprised to find that the performance of senior Australian bureaucrats was significantly better than anything I had come across in my Indian peers. Virtually no IAS officer knows more in the relevant subject area, can think as well and as strategically, or lead a team of professionals better than his or her Australian

counterpart. Similarly, Australia constantly benchmarks its performance in every sphere with the world's best, but in India it is enough to be a touch better than Bihar.

The goal of our reforms

In my book, *Breaking Free of Nehru* (available from Oxford bookstores now), I have analysed our current bureaucracy and proposed a process to build a dramatically better one. I believe the change must begin at the top. We need to begin by transforming the incentives of our senior bureaucrats – the secretaries. This can be done by:

* abolition of tenure at senior levels;
* open market recruitment for each position;
* contestability of policy advice to political leaders;
* market competitiveness of remuneration;
* extensive delegation of responsibility; and
* provision of access to the latest technology, information and training.

The validity of these principles becomes clear when we consider how our national cricket team is built. Cricketers are required to demonstrate a continuing strong track record if they want to retain their position in the Indian team. If our selectors were to stop weeding out non-performers, our team's performance would collapse. A cricket team built on the principles that currently apply to our bureaucracy would have Pataudi as its captain (even today – because of his seniority!) and Sachin would have to wait his turn as the 800th man… and every school level cricket team in Australia would soundly thrash this 'national' team!

Obviously, what applies to cricket does not apply fully to a bureaucracy. But recognizing and rewarding merit appropriately is the pivotal issue. While merit is taken into account at the time of entry into the IAS, merit can't be a one-off measure. A secretary to the government must have a track record of world-best performance as a subject-matter specialist and management guru, and also be a great leader of people. What has writing a good essay in an examination at age 21 got to do with these higher competencies?

The incompetence of the Indian bureaucracy is aggravated because our constitution (effectively) prevents public servants from being punished even when caught taking bribes – let alone demoted for non-performance. With our society thus signaling their invincibility, most officers become indolent, arrogant and supremely ignorant, and yet advance smoothly to senior roles.

Indian taxpayers have continued to fund this useless bureaucracy believing perhaps that there is no alternative. But excellent alternatives are readily available. Advanced countries have used the findings of agency and public choice theory to design systems that reward expertise, leadership and good performance. They also ruthlessly punish bad performance. In doing so, they have transformed their public servants into dynamic agents of change and excellence.

The change process

In *Breaking Free of Nehru*, I have detailed a suitable change process. We need to begin by making a fundamental shift in accountability. Our bureaucracy must become only *one* of the many potential service providers to our elected representatives. Ministers should begin by hiring world-renowned subject-matter specialists committed to their party's policy platform as Ministerial advisers. No paper would then go to a Minister without the (political) advisers having had a good look.

A team of Ministers should then (separately) recruit secretaries through an open advertisement. In the first instance, this appointment would be on a two year hire-and-fire performance-based contract ─ paying a salary comparable to what senior MNC executives get in India. Secretaries would then similarly recruit their joint secretaries. To ensure continuity, leadership change would need to stop at this point in the first phase. In this phase – during which the future restructure is planned and embedded – no government employee would lose his job.

Each of the newly appointed secretaries would implement a two-year strategic process to restructure the bureaucracy into ten departments: freedom, defence, justice, external affairs, public finance, physical infrastructure, social infrastructure, commerce, social capital and community, and sustainability. This would involve significant re-training and redundancy planning.

A *Public Administration Act* would underpin the restructured, new bureaucracy. All positions requiring significant judgment and leadership skills would be brought under a three-year performance-based contract. Upon the *Act* coming into force, all constitutional provisions related to civil services would be repealed.

I am not suggesting that these reforms are a panacea for all governance problems of India. Our political and electoral systems need fundamental reforms, and must preferably come first. Numerous policy changes are also needed. But we can't change India's misgovernance without completely changing India's bureaucracy. The sooner we give our tenured senior executive services like the IAS, IFS, IPS, Forest service, and all 'central services' a burial, the better.

Freedom Team of India (FTI)

As you might be aware, FTI is now growing steadily. It aims to deliver these (or similar) reforms to India through a mandate to be obtained in due course through elections. Please visit http://freedomteam.in/ and consider joining or supporting this national, liberal effort. I would even venture to suggest that you will do yourself a great favour by supporting these liberal leaders who will create the new India of tomorrow.

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